



06Nov2003 Delamore & Owl plans bond backed by Almaty airport taxes

LONDON, Nov 6 (Reuters) - Delamore & Owl Group, a Caribbean based hedge fund, said on Thursday it has structured a bond whose payments will be backed up with taxes and rent collected by the airport of Almaty, the capital city of Kazakhstan.

Delamore & Owl Group, which is based in Bermuda, will be the lead arranger and investor in the deal, which is seen at between \$55 million and \$65 million.

The bond will be backed by airport taxes charged to airlines, which will include the national carrier and international firms such as British Airways <BAY.L> and Austrian Airlines <AUAV.VI>. The bonds will also be backed up by a letter of credit supplied by the Almaty municipal authority, rated BB by Fitch, and revenues generated from the lease of terminals in the airport.

The fund has also been talking with credit risk insurers to provide a credit enhancement on the receivables in order to guarantee that they will be at least investment grade status.

"By securing hard-currency receivables we are able to create entities that are investment grade from sub investment grade countries," said Sanjeev Kumar, who runs the securitisation group at Delamore & Owl.

"This lowers their cost of borrowing," he adds.

Last year Delamore & Owl securitised the aircraft and ticket receivables of Royal Nepal Airways, and has completed deals in Brazil, Venezuela and Columbia amongst other emerging market countries.

The deal is expected to be completed by at least early December and will pay a coupon of 6.5 percent. It has a maturity of around six years.

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