

5th IFN Brunei Roadshow

Case Study: Brunei Gas Carriers Sdn Bhd (BGC) US\$170 million Islamic Project Financing

Presentation by :
Shawn Er, Senior Associate

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Finance & investment	Maritime	Energy	Natural resources	Transport	Real estate	ICT
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Introduction

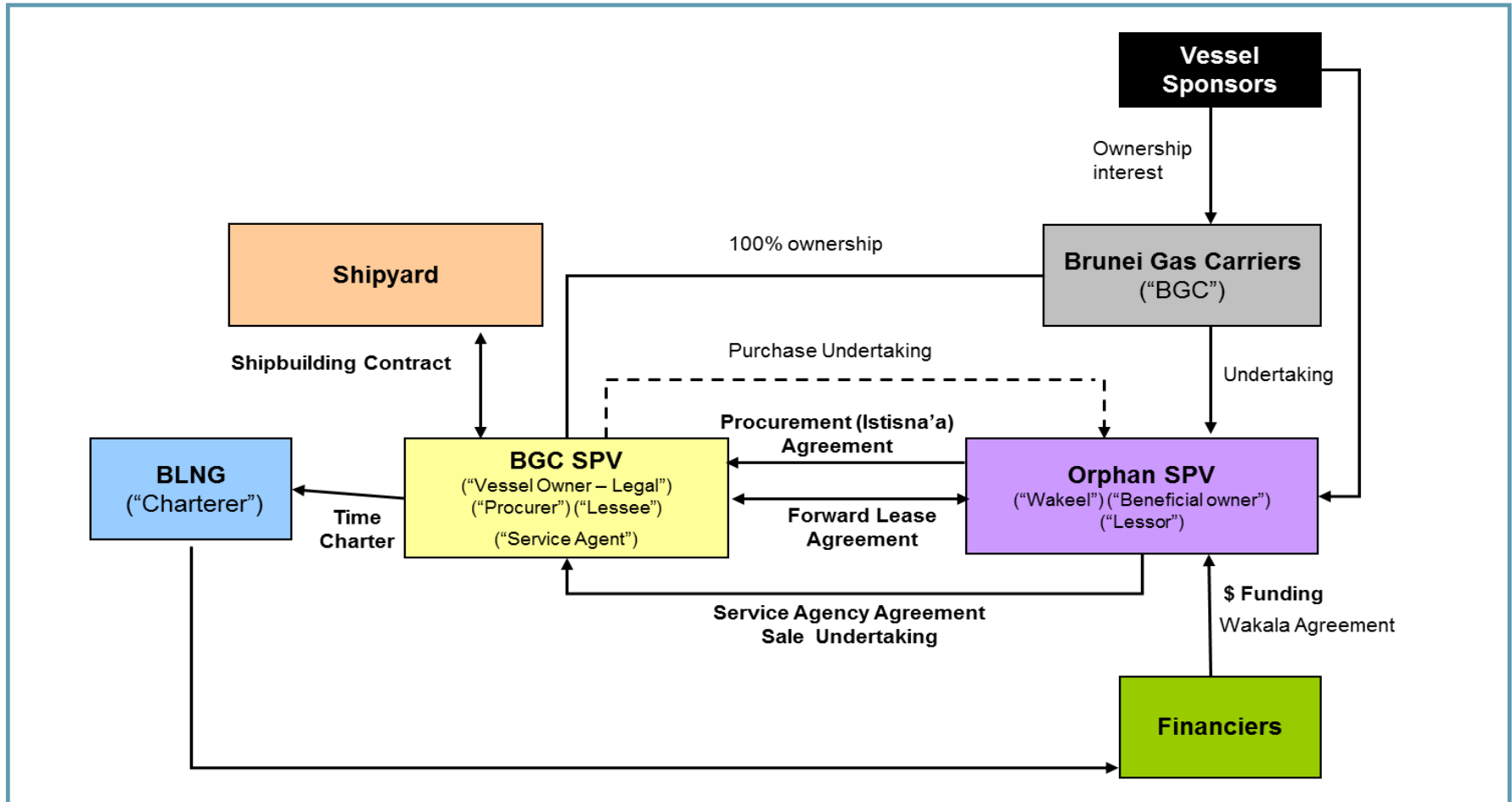
- > Summary of Facility
- > Summary Structure
- > BIBD: Financier's Key considerations
- > BGC: Consumer's Key considerations



Summary of Facility

- Facility Amount - US\$ 169, 890,000
- Centered around an Istisna'a and Ijara structure
- Purpose: To finance construction of a 155,000m³ newbuild LNG carrier, 4th LNG Vessel to be owned by a subsidiary of Brunei Gas Carriers Sdn Bhd in line with Shariah compliant principles
- Financiers: Bank Islam Brunei Darussalam Berhad ("BIBD"), Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad ("BTMUM"), The Hongkong and Shanghai Banking Corporation Limited ("HSBC") and Sumitomo Mitsui Banking Corporation Europe Limited ("SMBC")
- Facility Agent/Security Agent: BIBD
- Structuring Bank: HSBC
- Comprehensive security package

Summary Structure





Financier's Key Considerations

Presentation by:
Syed Alwi Alkaff, Senior Manager



An Islamic project financing in accordance to Shari'ah principles, another landmark transaction for Brunei Darussalam

- ❖ Shari'ah based
- ❖ Risks sharing between sponsors and financiers
- ❖ Islamic concepts:
 - Istisna'a: Financing the construction of a new build tangible asset
 - Forward Ijarah: Short term leasing prior to vessel's delivery
 - Ijarah: Long term leasing of completed vessels
 - Wakalah: Ownership of beneficial interest over the vessel

A sound financing structure which mitigates key risks

- ❖ Payment risk – BLNG financial strength to service its payments to BGC under the Time Charter Agreement. BLNG is a major contributor to Brunei's export revenues
- ❖ Operating risk – Excellent track record. BGC has vast experience and knowledge in managing and operating LNG vessels
- ❖ Construction risk – Reputable world-class shipyard with proven track record of successfully constructing LNG vessels
- ❖ Off-take risk – Backed by a long-term LNG sales agreement with Japanese buyers

Ultimately, the project has strong cash flow fundamentals backed by BLNG Time Charter Agreement throughout the financing period

A financing structure and concept applicable to other projects in Brunei Darussalam

- ❖ Construction of new build / existing asset
- ❖ Strong cash flow
- ❖ Reputable builder and project supervisor
- ❖ Off-take commitment / long-term lease of completed asset after construction
- ❖ Security package

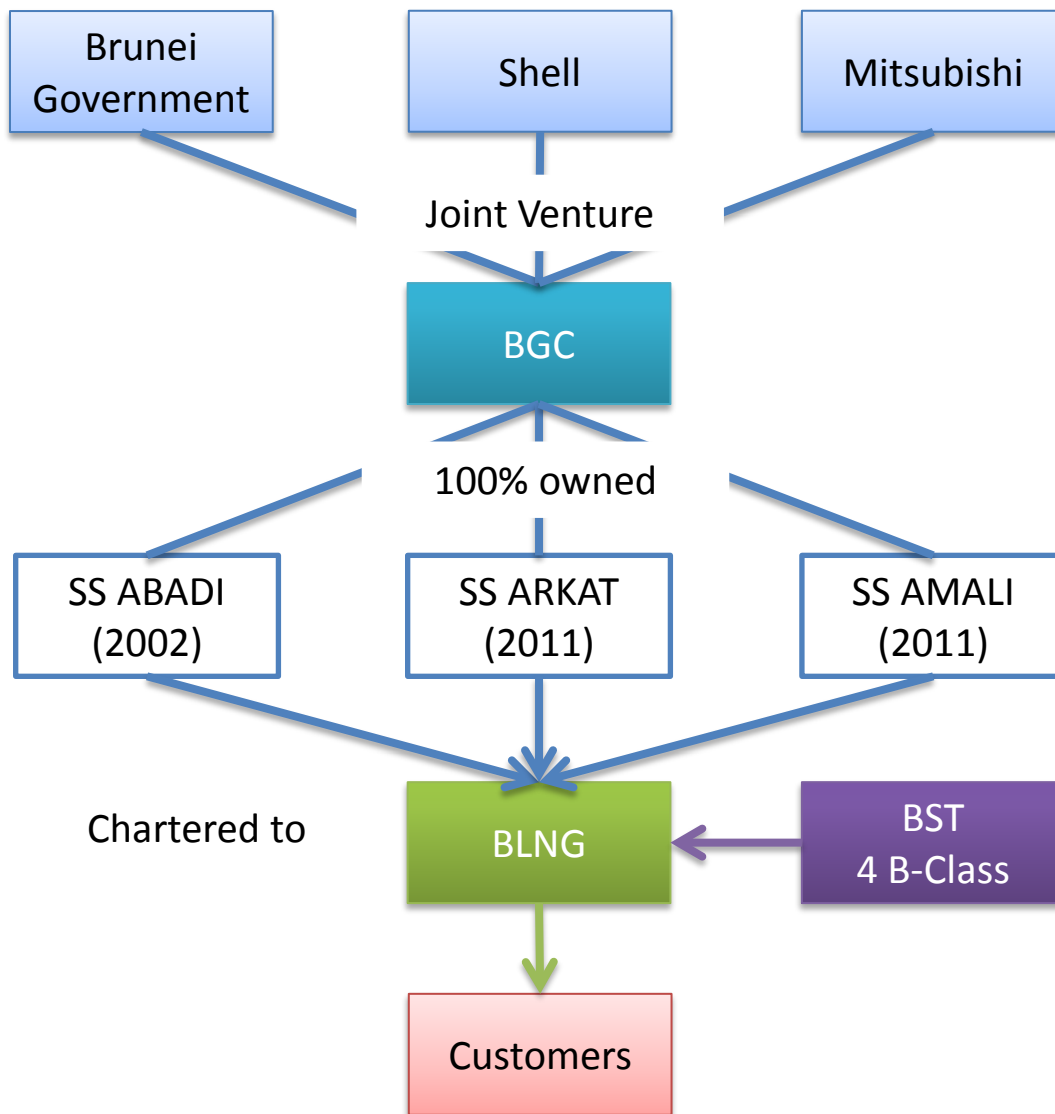
Islamic Financing is universal and supports real projects

Consumer's Key Consideration

Presentation by:
Calvin Chiew, Business Development Analyst



About BGC





Customer's Perspective

Why Islamic Financing?

- Very suitable for asset/project-based financing
- In line with Brunei Government aspirations continued commitment
- Prior experience with previous LNG vessels
 - ABADI USD 129 Million Financing (2002)
 - ARKAT/AMALI USD 505 Million Financing (2008)
- Opportunity to attract foreign Islamic investment into Brunei



Customer's Perspective

Key considerations

- Lack of local USD liquidity & financing benchmarks
- Cost of capital
- Shift in industry practice (eg. Change from Mudaraba to Wakala principles)

Customer's Perspective

Future Possibilities for BGC

- Tap into Sukuks
- Syariah based Equity partnerships



Speakers' profile



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