

# Shuaibah Expansion II IWP



Kingdom of Saudi Arabia

## Key features of the financing:

- Financing of a 55 MIGD Reverse-Osmosis Desalination Plant;
- Project emerged with an unsolicited bidding proposal from the Sponsor to the government-owned utility, a framework that is gaining momentum in our region given the urgent need for greenfield infrastructures to be developed by the private sector in a context of economic diversification, especially in Saudi Arabia;
- Natixis fully arranged the USD 100m Fixed Rate Tranche placed with our NBFi partners prior to signing date, a first for a greenfield financing in the Middle East for Natixis; and
- Natixis also acted as Mandated Lead Arranger and Hedge Provider.

2017 - Saudi Arabia



Shuaibah Expansion II IWP  
55 MIGD Desalination Plant

USD 275,000,000  
Mandated Lead Arranger  
Fixed Rate Tranche Arranger  
Hedge Provider

## SPONSORS

ACWA Power ("ACWA") 100%

## PROJECT COMPANY

Shuaibah Two Water Development Project Company (the "Project Company")



## PROJECT DESCRIPTION

The Shuaibah Expansion II IWP Project (the "Project" or "SEPCO II") consists in a greenfield reverse-osmosis desalination plant to be located in Saudi Arabia with a capacity of 55 Million Imperial Gallons per Day ("MIGD") at completion, procured by Water & Electricity Company ("WEC") – the Saudi government-owned utility in charge of purchasing water from privately procured IWPs in the Kingdom – following an unsolicited bidding proposal from ACWA (the "Sponsor") to develop the plant on a Build, Own and Operate basis. The Project will address an urgent shortage of 55 MIGD of desalination capacity by 2019, as identified by the Ministry of Environment, Water & Agriculture. The Project will be located in the Makkah Region, where 99% of the water resources are backed by desalination plants.

Construction of the Project is scheduled to last for c. 2 years with Scheduled COD set for the first half of 2019. The EPC Contractor is a joint-venture (the "EPC JV") comprising Fisia, a fully owned subsidiary of Salini Impregilo with extensive EPC credentials for thermal desalination plants in the Middle East, and Abeinsa, a subsidiary of Abengoa with unparalleled experience in designing plants and procuring equipment for reverse-osmosis desalination projects globally.

The plant's entire desalination capacity and water output is contracted for 25 years post-completion to WEC under the terms of the Water Purchase Agreement ("WPA") signed between the Project Company and WEC. An O&M Contract co-terminus with the WPA has also been executed between the Project Company and NOMAC, ACWA's fully owned O&M services provider.

## FINANCING

Total project costs of USD 315m will be financed through Commercial Base Facilities split across a USD 167m Floating Rate Tranche and a USD 100m Fixed Rate Tranche, with remaining costs funded by an Equity Bridge Loan based on a debt-to-equity ratio of 85:15. An additional Commercial Standby Facility was also raised to fund any potential cost overruns. The tenor runs for 23.5 years door-to-door with a balloon.

The original bank pool comprises **Natixis**, MUFG, SCB and KDB, with Natixis' two Korean NBFi partners, Samsung Life Insurance and KB Insurance, also being lenders of record as at signing date.

## ROLE OF NATIXIS

Natixis fully arranged the USD 100m Fixed Rate Tranche, placed with Samsung Life Insurance and KB Insurance prior to signing date under our co-investment agreements, and Natixis will assist them throughout loan life with ongoing servicing.

Natixis also acted as Mandated Lead Arranger and Hedge Provider.