



## Tabreed

## Update on Recapitalization Program

2 March 2011

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- **Tabreed's operational turnaround has shown consistent positive progress while recapitalization program completed**
  - Experienced management team in place
  - Significant improvements in asset efficiency
  - Consistent growth in earnings
- **Tabreed is now announcing the final elements of its recapitalization program**
  - Up to AED3.1 bn of committed long-term capital from Mubadala
  - Refinancing of all bank debt on a long-term basis
  - Process to amend terms of Sukuk 08 to reduce cash distributions
- **On closing, Tabreed will be well positioned to execute its business plan and create long-term shareholder value**
  - Comprehensive solution
  - Stable, long-term capital structure
  - Fully funded business plan to complete build-out of capacity
  - Stable cash flows and consistent margins
  - Diversified customer base
  - Disciplined capital deployment to capitalize on market opportunities



**A Stabilization and Asset Optimization**

Experienced management to ensure best practices and delivery  
Increasing return from existing assets with minimal capital deployment

**B Recapitalization**

Securing long-term stable capital structure

**C Growth: Disciplined Capital Deployment**

Complete the current build-out to achieve a stable base for future growth

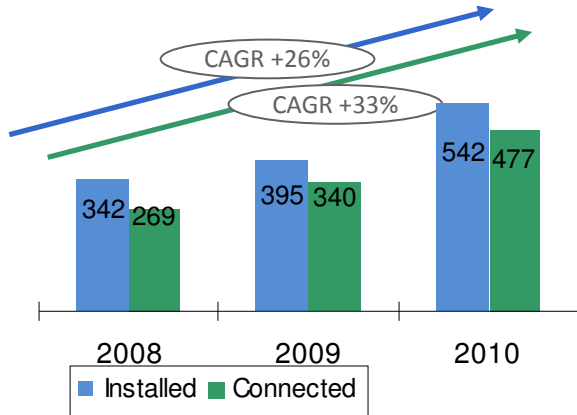


# Stabilization and Optimization Began in 2009

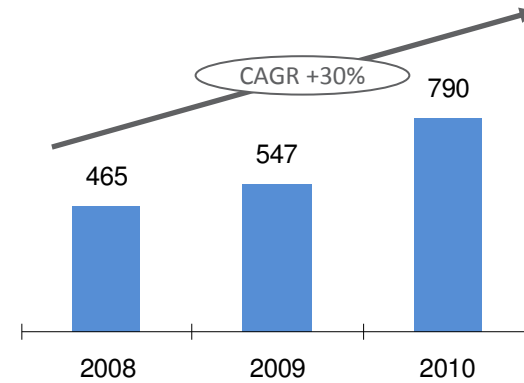
- **Comprehensive strategic review undertaken by Tabreed's new Board**
  - New management team
  - Adjustments to the value of some of Tabreed's assets
  - The Company's capital structure did not match its operational cash flows: new long-term capital required for Tabreed to continue its planned expansion and business operations
  - The short-term debt maturity profile needed to be addressed before long-term funding could be raised
- **In response, Tabreed undertook the following key actions**
  - Non-cash impairment charge of ca. AED1.2 bn for 2009 was recognized to reflect the long-term value of projects
  - AED1.7 bn short-term financing from Tabreed's major shareholder, Mubadala, was obtained to meet near-term operational funding requirements
  - Recapitalization program formulated to address issues facing Tabreed that restricted its ability to raise new capital and to grow its business
  - Discussions with strategic investors were initiated to provide necessary long-term capital
- **Tabreed initiated its Recapitalization Program in 2009**
  - Objective: achieve a stable long-term capital structure so that Tabreed can deliver on its business plan and achieve its full growth potential

# Tabreed has Improved its Operational Performance

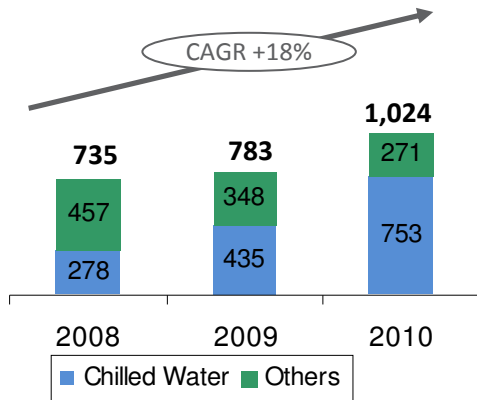
**UAE Installed and Connected Capacity**  
(Cooling Load in kRT)



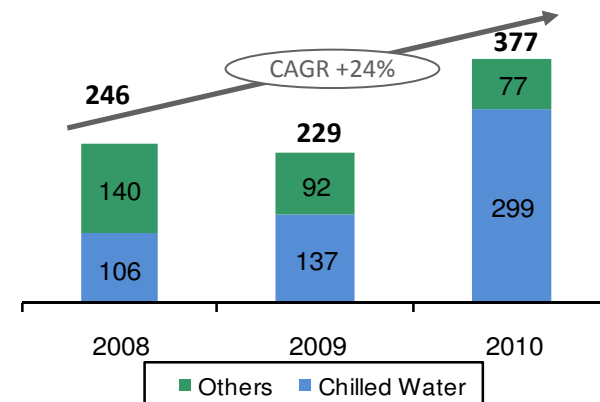
**UAE Production Ramp Up**  
(million RT-hrs)



**Group Revenue**  
(in AED m)



**Group EBITDA**  
(in AED m)



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# Overview of the Recapitalization Program

	Recapitalization Program Objectives	Status
<b>Capital Reduction</b>	<ul style="list-style-type: none"> <li>Ability for Tabreed to raise equity capital               <ul style="list-style-type: none"> <li>No ability to issue new shares at market price if share price below AED1.00</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Completion of capital reduction on 12 December 2010               <ul style="list-style-type: none"> <li>Cancellation of 970 m shares at a ratio of 5:1</li> <li>Capital reduction increased share price above AED1.00</li> </ul> </li> </ul>
<b>Renegotiation of Bank Debt</b>	<ul style="list-style-type: none"> <li>Consensual long-term refinancing with existing banking group               <ul style="list-style-type: none"> <li>Consolidate financing arrangements</li> <li>Extend maturity profile</li> <li>Establish a long-term and stable capital structure to attract new long-term capital and flexibility to meet business plan</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Bank lenders have unanimously approved the principal terms of an agreement to refinance c. AED2.63 bn of Bank liabilities</li> <li>Bank lenders have agreed to extend a new AED150 m revolving credit facility to Tabreed</li> <li>Completion of the bank refinancing subject to final documentation</li> </ul>
<b>New Capital</b>	<ul style="list-style-type: none"> <li>Comprehensive strategic review identified the need for new funding to execute business plan during the build-out period (2010-2012)</li> </ul>	<ul style="list-style-type: none"> <li>Agreement reached with Mubadala to receive up to AED3.1 bn of new committed long-term capital, upon completion of the Recapitalization               <ul style="list-style-type: none"> <li>Existing AED1.7 bn bridge loan cancelled in exchange for subordinated mandatory convertible notes</li> <li>New subordinated convertible loan available up to AED1.4 bn</li> </ul> </li> </ul>
<b>2008 Mandatory Convertible Sukuk</b>	<ul style="list-style-type: none"> <li>Defer the May 2010 annual distribution to preserve liquidity whilst executing Recapitalization Program</li> <li>Limit company funding requirement by equitizing cash coupon</li> </ul>	<ul style="list-style-type: none"> <li>Proposal launched to waive May 2010 and 2011 annual distributions in exchange for shares at an exchange price of AED1.1259</li> </ul>
<b>2006 Sukuk</b>	<ul style="list-style-type: none"> <li>Pursue a long-term refinancing prior to maturity in July 2011</li> </ul>	<ul style="list-style-type: none"> <li>Discussions with certain holders ongoing</li> <li>Refinancing of 06 Sukuk not a condition to closing of the Recapitalization Program               <ul style="list-style-type: none"> <li>However, form of any refinancing to be agreed with the banks.</li> </ul> </li> </ul>

- All recapitalization steps are in advanced stages with the objective to close on 31 March 2011
- Each of the bank debt, new capital and the 2008 Sukuk process is conditional on the simultaneous implementation of the other elements

# New Bank Facilities: Summary Terms

- Existing AED2.63 bn bilateral and syndicated facilities rolled into New Syndicated Credit Facilities
- New AED150 m revolving credit facility

Summary Terms & Conditions					
	<u>Tranche:</u>	<u>Amount (AED m):</u>	<u>Maturity:</u>	<u>Repayment</u>	<u>Margin (EIBOR+):</u>
<b>Facilities:</b>	Facility A	1,000	8 years	13 equal instalments from 31 Dec 2012	175bps increasing to 200bps from 1 January 2014
	Facility B + RCF B	1,630	8 years	Bullet	200bps increasing to 240bps from 1 January 2014
	RCF A	150	8 years	Revolving Facility	175bps increasing to 200bps from 1 January 2014
<b>Ranking:</b>	<ul style="list-style-type: none"> <li>• RCF A and RCF B: super senior revolving facilities</li> <li>• Facility A and Facility B: senior secured term loans</li> </ul>				
<b>Purpose:</b>	<ul style="list-style-type: none"> <li>• Facility A, Facility B and RCF B: refinance existing AED2.63 bn bilateral and syndicated facilities</li> <li>• RCF A: fund working capital, letters of credit and guarantee requirements. Undrawn on closing</li> </ul>				
<b>Security:</b>	<ul style="list-style-type: none"> <li>• First-ranking security over certain real estate interests and plants, chillers and other equipment, material contracts, bank accounts and material insurance policies</li> </ul>				
<b>Other Conditions:</b>	<ul style="list-style-type: none"> <li>• From 1 January 2013, 75% of specified surplus cash to be used to prepay Syndicated Credit Facilities</li> <li>• Mubadala to retain a significant ownership in Tabreed until maturity (on a fully diluted basis)</li> </ul>				



# Long-Term Capital: Summary Terms

- Tabreed has secured up to AED3.1 bn new, committed long-term capital from Mubadala, subject to regulatory approval and closing of the Recapitalization
  - AED1.7 bn Subordinated Mandatory Convertible Notes
  - Up to AED1.4 bn Subordinated Loan Facility
  - The Notes are transferable to shareholders and other investors interested in participating in the new instruments in the future
  - The Notes are convertible by the holders on certain dates
  - The Company has the option to repurchase part of the Notes in the future

## Summary Terms & Conditions of the Subordinated Mandatory Convertible Notes

<b>Instrument:</b>	AED1.7 bn subordinated mandatory convertible notes
<b>Purpose:</b>	Refinance the drawn portion of the existing AED1.7 bn Bridge Financing
<b>Maturity:</b>	March 2019
<b>Conversion Price:</b>	AED1.1259
<b>Coupon:</b>	Until 31 December 2012, 6% PIK coupon. Thereafter, 4% cash coupon subject to certain restrictions
<b>Ranking:</b>	Notes will rank junior to Tabreed's other financial indebtedness (inc. 2008 Sukuk) but pari passu with each other and the Subordinated Loan Facility

## Summary Terms & Conditions of Subordinated Loan Facility

<b>Instrument:</b>	Up to AED1.4 bn subordinated loan facility
<b>Purpose:</b>	Ensure minimum liquidity of AED300 m
<b>Availability:</b>	Until 31 December 2012
<b>Coupon:</b>	2% PIK coupon
<b>Repayment:</b>	On 31 December 2012, repayment in kind from the issuance of subordinated mandatory convertible securities
<b>Ranking:</b>	As above

- Proposal to waive the May 2010 and May 2011 annual distributions (together AED246.5 m) in consideration for payment in Tabreed shares at an Exchange Price of AED1.1259

- Consideration:

- Offer: if tender received prior to 16 March, redemption price of AED2,781.11 per AED10,000 face amount of certificates
- Proposal: if vote received after 16 March, redemption price of AED2,346.42 per AED10,000 face amount of certificates

- Timeline:

- Launch date: 2 March
- Tender deadline: 16 March
- Voting deadline: 24 March
- Meeting of Certificateholders: 28 March
- Offer settlement date: 21 April (or as soon as practicable thereafter)
- Proposal settlement date: 19 May + 32 trading days



## Fully Diluted Shares Calculation

	Pre Recapitalization	At Recapitalization Closing
<b>Existing Shares</b>	<b>241 m</b>	<b>241 m</b>
Sukuk 08 Notional Amount	AED1,700 m	AED1,700 m
Conversion Price*	AED12.56	AED4.05
<b>Sukuk 08 Shares *</b>	<b>135 m</b>	<b>420 m</b>
Mandatory Convertible Notes	–	AED1,700 m
Conversion Price	–	AED1.1259
<b>New Long-Term Capital Shares **</b>	<b>–</b>	<b>1,510 m</b>
<b>Total Number of Shares</b>	<b>376 m</b>	<b>2,171 m</b>

\* 5D VWAP of AED1.1259 and 100% tender success rate assumed

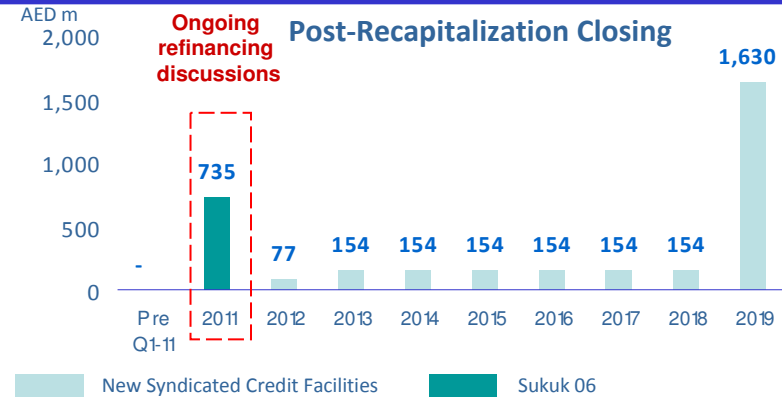
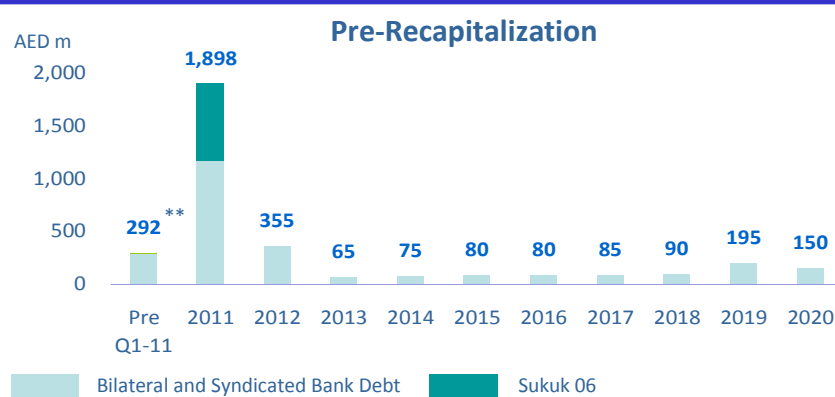
\*\* 5D VWAP of AED1.1259, pre potential conversion into shares of up to AED1.4 bn new Subordinated Bridge Loan

# Pro Forma Capitalization and Maturity Profile

## Pro Forma Capitalization Table\*

	Pre- Recapitalization	Post-Recapitalization Closing
As of 31 <sup>st</sup> March 2011e	AED m	AED m
Bilateral and Syndicated Bank Debt	2,630	–
New Syndicated Facilities	–	2,630
Other Debt	218	218
Sukuk 06	735	735
MTHC Bridge Loan (drawn)	1,600	–
<b>Total Debt</b>	<b>5,183</b>	<b>3,583</b>
Cash	(250)	(250)
<b>Total Net Debt</b>	<b>4,933</b>	<b>3,333</b>
<b>Net Debt / EBITDA (x) ***</b>	<b>13.1x</b>	<b>8.8x</b>
Market Cap (as of March 1, 2011)	256	256
Sukuk 08	1,700	1,700
New Mandatory Convertible Notes	–	1,700
<b>Total Equity and Equity-Like Instruments</b>	<b>1,956</b>	<b>3,656</b>

## Debt Maturity Profile



\* Table shown here is illustrative of capitalization of company, balance sheet treatment may differ  
 \*\* Repayment delayed due to ongoing recapitalization program

\*\*\* EBITDA of AED377m as of 31 December 2010

- **Comprehensive solution**

- All steps required to raise long-term capital necessary to address short and long-term funding needs

- **Stable long-term capital structure**

- Simplified structure
- Long-term maturity profile
- Favourable terms
- Commitment from long-term shareholder

- **Fully funded business plan**

- Financing in place to complete construction of all new plants in progress

- **Tabreed positioned to capitalize upon future growth of district cooling**



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## Near-term, low-risk build-out

- Focus on completing committed plants / networks and delivering revenue from already contracted customers
- Lower EBITDA contributions expected from Value Chain Businesses compared to recent years

## Increasingly diversified customer base anchored by government linked entities

- UAE Armed Forces, RTA, Aldar, Bahrain Financial Harbour and Other Abu Dhabi based customers (Universities, Malls & Hotels)
- Value Chain Businesses to focus on growing revenue from third-party customers
  - Future business with Tabreed will be based on competitive tendering

## Long-Term contract structure

- Variety of contract structures but mostly with a combination of fixed capacity and/or consumption tariffs
- The large majority of contracts expire beyond 2020
- High switching costs to alternatives provides reasonable certainty that contracts will be extended on maturity

## Stable cost structure leading to predictable EBITDA margins

- Tabreed's cost base mostly comprises variable utility costs which are highly visible with limited volatility
  - Utility tariff increases are typically pass-through to customers
- Focus on improving variable cost efficiency to lower non pass-through costs
- Relatively small fixed cost component which is tightly managed

**Build Stable and Predictable Cashflow Base**

# Current Build-Out: Key Operational/Financial Metrics

## UAE Revenue and EBITDA

### Revenue Drivers

	2008	2010	2012e
Number of plants	33	49	62
CW Capacity – Installed	342 kRT	542 kRT	600 kRT
CW Capacity – Connected	269 kRT	477 kRT	575 kRT

### EBITDA margin

- Cost base is mostly variable and pass through with limited volatility and some upside through improvement in utility efficiencies
- Fixed costs are comprised mainly of staff and maintenance, and will fall on an AED/T basis as volumes increase
- EBITDA margins thus expected to be stable to rising over the near/medium-term

## Value Chain businesses decline offset by Associates

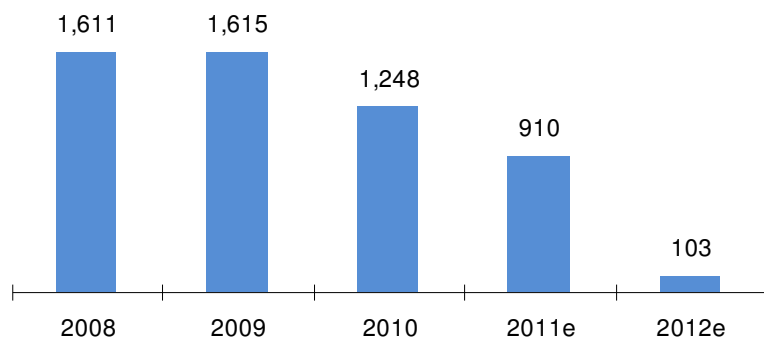
### Value Chain Businesses

- Near-term contraction in Value Chain businesses driven by completion of Tabreed’s build-out

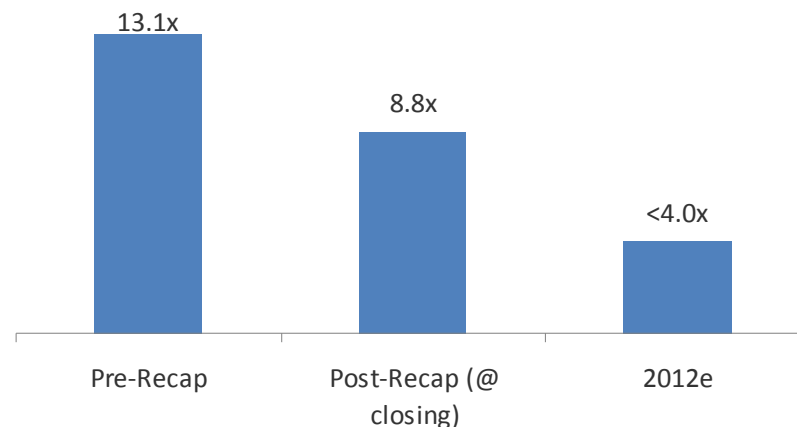
### Associates

- Contraction in revenue from VC businesses offset by growth in Income from Associates, mostly driven by ramp up and growth of Qatar Cool and Saudi Tabreed
- However, offset likely to be only partial over next 1-2 years, and is expected to fully materialize in the medium-term

## Capex payments for current build out (AEDm)



## Net Debt / LTM EBITDA



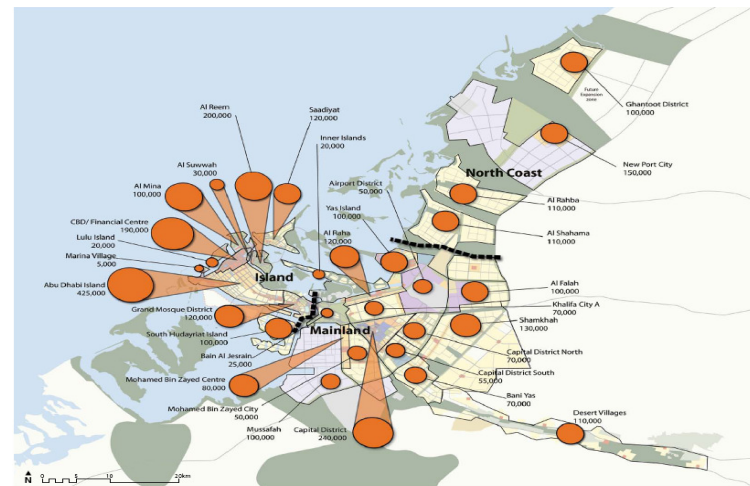
# Incremental Growth Opportunities

Completion of the recapitalization program and build-out leave Tabreed with a strong foundation for future growth

- Key factors will continue to drive incremental growth in demand for district cooling
  - Environment-conscious Government and end users
  - Increasing understanding of the benefits of district cooling
  - Climatic conditions that require efficient and reliable cooling and humidity control
- District Cooling industry is strategically important for the Abu Dhabi Plan 2030
  - Significant growth in industrial and commercial demand driven by growth in residential units
- Strong growth demographics will drive economic growth
  - 5-6% population growth across MENA
- Tabreed is ideally positioned to capitalize upon future growth of district cooling
  - Market leader and technical know how
  - Stable long-term capital structure
  - Strong cash generating capability from existing assets with the flexibility to reinvest proceeds into new assets from new bank agreement
  - Selective growth in the GCC markets
    - Saudi Arabia
    - Oman
    - Qatar
    - Bahrain

## Incremental Demand Estimates (10 years +)

Country:	kRT:
Saudi	>1,500
UAE	>1,000
Qatar	>350
Bahrain	>50
Oman	>30



UPC's developments map