

# NATIONAL CENTRAL COOLING COMPANY



**Sukuk: A corporate perspective and experience**

# Agenda

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1. Introduction
2. Goals and Objectives for the 2006 Sukuk
3. The Team
4. Islamic Issues
5. Sukuk Rating Issues
6. Our Experience
7. Questions

# Introduction

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- **Tabreed is the pioneer and leading provider of district cooling services in the Middle East.**
- **Becoming world's largest commercial district cooling utility:**
  - ▶ **Currently operating 24 plants in UAE - 190,000 tons**
  - ▶ **By end-2007, operating 37 plants in UAE - 392,000 tons**
- **UAE strength complemented by aggressive GCC expansion plan**
- **Investments in subsidiaries & associates supplying district cooling industry - benefiting from the rapid industry growth**

# History

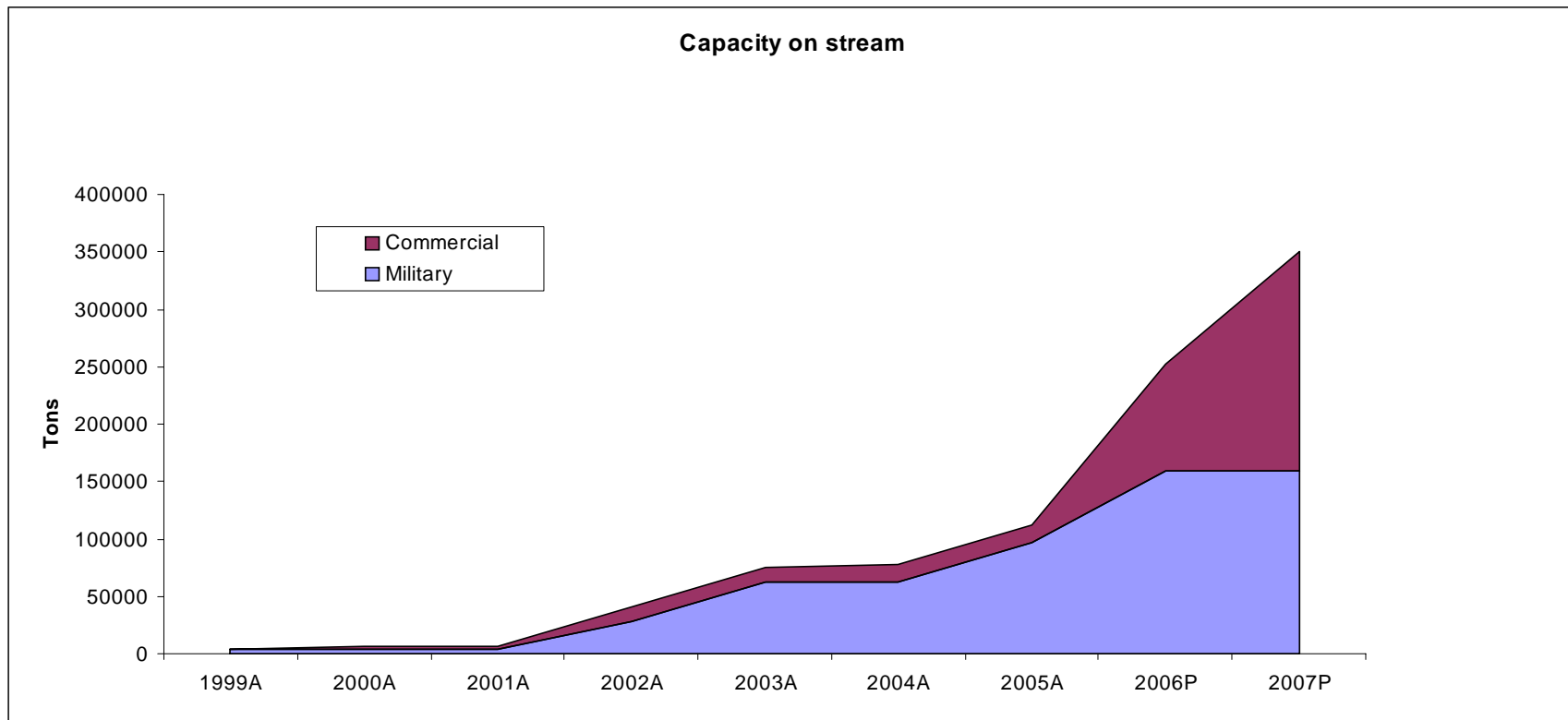
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- **Incorporated as a public joint stock company - IPO in July 1998:**
  - ▶ Initial paid-up share capital of AED 250 mn (\$68 mn)
  - ▶ Issue oversubscribed 4.5 times
- **Capital increased in two stages (2003 and 2005) to AED 1 billion (\$272 mn)**
- **Acquired Gulf Energy Systems, which built first district cooling plant for the UAE Armed Forces (UAF)**
- **Entered into a Master Agreement with UAF, covering 18 plants and 160,000\* tons.**
- **Having proved the concept with the UAF, Tabreed attracted other government agencies and commercial customers in the UAE**
- **Rapidly developing into other Middle Eastern markets: Qatar, Saudi Arabia, Bahrain, Oman, Kuwait and Jordan**

*\* including those under construction*

# Operations: UAE district cooling

- Rapid growth in capacity on stream
- Greater diversification of customer base
- Several 'expansion' plants now being commissioned – increasing profitability



# Goals and Objectives for the 2006 Sukuk

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- **Raise 200 million USD**
- **Set new pricing benchmark for Tabreed**
- **Expand investor base by:**
  - ▶ Securing investment grade rating from international rating firm
  - ▶ Market aggressively to Europe and the Far East
- **Secure favourable terms and conditions**
  - ▶ Term
  - ▶ Fixed rate
  - ▶ Other

# The Team

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- **Islamic Structuring Consultant**
  - **Financial Consultant**
  - **Rating Advisor**
  - **Auditors**
  - **Joint Lead Managers**
  - **Legal Advisor to Tabreed**
  - **Legal Advisor to the Issuer**
  - **Legal Advisor to the Issuer (Cayman)**
- Islamic Finance Consultants**
- Chescor Capital**
- HSBC**
- Ernst & Young**
- HSBC Amanah, Dresdner  
Kleinwort, CIMB**
- Linklaters**
- Allen & Overy**
- Walkers**

## Islamic Issues

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- **Desire to continue with the Ijara/Istisna'a structure used previously**
- **Need to use as much of the proceeds as possible for new construction**
  - ▶ Initial acquisition of assets
  - ▶ Use of Palladium
- **Eliminate the use of a forward lease**
- **Secure the same rating for the Sukuk as Tabreed Corporate**
- **[Financing\200M USD Sukuk\Tabreed's Roadshow Pres 100606.pdf](#)**

# Sukuk Rating Issues

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- [Financing\200M USD Sukuk\UAE-Based National Central Cooling Company Assigned BBB Long-Term rating Outlook Stable\\_13-Jun-06.pdf](#)
- [Financing\200M USD Sukuk\Tabreed 06 Financing Corp \\$200 Million Sukuk Trust Certificates\\_15-Jun-06.pdf](#)
- **Rated as a structured product**
- **Security needed to compare favourably with bank debt**
  - ▶ Covenants
  - ▶ Drawdown
  - ▶ Right to sell to 3<sup>rd</sup> party following default

# Our Experience

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- **Raise 200 million USD** **Met objective**
- **Set new pricing benchmark for Tabreed** **Met objective**
- **Expand investor base by:** **Partially Met Objective**
  - ▶ **Securing investment grade rating from international rating firm**
  - ▶ **Market aggressively to Europe and the Far East**
  - ▶ **[Financing\200M USD Sukuk\TabreedTransactionSummaryJuly06.pdf](#)**
- **Secure favourable terms and conditions** **Did not meet objective**
  - ▶ **Term**
  - ▶ **Fixed rate**
  - ▶ **Other**

# Questions

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