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# Offsets evolved



Blenheim Capital

There are more than  
\$100bn of offset  
obligations outstanding  
in the world today.

In the next five years  
another \$150bn of  
obligations are expected  
to be generated.

# **B**lenheim Capital, creating economic value for governments and enabling corporates to manage offset liabilities with certainty.

**Blenheim Capital's solutions help governments create long term, sustainable economic value from their offset programmes, whilst enabling companies to manage their offset liabilities with certainty.**

## **About Blenheim Capital**

Established in 2006, Blenheim Capital ("Blenheim") is a provider of offset consulting, advisory and transaction services to governments and corporations around the world.

Blenheim works with its clients to originate, source and structure financing, technology and skills transfer packages which bring economic benefit to strategically important government approved projects through the use of offset liabilities.

Blenheim's core areas of expertise include structured finance offset solutions, structured procurement financing and technology and skills development in relation to national offset and procurement programmes. In addition, Blenheim Capital Services Limited's UK Financial Conduct Authority ("FCA") authorisation enables it to provide investment advice and directly arrange transactions such as financing and capital raising to professional clients and eligible counterparties around the world.

To date Blenheim has acted on projects relating to more than \$12bn of offset obligations, created twelve self-sustaining economic value generators and invested more than \$50m of its own capital in its projects.

## **Our approach**

We work with our clients and partners to develop solutions to meet their needs. Whether the obligation is \$1m or \$1bn, Blenheim's project based platform approach enables companies to participate in obligation dispensing opportunities that bring certainty.

Our team of financing, legal and industry experts allows us to provide full turn-key solutions to offset programmes around the world.

By working closely with governments and regulators we are able to provide a level of transparency unparalleled in our industry, delivering compliant structures that stand the test of time.

As we continue to develop our offering Blenheim has formed Blenheim Capital Consulting Limited to provide management consulting, training and other services to governments and companies to help them meet the evolving challenges of the international market place.

## **Our global footprint**

Blenheim is headquartered in Guernsey with its primary services and support functions in London. In addition, Blenheim operates liaison offices in Washington DC, Abu Dhabi, Bahrain and Kuala Lumpur and is currently delivering a long term project in Kuwait.

## **Regulation**

Blenheim Capital Services Limited is authorised and regulated by the Financial Conduct Authority. Blenheim Capital Partners Limited is registered with the Guernsey Financial Services Commission as a non-regulated Financial Services Business. In addition, the Blenheim Group of companies is registered with the US Department of State under the International Traffic in Arms Regulations (ITAR) regime, and Blenheim Capital Partners Limited and Blenheim Capital Services Limited are registered with the UK Export Control Organisation. Blenheim Capital Partners Limited has also completed a TRACE background review and is a member in good standing.

# Blenheim is continually developing innovative offset solutions.

Strategic offsets are an increasingly important tool for governments to support their national economic objectives.

Blenheim is proud to be the only UK Financial Conduct Authority approved offset services provider.

## The evolution of offsets

Bridging the gap between simple countertrade structures and full industrial participation, strategic indirect offsets have evolved rapidly over the last ten years, and the pace of change is increasing.

As governments work ever harder to ensure that non-local defence and aerospace expenditure does not result in permanent loss to their economies, offset structures and programmes around the world are becoming more rigorous and stretching.

In addition offsets are being seen increasingly as a way of supporting non-defence spending during challenging economic times.

The scale of obligations being generated as a result pose not only challenges for the countries themselves, who have to find ways of rapidly assimilating additional economic activity, but also for major defence companies who need to manage complex obligations quickly and efficiently, or lose an increasingly important competitive edge.

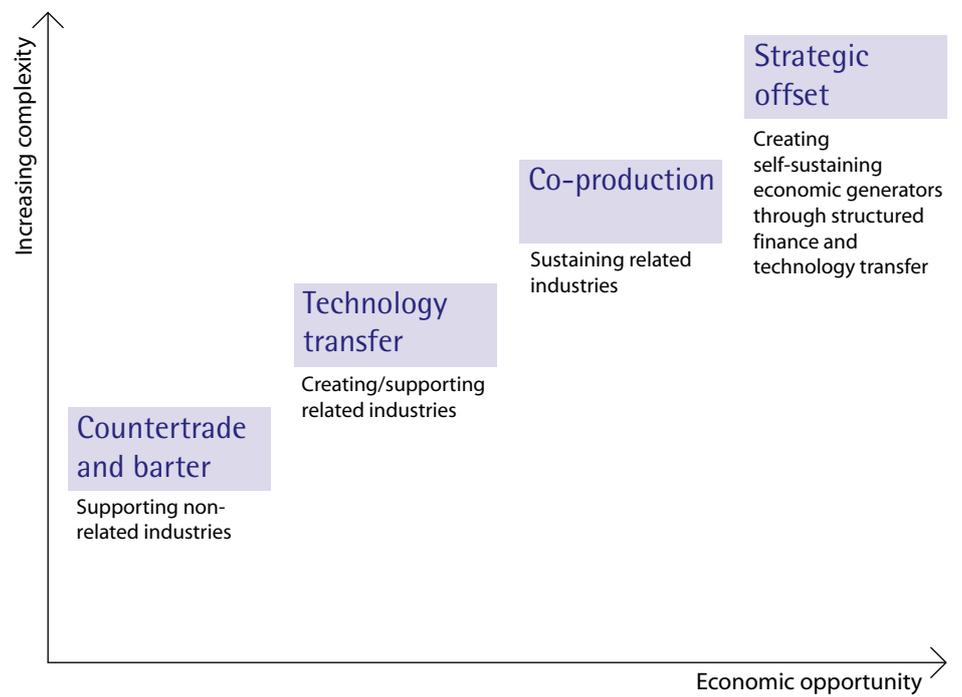
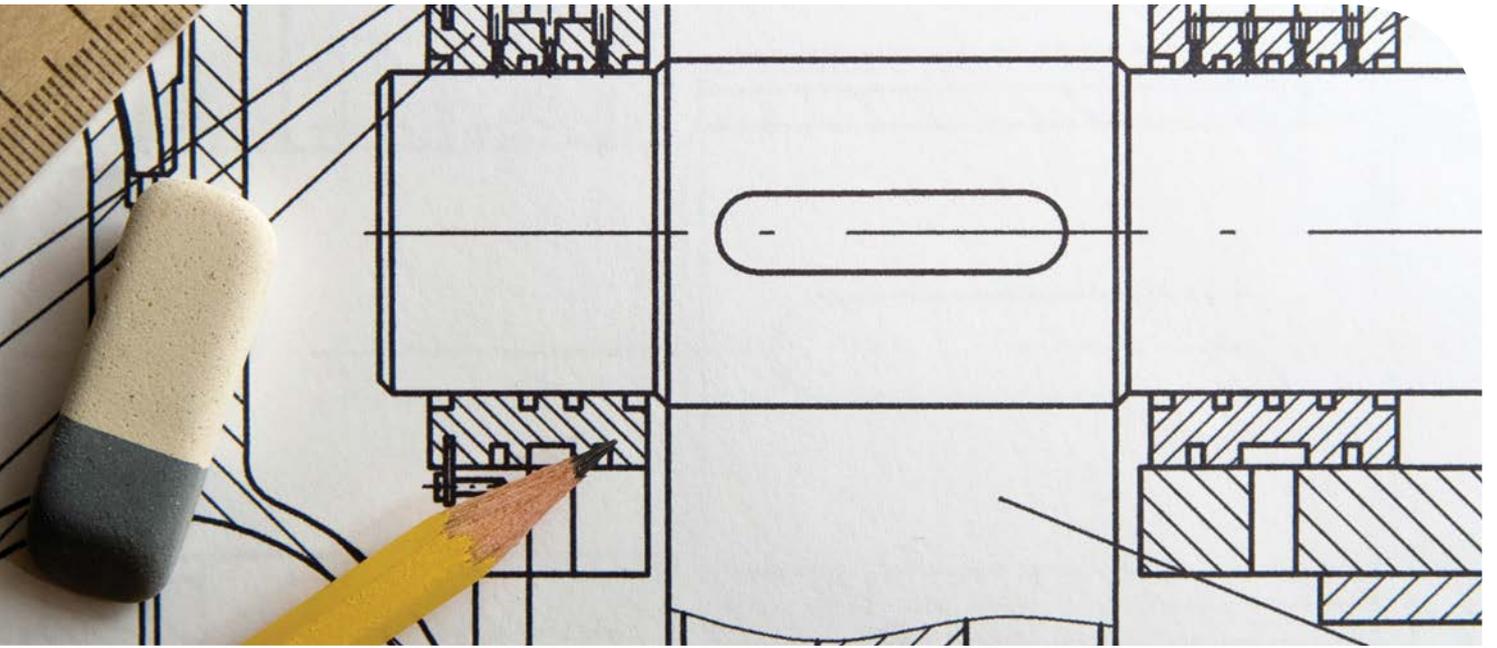
Blenheim is committed to helping governments and companies meet these challenges, delivering innovative solutions and offering economies of scale that cannot be achieved by one company alone through its platform approach.

We have been at the forefront of transparency in offset advisory services since inception, actively seeking regulation around the world and spending around 35% of our annual budget on outside compliance.

Our registration with the US Department of State under the International Traffic in Arms Regulations (ITAR) regime, and the UK Export Control Organisation, as well as our TRACE membership provide unmatched levels of compliance certainty for companies and governments alike.

In addition to this Blenheim Capital Services Limited has become the first offset provider to be authorised and regulated by the FCA, opening the door to enhanced products and services for our clients, whilst at the same time delivering increased peace of mind.

**The world of offsets has changed, we are offsets evolved.**



# Blenheim's offset solutions are welcomed by governments worldwide.

Blenheim's broad based expertise enables it to provide tailored solutions across the strategic offset spectrum.

Our FCA authorisation allows us to back this up with investment advice, financing and capital raising.

## Structured finance offset solutions

- Supporting national assets and economic diversification through creative offset-driven project finance structures.
- Examples include projects and funds for infrastructure, healthcare, science & education, technology and petrochemicals.

## Structured procurement financing

- Utilising offset and structured finance tools to create competitive pricing and innovative balance sheet treatment.
- May leverage Public Private Partnership (PPP) and Private Finance Initiative (PFI) structures.



### Technology development

- Creating partnerships between technology developers and end-users through offset-funded seed capital.
- Using procurement wins as an opportunity to showcase corporate technologies throughout a country/region.

### Government and corporate consultancy

- Advisory and programme support to help governments effectively leverage procurement to create economic value.
- Strategic planning for multinational companies, including forecasting offset obligations and seeking to enhance competitiveness in procurement.

# Blenheim's solutions transform offset risk into economic opportunity to get deals done.

In an increasingly competitive international marketplace our approach enables companies to successfully navigate one of the most complex areas of international export competition, the ability to clearly and efficiently price and manage resultant offset obligations.

## Project Altair

### Overview

Creation of Kuwaiti based aircraft leasing company with Kuwaiti national training programme managed by Kuwaiti NOC.

### Obligation

One defence contractor satisfying a Kuwaiti obligation.

### Solution

Combining existing company owned aircraft and offset based financing tools, with aerospace sector training expertise.

### Outcome

New company created holding ten year leases on four aircraft. Cash flows secured from day one with training programme and business plan in place to support growth. Obligation satisfied in full on completion.

## Project Alpha

### Overview

Supporting the development of Abu Dhabi's Raha Beach development by Aldar.

### Obligation

Fifteen party UAE obligation.

### Solution

Blenheim used equity finance to facilitate a \$2.1bn infrastructure financing package.

### Outcome

Reducing the cost of infrastructure enabled project finance to be secured against cash flow generating assets.

Project Alpha represented the largest single discharge solution globally with the obligation discharged in full on day one.



### Projects Blue and Blue II

#### Overview

Blue I was a landmark structured financing contract to fund acquisition of twenty-five Airbus aircraft across ten international airlines for \$891m.  
Blue II supported acquisition of six aircraft for \$500m.

#### Obligation

Blue I discharged a six party UAE obligation.  
Blue II brought together four parties with UAE obligations.

#### Solution

Blue I injected equity to facilitate the acquisition of the aircraft loan portfolio.  
Blue II provided pre-delivery funding to reduce the initial cost outlay for the acquirer.

#### Outcome

The aircraft purchased through the Blue I and Blue II projects were used to create a self-sustaining Abu Dhabi owned and operated leasing company.

### Royal Jordanian Airlines

#### Overview

First aircraft based offset transaction and part of the overall restructuring of Royal Jordanian.

#### Obligation

Four party obligation with total transaction value of \$156m.

#### Solution

Utilised offset funding to refinance four Airbus A310-300 aircraft as part of an indirect foreign aid package from the UAE to the Kingdom of Jordan.

#### Outcome

The transaction brought together three ECAs and thirty-seven banks to cut lease payments on the aircraft in half thereby saving Royal Jordanian \$180m in direct costs.

**B**lenheim's team have a breadth of experience that enables them to meet the demands of both clients and governments.

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The Blenheim team combines experience from offset and commercial business ventures, investment banking, finance and defence sectors to meet the objectives of clients and governments.

**Sir Nigel Knowles  
Chairman**

Sir Nigel was appointed Non-Executive Chairman of Blenheim Capital Services Limited in February 2010. He is joint CEO and Managing Partner of DLA Piper, the world's largest international legal practice having been Managing Partner since 1996. In January 2005 Sir Nigel was instrumental in the largest ever transatlantic law merger when DLA integrated with US-based Piper Rudnick and Gray Cary Ware & Freidenrich LLP. He was knighted in 2009 for services to the legal profession.

**Grant Rogan  
Founder of the Blenheim Capital Group  
and CEO, Blenheim Capital Services  
Limited**

He became heavily involved in countertrade and offset transactions in Switzerland, Korea, Spain, Turkey and Saudi Arabia in the late 1970s, which resulted in the establishment of his own advisory firm in the mid 1980s. Over the past 28 years he has further developed offset and financial investment opportunities for a host of multinational corporations and has advised several governments with a primary concentration in the Middle East and Far East.



**Tunde Fasoyiro**  
**Chief Compliance Officer**

Tunde has been responsible for overseeing Compliance at Blenheim Capital Services Limited since September 2010. He has worked in Compliance and risk management for over fourteen years, both in the commercial and regulatory sector. Previously he was Compliance and Money Laundering Reporting Officer at Merchant Securities Limited. He also spent time at the Financial Services Authority, as Senior Associate, with the responsibility for supervising asset managers, stockbrokers and financial advisers. Mr Fasoyiro is a Finance graduate of the University of Lagos and a Member of the Chartered Institute for Securities and Investment.

**Major General (Ret) Morris Boyd**  
**Senior Vice President**

Morris is responsible for business development in the Middle East as well as Blenheim's other target countries. Morris joined Blenheim from Lockheed Martin Missiles & Fire Control where he served as Director of International Development responsible for planning, coordination and strategic development of military markets in the Middle East. He was responsible for several large sales in the Middle East and is highly respected by his customers. Morris

is a retired US Army Major General with extensive leadership and command experience at all levels of the Army. Two of his last key assignments in the military were the Army Chief for Legislative Liaison for the US Congress and the Deputy Commanding General of III Armoured Corps and Fort Hood.

**Antony Blackwell**  
**Senior Vice President**

Antony was part of the team that formed Blenheim. Based in Abu Dhabi, Antony is responsible for the UAE activities of Blenheim and is the Senior Vice President for the MENA region. In addition to the structuring and execution of offset projects his track record includes the derivation and execution of Eurostat compliant structures, military and civil aircraft financing, derivatives and project finance. Prior to working for Blenheim he worked in Barclays Capital's Structured Trade and Export Finance team in London.

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For further information about the companies in the Blenheim Group, please visit:

[www.blenheimcapital.net](http://www.blenheimcapital.net)

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