REQUEST FOR EXPRESSION OF INTEREST FORM

Expressions of Interest for the
Kabd Municipal Solid Waste Project

September 2013
# Table of Contents

## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table of Contents</td>
<td>2</td>
</tr>
<tr>
<td><strong>1. General Information</strong></td>
<td>3</td>
</tr>
<tr>
<td>1.1. Purpose of the EOI</td>
<td>3</td>
</tr>
<tr>
<td>1.2. Terms and Conditions</td>
<td>3</td>
</tr>
<tr>
<td>1.3. Disclaimer</td>
<td>4</td>
</tr>
<tr>
<td><strong>2. Project Background</strong></td>
<td>5</td>
</tr>
<tr>
<td>2.1. Introduction to Project</td>
<td>5</td>
</tr>
<tr>
<td>2.2. Project Scope</td>
<td>5</td>
</tr>
<tr>
<td>2.3. Contractual and Commercial Structure</td>
<td>6</td>
</tr>
<tr>
<td>2.4. Project Site</td>
<td>7</td>
</tr>
<tr>
<td>2.5. Procurement Process and Indicative Timelines</td>
<td>8</td>
</tr>
<tr>
<td><strong>3. The Legal Environment for PPPs in Kuwait</strong></td>
<td>9</td>
</tr>
<tr>
<td>3.1. The PPP Law</td>
<td>9</td>
</tr>
<tr>
<td>3.2. The PTB</td>
<td>9</td>
</tr>
<tr>
<td>3.3. KM</td>
<td>9</td>
</tr>
<tr>
<td>3.4. MEW</td>
<td>10</td>
</tr>
<tr>
<td><strong>4. EOI Submission Instructions</strong></td>
<td>11</td>
</tr>
<tr>
<td>4.1. Expression of Interest</td>
<td>11</td>
</tr>
<tr>
<td>4.2. Format of Submission</td>
<td>11</td>
</tr>
<tr>
<td>4.3. Information Sought</td>
<td>11</td>
</tr>
<tr>
<td>4.4. Questions &amp; Answers</td>
<td>16</td>
</tr>
</tbody>
</table>
1. GENERAL INFORMATION

1.1. Purpose of the EOI

The State of Kuwait through the Partnerships Technical Bureau (“PTB”), in collaboration with the Kuwait Municipality (“KM”), is planning the development of a municipal solid waste project through a public private partnership (“PPP”) venture (the "Project").

The PTB has appointed a team of advisers led by PricewaterhouseCoopers (“PwC”) to act as Transaction Adviser for the Project. The technical and environmental adviser for the Project is Fichtner GmbH and the legal adviser is Ashurst LLP.

The purpose of this Request for Expression of Interest (“Request for EOI”) is to invite suitably qualified local, regional and international companies to participate in the potential tendering of the Project and request them to indicate their interest in the Project by submitting an Expression of Interest (“EOI”) to the PTB.

The Request for EOI shall be followed by a Request for Qualification (“RFQ”) and qualified respondents will be invited to respond to a Request for Preliminary Proposal (“RFPP”) and a Request for Proposal (“RFP”) in accordance with the indicative timeline set out in section 2.5.

1.2. Terms and Conditions

This EOI shall not commit or bind the PTB or KM whatsoever in having to proceed to the RFQ stage, the RFPP stage or the RFP stage or to award a contract. The PTB and KM reserve the complete right to at any time and for any reason disregard all EOIs and to terminate the competitive selection process and proceed with the Project in some other manner or not at all, with no liability to any party whatsoever.

Each respondent is solely responsible for all costs it incurs in the preparation of its EOI response, including without limitation all costs of providing information requested by the PTB and KM, attending meetings and conducting due diligence. Under no circumstances will PTB or any of its advisers or KM be liable for any costs or expenses borne by the respondent or any of its advisers in this process, nor shall they be liable for any damages or consequential damages whatsoever.

The PTB and KM reserve the right, in their sole and absolute discretion, with no liability whatsoever to:
a) amend the scope of the Project;
b) modify, cancel or suspend the EOI process or any or all stages of the competitive selection process, at any time for any reason;
c) waive a defect or irregularity in the form or content of any EOI;
d) re-advertise for new responses, call for tenders or enter into negotiations for this Project or for work of a similar nature;
e) make any changes to the terms of the business opportunity described in this Request for EOI; and
f) extend, from time to time, any date, time period or deadline provided in this Request for EOI.

All responses submitted to the PTB become the property of the PTB immediately upon such submission.

1.3. Disclaimer

All information contained in this Request for EOI, including inter alia financial, geographical, commercial, legal and technical information, has been included for illustrative and indicative purposes only to assist companies and consortia in making their own evaluation of the Project. Each company or consortium of companies shall be solely responsible for satisfying itself as to the information required to submit an EOI for the Project.

Whilst the information contained in this Request for EOI has been prepared in good faith, it does not purport to be comprehensive and it does not purport to have been independently verified. Neither PTB, KM nor their respective employees, agents or advisers make any representation or warranty express or implied, with respect to the veracity, adequacy, accuracy, reasonableness or completeness of the information contained in this Request for EOI or with respect to the information on which it is based or in respect to any written or oral information or representation given or made, or to be given or made, by the PTB or any of its advisers to any company or consortium or to its or their professional advisers, whether given or made prior to or after the issue of this Request for EOI (collectively, the “Information”).

The PTB, its employees, agents and its advisers hereby expressly disclaim any and all liability arising out of or in relation to the Information (including in relation to omissions therefrom) and in respect of the use of and/or reliance on such Information by companies or consortia and/or its or their advisers. Companies and consortia should make their own investigations, projections, conclusions and consult their own advisers to independently verify the information contained in this Request for EOI and to obtain any additional information that they might require prior to responding to the EOI.
2. PROJECT BACKGROUND

2.1. Introduction to Project

Municipal waste management is a significant issue in Kuwait as increasing amounts of waste are dumped into landfills, or in some cases into illegal dumpsites. This poses a huge threat to the natural resources and environment affecting ground water contamination, leaching and air pollution.

Currently, KM is contracting with local contractors for the collection, transportation and disposal of municipal solid waste in three disposal sites. The current land filling practices are not in line with international environmental standards and are posing a significant threat to the environment and human safety and health. The waste is currently dumped, spread and compacted in an uncontrolled manner and cover materials are not applied regularly. Dust created within the landfill sites and gas emissions cause a public nuisance. The characteristics of leachate formed indicate high organic content and presence of heavy metals, salts and nutrients. There are no provisions for leachate and/or landfill gas collection at the landfill sites.

The Project involves the design, engineering, procurement, construction, testing, commissioning, operation, maintenance, financing and transfer of a waste to energy (“WTE”) facility within the Kabd area in Kuwait. In line with the State of Kuwait’s strategy to promote and support increased private sector participation in infrastructure development, and in accordance with the PPP Law (Law No. 7 of 2008 regulating public private partnerships), the PTB aims to procure the facility through a Public Private Partnership (“PPP”).

The objectives of the Project are (in the following order of priority):

- diversion of waste from landfill;
- generation of renewable energy;
- minimising water usage (due to the expense of producing water in Kuwait); and
- recycling.

The WTE facility is expected to contribute to the modernization of Kuwait’s integrated municipal solid waste system by improving its economic, environmental and social performance.

2.2. Project Scope

Kabd WTE facility will be required to have an initial design capacity of 3,000 tonnes per day (about 1 million tonnes per annum) at the reference design point. Technical specifications the investor’s Project company will have to comply with include the following:
• The plant will be required to have four combustion lines of approximately 31 tonnes per hour capacity per line. Each line will consist of a combustion furnace, an energy recovery boiler and a flue gas cleaning system.
• The superheated steam generated in the boilers will be transformed into electricity in a turbine generator.
• The bottom ash (slag) will be treated for its recovery in a treatment and maturation plant on site.

The Project’s specific approach is based on using WTE technology to generate electricity; recovery of materials (metals and aggregates) for slag recycling and then disposing the flue gas cleaning residues and remaining slag (if 100% re-use is not possible) into separate sanitary landfills on the Project site.

The Project company will not have the responsibility of collection and transportation of waste to the site. A detailed waste characterisation study is underway and its results may be made available to bidders during the RFPP phase.

The WTE facility will be required to be operational for 25 years after its commercial operation date. The electricity generated by the plant will be purchased by MEW.

2.3. Contractual and Commercial Structure

The Project company will enter into:

a) a concession agreement with KM ("Concession Agreement"), setting out how the Project company will develop and implement the Project on a build, operate and transfer basis; and
b) a power purchase agreement with MEW ("PPA") for the sale and purchase of electricity generated by the WTE facility.

The terms of the Concession Agreement and the PPA shall be for 25 years after commercial operation date of the WTE facility.

The project payment mechanism made by KM under the Concession Agreement will be disclosed in the later stage. The Project will further receive revenue for the sale of electricity under the PPA.

The Project company will be responsible for the design, engineering, procurement, construction, testing, commissioning, operation, maintenance, permitting, insurance, financing and transfer of the WTE facility and the design, engineering, procurement, construction, testing and commissioning of a substation on the Project site. The Concession Agreement will set out commercial provisions to regulate the foregoing, including detailed payment mechanisms and the regime for deductions, penalties and compensation.

The Concession Agreement will also set out provisions governing the terms of the concession and the transfer of the facility upon the expiry of the Project term/termination of the Concession Agreement.
2.4. Project Site

The Project site is located in the Kabd area which is located at a distance of 25 km from Kuwait City. The KM has allocated an area of 500,000 sq. meters for the Project.

The proposed site is suitable for the development of the WTE facility and required infrastructure connections will be possible for the facility. A Preliminary Environmental and Social Impact Assessment ("ESIA") study will be carried out in line with Environment Public Authority ("EPA") guidelines and after its approval by EPA the findings report may be made available to bidders at the RFP stage.

The Project site coordinates (area corners) are as follows:

| UTmx: 477,284 / UTMy: 221,699 |
| UTmx: 476,284 / UTMy: 221,721 |
| UTmx: 476,295 / UTMy: 222,221 |
| UTmx: 477,294 / UTMy: 222,199 |

Location of the Project in the Kabd area
2.5. Procurement Process and Indicative Timelines

The procurement process has been designed to undertake a fair, transparent, efficient, practical and timely process for the PTB and KM.

The procurement process shall be conducted in accordance with the PPP Law, the Executive Regulations to the PPP Law (Kuwait Decree No. 256 of 2008; the executive bylaws of the PPP Law) and the PPP Guidebook (the PPP Project Guidebook prepared by the PTB pursuant to article 12(3) of the PPP Law). The procurement process will consist of the following stages and will substantially follow the indicative timeline set out below:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Indicative timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFQ</td>
<td>Q4 2013</td>
</tr>
<tr>
<td>RFPP</td>
<td>Q1 2014</td>
</tr>
<tr>
<td>RFP</td>
<td>Q3 2014</td>
</tr>
<tr>
<td>Selection of preferred bidder</td>
<td>Q4 2014</td>
</tr>
<tr>
<td>Project financial close</td>
<td>Q2 2015</td>
</tr>
</tbody>
</table>

PTB and KM reserve, in their sole and absolute discretion, the right to alter the above indicative timeline at any time and for any reason whatsoever.
3. THE LEGAL ENVIRONMENT FOR PPPs IN KUWAIT

3.1. The PPP Law

The key legislation which establishes the legal framework in Kuwait for PPP Projects is the PPP Law: Law No. 7/2008 regulating public private partnerships (as such term is defined in Article 2 of the Executive Regulations of the Law, Decree No. 256/2008, which further elaborates on the provisions of the PPP Law), amending provisions of Decree No. 105/1980 on the regulation of public domain.

The PPP Law combines the objective of attracting private-sector participation based on competitive and transparent rules with the social objective of ensuring that the economic benefits of private investment are shared with Kuwaiti citizens.

This Project will be procured under the PPP Law and has been designed to meet the key requirements of that Law both in terms of the process used to achieve an agreed contract and the risk allocation within the contract itself. For details of relevant laws governing PPP projects in Kuwait, interested participants may download them at: http://www.ptb.gov.kw/en/Legislation.

3.2. The PTB

The PTB is the Kuwait Government agency responsible for the implementation of the PPP programme, responsible for the financial, commercial and technical evaluation of PPP projects. Established under article 12 of the PPP Law, it is involved in all phases of a project, from inception to financial close.

3.3. KM

KM is an independent organisation with juristic personality. The general purpose of KM, as outlined under article 2 of Law No. 5 of 2005 regarding Kuwait Municipality, is to undertake the endorsement of structural plans, lands' surveys, organisation of cities, villages and, suburbs, regions and islands and their beautification, provided they are within the general plan of the State and the authenticated budget. Under article 2 KM also undertakes the safeguarding of the public health through the assurance of the foodstuffs safety, the safekeeping of public comfort, of cleanliness, of the environmental safety and protection of the environment. KM has the power to approve projects on State land.
3.4. MEW

MEW owns, maintains and operates existing power and water production facilities, transmission networks and distribution systems in Kuwait. The functions of the Ministry of Energy in all competencies relevant to the electricity and water sector are vested in MEW pursuant to Decree No. 77 of 2007. MEW has the authority to supply, transfer and distribute electricity and water for both production and consumption purposes, and to work on enhancing electricity and water in accordance with the needs of Kuwait. MEW is responsible for the establishment, management and operation of electricity facilities. MEW will act as the off-taker for the output of the proposed WTE facility.
4. EOI SUBMISSION INSTRUCTIONS

4.1. Expressions of interest

Parties which are interested in participating in the procurement for the Project are requested to submit an EOI containing the information required in this Section 4. The PTB is interested in receiving an EOI from parties with expertise in:

a) the design, construction, operation and maintenance of WTE facilities or similar projects; and
b) raising or providing funding for large complex projects (especially WTE projects, waste projects and/or power projects) on a limited recourse basis.

Assuming that the PTB proceeds with the RFQ stage, parties that submit an EOI will be notified of the RFQ stage and, where applicable, requested to obtain the RFQ documents (this stage will also be advertised to the market).

The PTB understands that interested participants may wish to form a consortium to bid for the Project, but at the stage of this Request for EOI, interested companies and firms may respond individually and demonstrate the expertise of their primary activity(-ies).

4.2. Format of Submission

Interested parties are required to submit their EOI in electronic format (MS Word or PDF format), compiled in accordance with this Request for EOI, by email to the following address:

mswproject@ptb.gov.kw

EOI responses shall be submitted to the PTB not later than 12 noon (Kuwait time) on Sunday 17 November 2013. PTB reserves the right, acting in its sole and absolute discretion, not to consider late responses, without any liability whatsoever.

4.3. Information Sought

EOIs shall:

a) be completed in English;
b) not exceed 8 A4 pages; and
c) contain the following information together with a signed covering letter of interest prepared on letter headed paper and signed by an authorised signatory(-ies):
Company Name:

___________________________________________________________________________________

Nationality:

___________________________________________________________________________________

Legal Status (Including whether or not listed on the Kuwait Stock Exchange):

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

Address and point of contact:

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

Key Activities:

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
 Reasons for interest in the Project:

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
Previous experience of similar projects, if any, in the Middle East and/or Internationally:

____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
Understanding of or comments on the Project (not more than 500 words):

____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
4.4. Questions & Answers

All questions regarding the EOI phase of this project should be submitted by email, no later than 12 noon (Kuwait time) on Sunday 6 October 2013. The official email address for the project is:

mswproject@ptb.gov.kw

A compiled document with all the questions and answers (Q&A) will be forwarded to parties that raised questions no later than Thursday 31 October 2013. Parties interested in receiving the Q&A document (and did not raise any questions) should express this interest by email before Sunday 6 October 2013.