



“Shipping and ships are not easy assets to finance these days. I liked the structuring of the deal. It caught my eye”



1,800+ - the number of people who are employed by Tristar

15 - the number of countries in which Tristar is present



\$700m - the target revenue that Tristar is aiming to achieve by 2017

{ CATEGORY CORPORATE FINANCE – WINNER TRISTAR TRANSPORT }

DELIVERING THE GOODS

Logistics provider Tristar was able to pay for six tankers, thanks to an innovative financing arrangement

Dubai-based Tristar Transport Group is a logistics provider within the oil, gas and chemicals industry. Established in 1998, it is now majority-owned by logistics giant Agility.

In November 2013, Tristar entered into an agreement with an international oil company to buy six fuel-efficient tankers that it would allow the oil company to charter out. Technically, the tankers are owned by a special-purpose company that is funded with equity from Tristar, as well as a junior tranche of debt provided by Banco Santander and a senior tranche of debt provided by four other banks.

Once built, the tankers will be put on a 10-year ‘bareboat charter’ (where no crew or provisions are included as part of the agreement) to Tristar and simultaneously on a seven-year time charter to the oil company. As the charter obligations do not cover the balloon amount of the senior loan after 10 years, Tristar arranged a residual value insurance provided by a speciality insurance company for the senior loan amount. In addition, the junior lender was willing to take the asset risk on its books.



Tristar team: Eugene Mayne, CEO (left), and Shailesh Bildikar, general manager – shipping (right)

Ultimately, Tristar managed to achieve a financing of the vessels with limited commitment from its side due to the junior debt, which reduced the amount of equity needed, and the residual value insurance, which transfers the loan balloon risk to the provider of the residual value insurance, while keeping the upside potential of the asset values for Tristar.

The transaction benefits from a fixed-rate loan that allows Tristar to have a firm projection of its payments during construction, as well as during the 10-year operating period. The hedging takes into account every single drawdown of the six vessels as well as monthly, annuity-style

repayments. Overall, Tristar secured the funds at a fair and competitive rate, which gave it 90% loan-to-value financing.

Oliver Ebner, executive director, project finance, at the nominating bank, National Bank of Abu Dhabi, said: “The transaction was priced very sharply. It carries a low margin on the senior debt to reflect the strong, seven-year charter of the international oil company, and an upfront fee that is below comparable shipping transactions.”

Agility group treasurer Andrew McMichael said that “perseverance, an excellent team and a desire from all to close the deal” were what ultimately got the transaction across the line.



Deal highlights

- Borrower:** Tristar Transport Group, a subsidiary of Agility
- Junior lender:** Banco Santander
- Senior lenders:** Abu Dhabi Commercial Bank, National Australia Bank, National Bank of Abu Dhabi and National Bank of Kuwait
- Structure:** Structured lease backed by a syndicated loan to finance six vessels
- Amount:** \$30m (junior debt) and \$151m (senior debt)
- Tenor:** 10 years



Highly commended Etisalat

Etisalat, a United Arab Emirates-based telecommunications provider, undertook the region’s largest-ever bond issue by a corporate entity in order to partially fund the acquisition of a 53% stake in Maroc Telecom.

The dual-currency (euros and US dollars), four-tranche deal raised the equivalent of around \$4.3bn and received considerable interest from the market. The order book for the two euro tranches reached €7.9bn, while the combined US tranches attracted \$8.2bn in orders. Overall, it was the biggest order book ever seen for a non-sovereign issuer in the Middle East and Africa.

This helped the company to price at the tightest spreads over mid-swaps by an issuer in the Gulf Cooperation Council since 2009.



“The AW Rostamani treasury team achieved a lot when it was under a considerable amount of pressure”



1954
– the year in which Abdul Wahid Al Rostamani started his business: a bookshop

\$2bn
– AW Rostamani’s annual turnover

3,000+
– the number of people who are employed by AW Rostamani



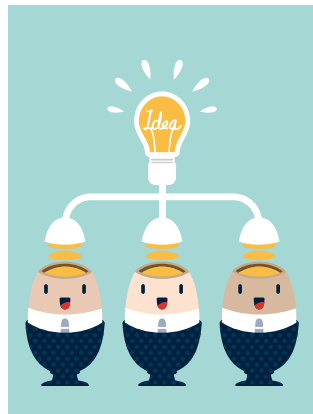
{ CATEGORY SMALL/MEDIUM CORPORATE TREASURY TEAM OF THE YEAR – WINNER AW ROSTAMANI }

A TREASURY WAS BORN

AW Rostamani has delivered a veritable masterclass in transforming a function in a short space of time

The treasury team of United Arab Emirates-based conglomerate AW Rostamani consists of just three people, including group treasurer Omar Abu Shaqra. Under Abu Shaqra’s leadership, it has evolved from being a small component of the group’s accounting department to being a fully fledged, discrete department in its own right over a period of two years.

In his quest for operational excellence, Abu Shaqra reassigned responsibilities, introduced new policies and implemented a treasury management system. He also transferred activities that did not belong in treasury to other departments and spent time educating his team in treasury policies and procedures. The move from manual to automated processes was a significant achievement.



Today, AW Rostamani’s treasury has centralised its main functions, including liquidity and risk management, systems implementation, cash pooling and in-house banking. But it has decentralised certain other functions – such as cash forecasting and account management – to business-unit level.

As a result of all the work that has been done, AW Rostamani’s group treasury now operates in a simplified, more streamlined and efficient manner. This is just as well, given that it not only supports the group, but also its 10 subsidiaries.

Still, that doesn’t mean that the team has any plans to stand still. As Abu Shaqra said: “We are always looking to improve our services, so this will require my team to keep looking around and thinking outside of the box.”

Paul Bramwell, senior VP at treasury software provider SunGard, which nominated the team for the award, said that Abu Shaqra should be recognised for his achievements and for the “added value that he has brought to the business within a short period of time”.



Omar Abu Shaqra: Created an excellent treasury function

Highly commended Lamprell

Lamprell is a family-owned business, based in the United Arab Emirates. It is focused on small, offshore energy-sector projects, such as the repair and modification of drilling rigs. Deputy CFO Tony Wright heads treasury operations and his small team handles cash and liquidity management, as well as market risk management, for the various projects undertaken by the company.

In 2014, the team successfully closed a \$600m syndicated facility with a group of relationship banks in order to support ongoing projects and orders estimated to be close to \$4.9bn and scheduled for completion from 2016. The nominating bank noted the “professionalism” of the team and its “close collaboration with its banking partners”.

The Small/Medium Corporate Treasury Team of the Year Award is proudly supported by **HSBC**

