

أخبار الدار

AKHBAR ALDAR

NEWS FROM THE HABTOOR LEIGHTON GROUP | DECEMBER 2013

RAIL EDITION

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CHAIRMAN'S MESSAGE

Rail is a relatively new business to the Middle East and there are many aspects of a rail solution here that will be unique to the region, its distinct environment and its challenges.

The combined skills and experience our Group offers through its related entities, particularly John Holland and Dragados, puts HLG in a good position to meet the rail-related challenges the region presents, and offer end-to-end rail services for our clients.

The Governments across the GCC region have major expansion plans for their rail networks, with many regional rail networks already under construction. We look forward to growing our involvement in this sector – starting in Qatar where we are delivering the country's first people mover system.

Riad T Sadik



CEO AND MD'S MESSAGE

An efficient and effective rail network is inextricably linked with the economic growth and success of any region.

In fact rail, whether used for people-moving or freight, offers a multitude of benefits – from alleviating road congestion; helping to reduce the number of road-related accidents; reducing our carbon footprint; offering a more cost-effective mode of transport for commuters; and benefiting businesses of all sizes in the ability to easily transport goods and bulk items.

As one of the leading contractors in the region, we have developed very good relationships with public and private clients and look forward to partnering with them to deliver what will eventually be one of the most highly sophisticated rail networks in the world.

José Antonio López-Monis

HLG is one of the leading diversified international contractors in the Middle East and North Africa.

HLG is part of the Leighton Group – one of the world's leading international contractors and the world's largest contract miner, with annual revenues exceeding USD20 billion. The Leighton Group's major shareholder is HOCHTIEF from Germany – one of the world's leading providers of construction services. HOCHTIEF is majority owned by Spain's ACS Group – a world leader in infrastructure and building

development for civil and engineering projects.

The Group also operates a diverse range of complementary Associated Businesses, offering clients a one-stop solution for all their construction, development and asset management needs.

HLG has an extensive track record in large-scale projects across the region. For more than 40 years it has built a strong and loyal client base across both the public and private sectors.

HLG focuses on five core market sectors: Infrastructure, Building, Rail, Oil and Gas and Mining.

Please consider the environment before printing this document

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EDITOR'S NOTE

In Arabic, Ahkbar AlDar means "news of the house". It is our corporate magazine, which features the activities of HLG and its related companies.

This rail edition takes a closer look into the region's booming rail sector, and features some of HLG's projects in this market. We hope you enjoy the read.

► We welcome your feedback



■ IN BRIEF

A round-up of new developments across the Group.

HLG TO DELIVER AED1.45 BILLION AL HABTOOR CITY RESIDENTIAL TOWERS

Dubai's landmark Al Habtoor City is set to become one of the region's most prestigious destinations and HLG was recently awarded the contract to construct the development's Residential Towers.

HLG recently secured a contract with the Al Habtoor Group worth AED1.45 billion (USD395 million) for the construction of the Residential Towers project as part of the landmark AED11 billion (USD3 billion) Al Habtoor City development in Dubai.

The Al Habtoor Residential Towers project is a mixed-use development located immediately adjacent to the proposed Business Bay creek extension (Dubai Water Canal) and includes: two 75-storey residential towers; one 52-storey residential tower and; a 7-storey podium including basement, ground floor and five floors of retail and parking.

On an adjacent site, HLG is currently constructing the AED1.9 billion (USD515 million) Al Habtoor City hotel development, which will be the Middle East's largest integrated resort when it is completed in 2016.

The contract continues a long and successful relationship that HLG has with the Al Habtoor Group, having successfully delivered numerous major projects for the Al Habtoor Group in the past.

"This project further demonstrates the confidence Mr. Khalaf Al Habtoor has in HLG and we're delighted to be selected to build what will be one of Dubai's

most prestigious and recognisable developments," said HLG CEO and Managing Director, Mr. José Antonio López-Monís.

Mr. Al Habtoor said, "I have confidence in the Habtoor Leighton Group. HLG has built some of the most prominent landmarks in Dubai and the UAE – including Terminal 3 at the Dubai International Airport, the world famous Burj Al Arab and The Officers' Club in Abu Dhabi."

HLG's associated business, HSSG, is currently undertaking the enabling works for the project. The total value of construction, including consultant costs and piling but excluding interior fit-out and furniture, is AED1.62 billion.

Construction will commence as soon as enabling works are completed and the main project will be completed 32 months later.



“This project further demonstrates the confidence Mr. Khalaf Al Habtoor has in HLG and we’re delighted to be selected to build what will be one of Dubai’s most prestigious and recognisable developments.”



HLG AWARDED AED275 MILLION PROJECT IN DUBAI

HLG has signed an agreement worth AED275 million with Jebel Ali Free Zone (Jafza) to construct the next phase of the Jafza One-Jafza Convention Centre complex in Jebel Ali, Dubai.

The project site, which is located on Sheikh Zayed Road, comprises one of the Convention Centre's two twin-tower commercial buildings, housing more than 450 offices and spanning a total built-up area of 72,200 square metres.

HLG's scope of works includes completion of the fit-out of one of the twin-towers, in addition to completing associated external road works.

The contract with Jafza is of great significance to HLG, as it represents a continued partnership with Jafza to conclude one element of what will in time become one of the most successful economic and logistics hubs in the region.

HLG first partnered with Jafza, a flagship Economic Zones World Group Company in 2007, to deliver the AED1.9 billion project, which includes a state-of-the-art convention centre, hotel, commercial towers and associated exhibition and recreation facilities.

Work on the commercial tower and external roads has commenced, with completion scheduled for the end of 2014. The project director for the contract is Rani Badran.

“HLG's scope of works includes completion of the fit-out of one of the twin-towers, in addition to completing associated external road works.”



HLG AWARDED AIRPORT PROJECT IN ABU DHABI

Abu Dhabi Airport Company (ADAC) has signed a contract worth around AED600 million with the Habtoor Leighton Group (HLG) for the construction of infrastructure integral to the Abu Dhabi International Airport expansion.

The project aligns with HLG's strategy of targeting large-scale infrastructure opportunities for government clients.

HLG will deliver the project across multiple work fronts including airside and landside airport operational areas within the Midfield Terminal Complex construction site, the East Midfield Terminal area and along the existing E11 Highway.

The contract with ADAC is demonstrative of HLG's reputation as a preferred international contractor for major clients in the UAE.

"The Group is proud to have been selected by ADAC to deliver this important project and be part of the development and success of one of the fastest growing airports in the world.

"The project aligns with HLG's strategy of targeting large-scale infrastructure opportunities for government clients," said HLG's CEO and Managing Director, Mr. José Antonio López-Monís.

HLG's scope of works, which will be delivered across five work fronts, includes:

- Backbone infrastructure installation
- MEP works
- Interchange, road and bridge construction

HLG will also undertake the design and construction of some key elements of the project.

"HLG is looking forward to delivering this project to ADAC's high standards and continuing our strong track-record of developing state-of-the-art infrastructure projects," Mr Lopez-Monís said.

Mr. Tony Douglas, Chief Executive Officer of Abu Dhabi Airports Company, is pleased with ADAC's decision to partner with HLG to deliver Abu Dhabi Airport's expansion.

"The Habtoor Leighton Group produced a competitive tender. It is clear from their submission, and other projects the Group has delivered, that they have the expertise and experience we need to deliver a world-class facility."

HLG is scheduled to commence work this month, with staged completion anticipated over the next 18-24 months. Ahmed Ban will be project director for the project.



JOHN HOLLAND AWARDED AUD257 MILLION CONTRACT AT ROY HILL

Leighton Group's John Holland has been chosen to construct around 350 kilometres of heavy haulage railway track for the Roy Hill Iron Ore Project in Western Australia.

The Roy Hill Iron Ore Project includes a new mine at the Roy Hill deposit north of Newman, a mine process plant, a heavy haul railway system and new port facilities at Port Hedland.

The AUD257 million rail construction, track works and infrastructure contract awarded to John Holland by Samsung C&T will traverse through Western Australia's remote terrain from the Roy Hill mine site to Port Hedland.

"The contract award evidences the diversity of the Leighton Group, combining our skills in managing operations in remote locations and in the provision of infrastructure and rail operations.

"We are proud to be involved in such a major undertaking for Western Australia. Roy Hill is a critical project for the state, and a strong indication that the nation is moving to close its infrastructure deficit and improve productivity," Leighton Holdings CEO, Hamish Tyrwhitt, said.

By winning this project against national and international competition, John Holland has once again demonstrated its key strength in rail.

"John Holland has been a market leader in rail construction in Australia for over 30 years, with approximately AUD3 billion of rail-related projects in hand," he said.

The two-year, construct only project, commenced on site in October. At the peak of site works the project workforce is expected to reach 270 people.

John Holland's contract involves track works to the main line, marshalling yard, mine loading loop, port loading loop, wayside loops and spurs and construction yard. The contract also involves construction of a logistics yard and ballast yards.

John Holland is one of HLG's partners in the Middle East. The two companies, along with fellow ACS Group company Dragados, are pursuing a number of rail opportunities across the region.

"John Holland has been a market leader in rail construction in Australia for over 30 years, with approximately AUD3 billion of rail-related projects in hand."



THEY SAID IT

“These countries have realised that they have got to look at metros if they want to compete. They have got to find ways of moving people around... The opportunities here are phenomenal.”

Julian Hill, Rail Managing Director, Atkins Middle East, on rail investment plans in Saudi Arabia, Qatar, UAE, Kuwait and Oman the region.

“The MENA metro sector features a group of projects that have been delayed for almost 20 years. Nevertheless, it also needs highly motivated experts, technical excellence of project execution and transfer of the implementation of advanced engineering technology to the MENA and GCC transport engineers, operators and managers.”

Dr. Abdel Fattah Toukan, Partner and Vice-President of BKCEN Engineering in Canada, discussing the region’s metro plans.

“The regional metro projects have success written all over them and are based within high population cities. After the completion of the Dubai Metro, the region has seen a sudden frenzy of announcements in metro projects and rail. We have witnessed ambitious plans from Kuwait, Qatar, Abu Dhabi, Riyadh and Jeddah”

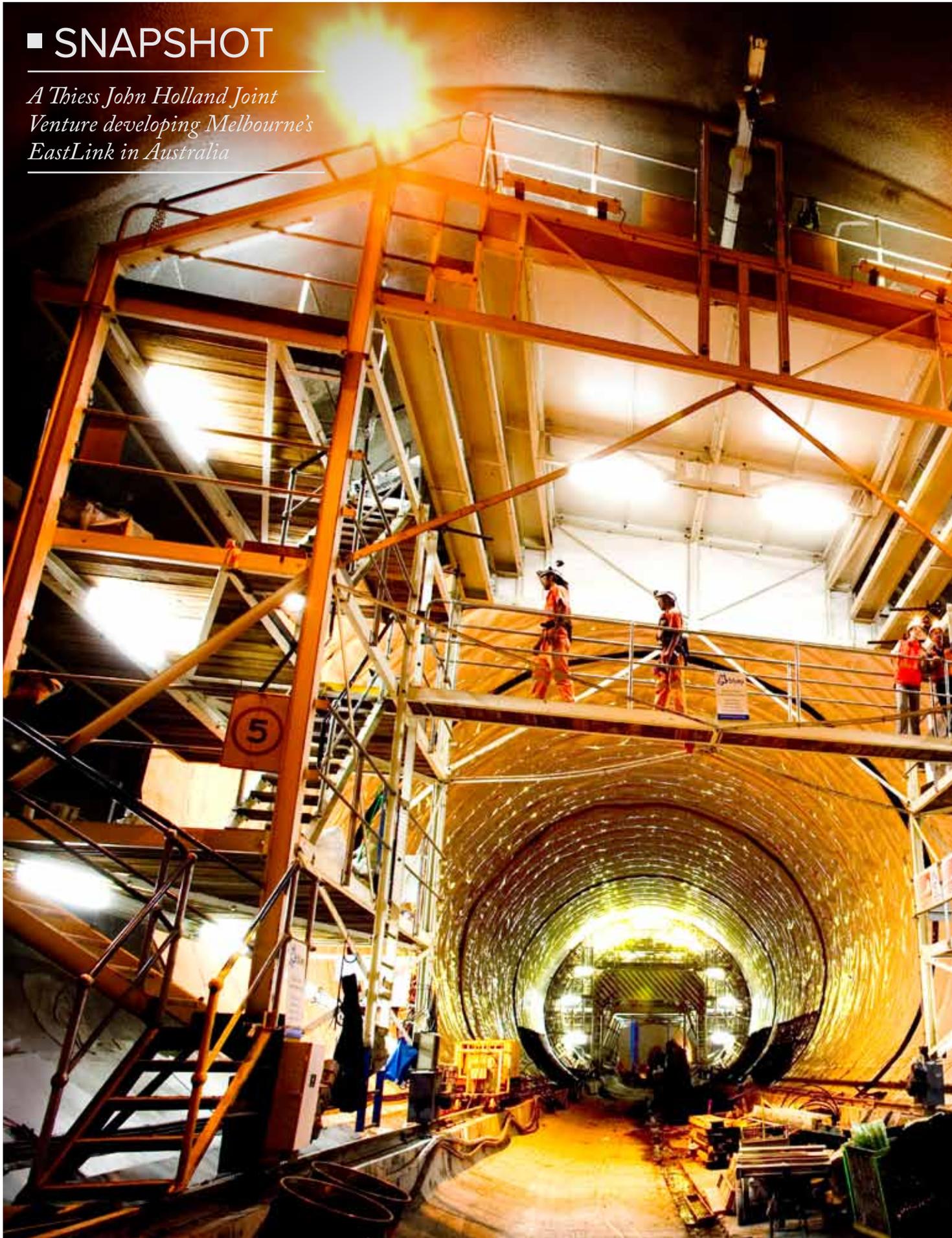
Srinath Manda, Program Manager – Transportation and Logistics, South Asia, Middle East and North Africa at Frost & Sullivan, on rail opportunities within the region.

“The GCC rail network is part of a wider GCC economic merger strategy, which in turn, reflects a certain will for political integration. It is an opportunity to test the six countries’ ability and readiness to cooperate and implement large-scale projects of strategic importance. Besides boosting trade, the rail network will connect all the countries of the GCC to the main ports of the Gulf and the Indian Ocean to transport goods to the rest of the world.”

Shadi Malak, Executive Director of Commercial and Operations at Etihad Rail, sharing the company’s plans to integrate beyond the GCC region.

■ SNAPSHOT

A Thiess John Holland Joint Venture developing Melbourne's EastLink in Australia





A view of the tunnel construction for the EastLink, Melbourne, Australia.

■ THEME OVERVIEW

Akhbar AlDAR takes a look into HLG's rail strategy

ON THE RIGHT TRACK

As the Middle East modernises at breathtaking speed, the need for an attractive, safe and highly sophisticated national transport network is greater than ever.

A system so multifaceted and of such importance demands the highest standards of technical, safety and project management expertise, and the Habtoor Leighton Group (HLG), along with the skills and experience available through associated companies, John Holland and Dragados, offers just that.

Together, HLG, John Holland and Dragados offer unparalleled technical skills, local knowledge and safety-focused capacity when it comes to the design, construction, testing and commissioning, maintenance and operation of transport, mining, metro, regional and heavy haul rail infrastructure projects – employing tried and tested solutions to overcome every challenge presented by the most complex projects.

Manuel Pardo, Executive General Manager of HLG's Pre-Contracts Department, which is responsible for the Group's business development, estimating and engineering functions, offers more insight into what the GCC's rail opportunities mean for the broader Group.

"The GCC's rail market is in its infancy, but on the verge of significant and incomparable expansion. Across each of the markets where we operate, there are plans for rail – for people moving, hauling freight, and everything in between," Mr. Pardo said.

"The GCC's rail market is in its infancy, but on the verge of significant and incomparable expansion. Across each of the markets where we operate, there are plans for rail – for people moving, hauling freight, and everything in between."



Currently, the GCC operates several rail lines, however over the next 10 years we will see every major city across the region have a fully functional national rail network and house a state-of-the-art metro station.

HLG began looking at the emerging rail market only several years ago, but as one of the largest multi-disciplinary contractors in the region, with direct access to both Australia's and Spain's leading rail contractors, the Group is perfectly placed to deliver relevant and specialist expertise.

"Collectively, HLG, John Holland and Dragados have completed more than 250 major rail and tunnel projects in a wide range of challenging environments – both locally and abroad," Mr Pardo added.



CURRENT

USD180 billion

currently invested in rail projects

Approximately

35,000

kilometres of current railway

FUTURE

USD250 billion

allocated across Middle East to railway projects

67,000

kilometres of planned railway tracks throughout Middle East

John Holland is an industry pioneer with a 50-year heritage and reputation as Australia's leading metro, rail and tunneling contractor, with extensive experience as an operator and maintainer of metro systems.

Spanish company Dragados also offers a wealth of contemporary metro expertise, having completed more than 20 major metro projects in the past 10 years.

Some of the most notable rail projects include London's Crossrail development and Jubilee Line Extension, the MRT North East Line and Changi Airport Railway Station in Singapore, as well as metro infrastructure in Malaysia, Hong Kong, Spain, Australia and the United States of America.

"HLG is currently delivering the new People Mover System in Doha's Education City for Qatar Foundation for Education, Science and Community Development. This is a major accomplishment for the Group as we are part of Qatar's first major investment in rail infrastructure.

"Delivering projects in joint venture with other trusted, experienced, world-class partners gives the Group the competitive advantage of being able to quickly respond to changing circumstances, with minimum disruption to the program. Decades of experience in delivering high-profile rail projects means that the team boasts an extraordinary degree of flexibility and adaptability – while maintaining leading safety, quality and sustainability standards," Mr. Pardo said.

For HLG and its associated companies, providing best-in-class rail solutions is part of the Group's strategy to focus on delivering infrastructure projects where they have a clear competitive advantage. And the People Mover System in Qatar is the perfect platform to demonstrate the group's leading rail expertise.

This, coupled with HLG's efforts to secure repeat work for reputable clients with whom HLG has established a strong relationship by proving their ability to successfully deliver large and complex projects, puts the Group in good stead to be awarded more transport-related projects in the future.

Collectively, HLG, John Holland and Dragados have completed more than 250 major rail and tunnel projects in a wide range of challenging environments, including complex and multifaceted metro infrastructure in the UK, US, Singapore, Australia, Spain, Hong Kong and Malaysia.



HLG, JOHN HOLLAND AND DRAGADOS – TUNNELS

680
TBM kilometres tunnels

1,620
tunnel kilometres completed

USD20 billion
worth of tunnel projects

120
major tunnel projects completed

76
TBMs purchased in last 5 years

HLG, JOHN HOLLAND AND DRAGADOS – RAIL

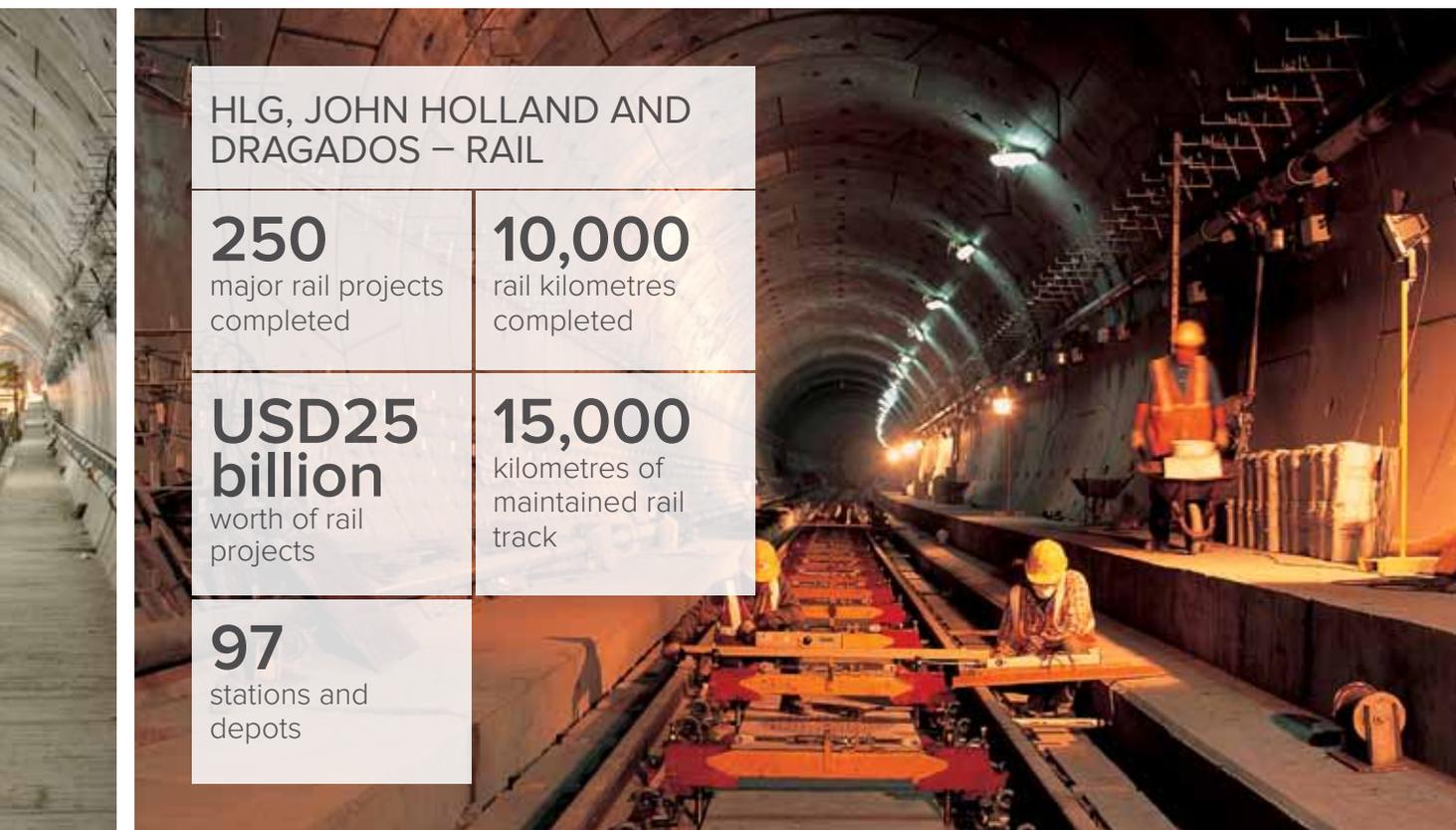
250
major rail projects
completed

10,000
rail kilometres
completed

**USD25
billion**
worth of rail
projects

15,000
kilometres of
maintained rail
track

97
stations and
depots



SAUDI METRO PROJECTS AIM TO SHIFT ECONOMY BEYOND OIL

A USD22.5 billion plan to build Riyadh's first metro rail system aims to achieve more than improving the quality of life in the congested Saudi capital: it is part of an ambitious effort to shift the country's economy beyond oil.

The government has already awarded contracts for the system to three foreign-led consortia. Six rail lines carrying electric, driverless trains and extending 176 kilometres (110 miles) are to be completed by 2019.

Similar projects are underway in other top Saudi cities; last August the government approved a USD16.5 billion plan to modernise the transport system in Mecca, including construction of a metro, and Jeddah is preparing plans to build a metro that would cost around USD9.3 billion.

The projects are part of an effort to improve social welfare for millions of poorer Saudis in the wake of the 2011 Arab Spring uprisings in the region. Saudi Arabia escaped serious unrest, but it aims to ensure social peace by ramping up spending on hospitals, schools and other infrastructure.

In the longer term, the world's top oil exporter is trying to diversify its economy away from oil, to reduce its vulnerability to the next big drop in global energy prices.

The metro systems could aid that drive by changing the way Saudi cities operate, helping them develop easily accessible commercial and light industrial districts which house companies outside the oil sector, while stimulating real estate projects and other investment along the rail lines.

“Concern about the country's extreme dependence on oil was highlighted when Saudi billionaire Prince Alwaleed bin Talal, in an open letter to the government, called for immediate steps to diversify the economy.”





“The Riyadh metro is projected to carry 1.16 million passengers daily when launched, increasing to nearly 3.6 million within 10 years – a significant fraction of all trips in the country, which currently has a population of about 28 million.”



Ibrahim al-Sultan, head of the government body which supervises the project, estimated that each riyal spent on it would generate an indirect economic return of three riyals. Concern about the country's extreme dependence on oil was highlighted when Saudi billionaire Prince Alwaleed bin Talal, in an open letter to the government, called for immediate steps to diversify the economy.

The metro systems may also help Saudi Arabia manage its oil resources more efficiently; only about two percent of Riyadh's six million population currently use public transport, leaving most of the rest dependent on gasoline-guzzling cars.

Growth in domestic oil consumption, as the country's young population expands, has been outpacing rises in oil production capacity. So over the next decade or two, Saudi Arabia could be forced to cut back its oil

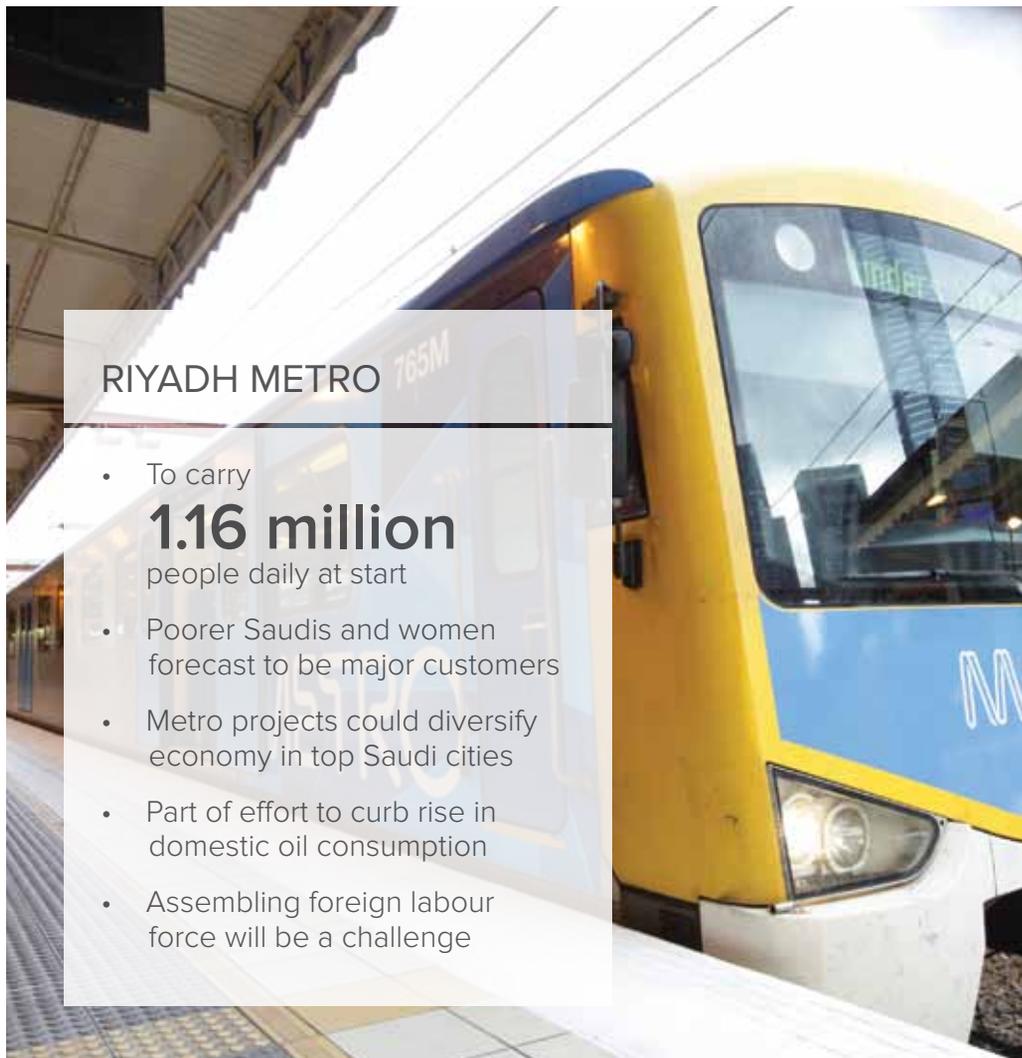
exports; the metro systems buy it time before it faces such a crunch.

“The metro will drive down energy requirements for the transport sector, if the metro is incentivised by the government as a replacement to motor vehicles, and reduce environmental pollution,” said John Sfakianakis, chief strategist at investment firm MASIC.

The Riyadh metro is projected to carry 1.16 million passengers daily when launched, increasing to nearly 3.6 million within 10 years – a significant fraction of all trips in the country, which currently has a population of about 28 million.

Saudi Arabia now consumes about 500,000 barrels per day (bpd) of oil in the form of gasoline, and exports under 8 million bpd.

While the metros are unlikely to persuade some Saudis to abandon



RIYADH METRO

- To carry **1.16 million** people daily at start
- Poorer Saudis and women forecast to be major customers
- Metro projects could diversify economy in top Saudi cities
- Part of effort to curb rise in domestic oil consumption
- Assembling foreign labour force will be a challenge

their love for the automobile, others may welcome the chance to escape severe traffic congestion in the big cities.

Despite the country's oil wealth, analysts estimate millions of people live near the poverty line, and they will have a financial incentive to use the systems.

The metros may also have a social impact by making it easier for women to move around, in a country where they are not allowed to drive for religious reasons. The Riyadh metro carriages will have special "family sections" giving women privacy.

"For sure I will use the metro - it will be a major solution for the women in our society, since we don't drive," said Alaa Hassan, a female university student in Riyadh.

"I go to my university by minibus and I pay 2,000 riyals (USD535) per month; other classmates who live nearer pay 800 to 1,000 riyals. For sure the metro will be cheaper."

The government has not said exactly how it will fund the Riyadh metro project, although bankers have been speculating about possible issues of sukuk (Islamic bonds) which could help to deepen the country's market in state-backed debt.

After more than two years of high oil prices, financing is not expected to be a problem; the government's budget surplus in 2012 alone was 386.5 billion riyals (USD103 billion).

But assembling the labour force to complete the project on time may be a challenge, because the country has been tightening controls on its large population of

foreign workers in an effort to reduce unemployment among Saudi citizens.

A crackdown on illegal foreign workers caused tens of thousands of people to be deported or decide to leave the country this year. Fees designed to encourage companies to limit their use of foreigners, who are cheaper to hire than Saudis, have hurt profits at some Saudi construction firms.

Article by Marwa Rashad and Praveen Menon – courtesy of Thomson Reuters. First published mid 2013.

HLG PART OF CONSORTIUM BUILDING FIRST PEOPLE MOVER SYSTEM IN QATAR

In August last year, a consortium including HLG was awarded a QR1.5 billion contract for the design, construction, installation, commissioning, and operation and maintenance of a new People Mover System in Doha's Education City for Qatar Foundation for Education, Science and Community Development (QF).

“The People Mover System is designed to reduce the flow of traffic within Education City by allowing students to park their cars in purpose-built multi-storey carparks and travel free of charge on a battery-powered tram system to their destination within Education City.”

HLG's scope of works, which is worth QR450 million, incorporates the design and construction of track-work, tram-stops and the depot facility which includes maintenance workshops and administration buildings.

The People Mover System is designed to reduce the flow of traffic within Education City by allowing students to park their cars in purpose-built multi-storey carparks and travel free of charge on a battery-powered tram system to their destination within Education City.

The project will be the first operating rail transport system in Qatar, and represents the start of the country's USD35 billion investment in rail infrastructure over the next 10 years as part of the 2022 FIFA World Cup infrastructure program.

HLG (operating as Leighton Contracting Qatar WLL) is part of the Siemens Tram Consortium with Siemens WLL Doha and Siemens AG from Germany. The Group has been operating in Qatar for more than six years, employs over 6,000 people across the country, and has completed a range of large-scale infrastructure and building projects for both the private and public sector.

Qatar's Foundation for Education, Science and Community Development (QF) aims to support Qatar on its journey from a carbon economy to

a knowledge economy by unlocking human potential. It was established in 1995 by His Highness the Emir Sheikh Hamad bin Khalifa Al-Thani. His wife, Her Highness Sheikha Moza bint Nasser, is the organisation's chairperson and driving force.

Qatar's National Vision 2030 was published in July 2008 and outlines how the nation will use its vast revenues from hydrocarbon resources to transform itself into a modern knowledge-based economy.

The people of Qatar are the key to achieving this aim, so the plan places developing human resources as the main priority for the next 20 years. National Vision 2030 gave QF an exciting mandate: to be the 'engine' driving the development of Qatar's people.

QF aims to unlock the human potential through its three pillars of education, science and research, and community development. It is bringing world-class education, work experience and career opportunities to Qatar's young people.

It is building Qatar's innovation and technology capacity by developing solutions through key sciences. It is fostering a progressive society, enhancing cultural life and protecting Qatar's heritage whilst addressing immediate social needs in the community.



DELIVERING INDUSTRY LEADING CAPABILITIES

In 2010, Leighton Holdings' John Holland began working closely with HLG to bid on work in the rail sector across in the MENA region.



Wayne Donnelly
Executive Manager, Strategy & Business
Planning Transport Services

John Holland's Executive Manager, Strategy & Business Planning Transport Services, Wayne Donnelly, discusses the outlook for the Group's Joint Venture (JV) rail opportunities.

What is the nature of the JV between HLG and John Holland?

The JV was formed in October 2010 to pursue prospects in the Middle East and North Africa Region rail sector – an expected USD75 billion in rail projects within the GCC region.

What is the benefit to each JV partner of this arrangement?

HLG is a leading multi-disciplined international contractor in MENA and John Holland is Australia's largest rail construction and maintenance contractor and operator of railway networks in Australia.

By combining HLG's local experience, with John Holland's expertise, the JV stands as one of the most experienced rail contractors in the Middle East and North Africa. We have a team of experienced project managers and specialist engineers who are backed by access to modern, state-of-the-art plant and equipment.

Specialising in the development, design, construction, testing and commissioning, maintenance and operation of transport, mining, metro, regional and heavy haul rail infrastructure projects – the partnership is a positive step for the Group's operations in MENA Region.

What current prospects is HLG and John Holland working on?

Across the region, there are numerous prospects in the rail sector, largely resulting from the commitment to develop an integrated railway network throughout the GCC and the

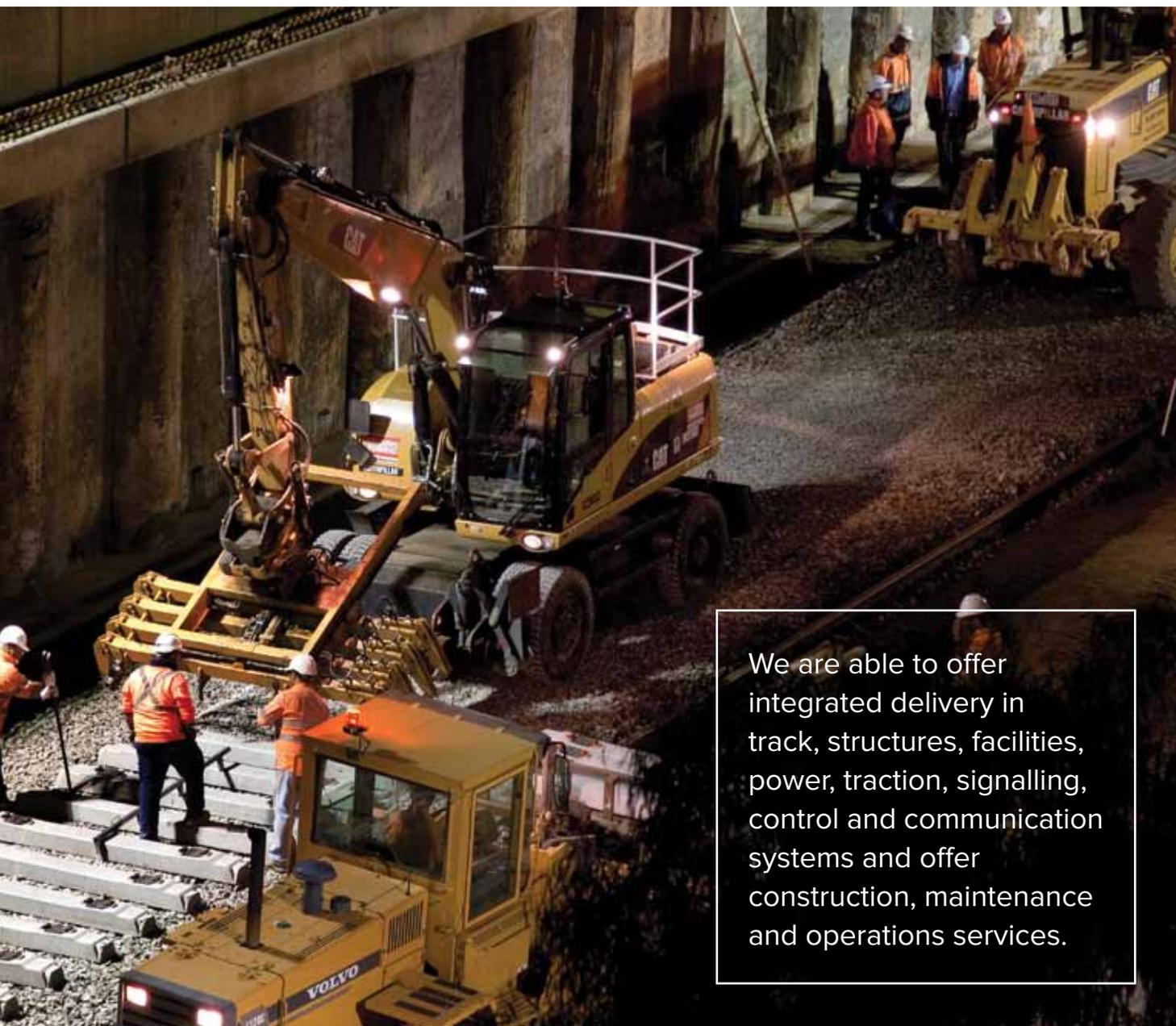


development of metro infrastructure in cities such as Abu Dhabi, Doha, Riyadh and Jeddah.

Specific prospects include:

- Etihad Rail Network throughout the UAE
- Abu Dhabi Metro and LRT
- Doha Metro
- Saudi Landbridge works
- Riyadh Metro
- Jeddah Metro
- Shidiya Rail Link in Jordan

The value of the prospects currently being considered is in excess of USD15 billion.



We are able to offer integrated delivery in track, structures, facilities, power, traction, signalling, control and communication systems and offer construction, maintenance and operations services.

What is the current trend in the international rail market?

Globally, there is considerable and sustained investment in railway infrastructure. Emerging economies continue to lead global growth trends, and this is being reflected in the number of railway infrastructure prospects coming to market throughout Asia and India.

Middle East railway developments are largely being fuelled off the back of the sovereign wealth of the region's oil and gas-rich countries, where they are investing accordingly in the development of infrastructure.

Other international rail opportunities present through resource-driven development – largely off the back of mining projects. Growth is expected to continue in this sector over the next five years.

John Holland has been recognised as Leighton Holdings' Centre of Excellence for Rail – what does this mean?

John Holland has developed industry leading capabilities in the rail sector and has strategically leveraged our core competency in track construction and renewals and has been able to diversify into new market segments in the rail sector.

We are able to offer integrated delivery in track, structures, facilities, power, traction, signalling, control and communication systems and offer construction, maintenance and operations services.

John Holland has developed a fully vertically integrated operation in the railway sector and we understand railways as an owner and operator – not just as a construction company. Through our JV with HLG, we are now able to share this knowledge, capability and capacity with our partner and create value for the group.

AN UPDATE ON THE MIDDLE EAST RAILWAY INDUSTRY

The Middle East is fast shedding the traditional image of rolling sand dunes and meandering camel rides, replacing it with gleaming golden metro stations and high-speed trains powering through the desert.

“Saudi Arabia is the uncontested regional leader when it comes to infrastructure investment, with a gigantic USD44.8 billion worth of proposed investment to date.”

Within the next decade we will see a complete reform of mobility in the Middle East. Currently in the GCC there are a handful of operational rail lines, however, across the Middle East and North Africa governments have allocated over USD250 billion to various railway projects over the next decade, which will result in 67,000 kilometres of railway tracks throughout the region, making this the fastest growing railway industry to date.

The next decade will bring a state-of-the-art metro to each major city and each country will have a functioning national rail network. Expansion on this scale, in this time span, has never been seen before.

The region has a virtually blank canvas to build the world's most advanced mechanised passenger and freight transport systems and these rich opportunities for innovation are attracting attention from across the globe.

The immense investment planned is driven by congested urban roads, increasing populations, a greater appreciation for rail as a sustainable means of transport and a wish to propel the economic development of the region.

Saudi Arabia is the uncontested regional leader when it comes to infrastructure investment, with a gigantic USD50 billion worth of proposed investment to date. Currently, over 6,000 kilometres of tracks have been planned to create the full spectrum of railways, including the highly anticipated Riyadh metro, the Middle East's first high-speed rail track and the 2,750-kilometre North

South Railway line, Saudi Arabia is the market everyone is looking to access in 2013/2014.

With an impressive list of rail projects planned and underway in Qatar, it may come as a shock that this is only a small part of Qatar's incredible infrastructure investment plans to re-invent Doha in time for the 2022 FIFA World Cup.

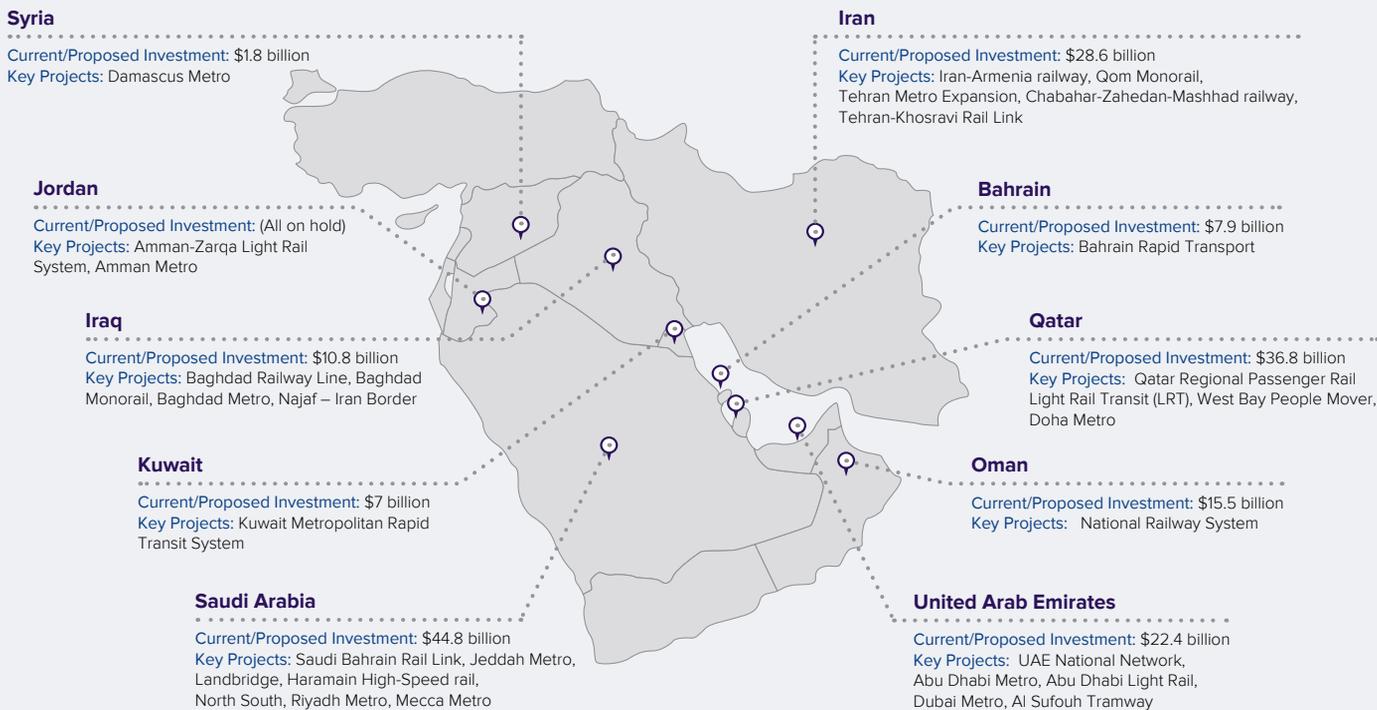
Working towards the strictest of deadlines, Qatar features the region's largest rail infrastructure plans, with an estimated USD17 billion worth of infrastructure projects still yet to be tendered, and 20,000 people expected to work on the Qatar Integrated Transport Project daily until 2016, Qatar is still booming!

Already operating one of the world's most advanced metros, the UAE has no intention of stopping there. 2012 saw the long delayed Al Sufouh tram construction spring into action and 2013 will see the first train run on the National Rail Network.

With over 22 kilometres being added to Dubai Metro and three new lines in the feasibility stage, not to mention the 471-kilometre Abu Dhabi master plan, which is back on track, we expect to see a lot more interest in the UAE in 2013.

However, the above markets are not the only players in the fast growing sector. Iran still remains one of the fastest growing rail markets in the region with over USD28.6 billion of forecasted investment planned to revitalise the rail market, this includes the 11,000-kilometre of railway tracks currently under construction.

CURRENT OUTLOOK FOR MIDDLE EAST RAIL INFRASTRUCTURE INVESTMENT



“In the long term the vision is to provide a modern public transport system for the citizens of Doha and that is our first priority.”

Saad Al Muhannadi
Chief Executive Officer
Qatar Rail



“There are lots of challenges relating to the fact the railway is new and it is not just the railway you need, but the institutions around it pulling together in partnership to deliver something that everyone recognises as a benefit to the economy.”

Graeme Overall
Director of Business Development
Etihad Rail



“The most interesting project, which is getting a lot of media attention, would be the Saudi Landbridge, it is a huge link that will basically link the Red Sea to The Gulf.”

Hamad Bin Yousef
Civil and Track Director
Saudi Railway Company

Source: Middle East Rail Projects Report, May 2013

Then, we have one of the most highly anticipated national networks in Oman; worth an estimated USD15.5 billion, the project, which has recently begun, is attracting huge interest from international companies.

Other innovative projects include the extensive plans in Kuwait and Bahrain. However, with the KMRT still on hold and the Bahrain projects moving slowly through the feasibility stages, we will expect to see the first stages of movement in 2014.

Although regional governments have ambitious expansion plans, there are a number of obstacles facing new rail projects. Project finance, regional regulatory frameworks, supply chain demand and operational structures have yet to be defined, regional

conditions such as sand and harsh summer weather have always been a deterrent for public transport and last, but certainly not least, the regional reliance and preference for the car.

However, as the financial investment grows, so does the vision for a truly integrated transport network across the GCC and the entire Arab world. For more information on railway projects in the Middle East please download the full [Middle East Projects report](#) or alternatively visit the Middle East Rail Show next February 2014 to meet the men behind the Middle East Rail vision.

Chloe Higman
Project Director,
Middle East Rail 2014,
Terrapinn Middle East

“With an impressive list of rail projects planned and underway in Qatar, it may come as a shock that this is only a small part of Qatar’s incredible infrastructure investment plans to re-invent Doha in time for the 2022 FIFA World Cup.”



Speaking at Middle East Rail 2013, Hamad Y. Al-Yousef
Civil & Track Director – Projects, Saudi Railway Company



Speaking at Middle East Rail 2013, Saad Al Muhannadi
CEO, Qatar Railways Company

Middle East Rail Projects Report

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LEIGHTON HOLDINGS REPORTS Q3 2013 RESULTS AND REITERATES GUIDANCE

Leighton Holdings Limited (LHL) in November announced its unaudited results for the nine months to 30 September 2013.

Chief Executive Officer, Mr Hamish Tyrwhitt, said that while it was pleasing to report an increase in UNPAT, the elevated gearing level reflected the trade receivables position.

“We continue to forecast year-end gearing will be within the band of 25-35 per cent however we are currently above where we expected it to be at this stage of the year. The final position will depend on the success of our working capital improvement initiatives.

“Commercial negotiations with the client in regards to the Gorgon Jetty project are on-going and recoveries in Iraq have been delayed, in part, due to the damage created by the recent media campaign conducted by the Fairfax Group.

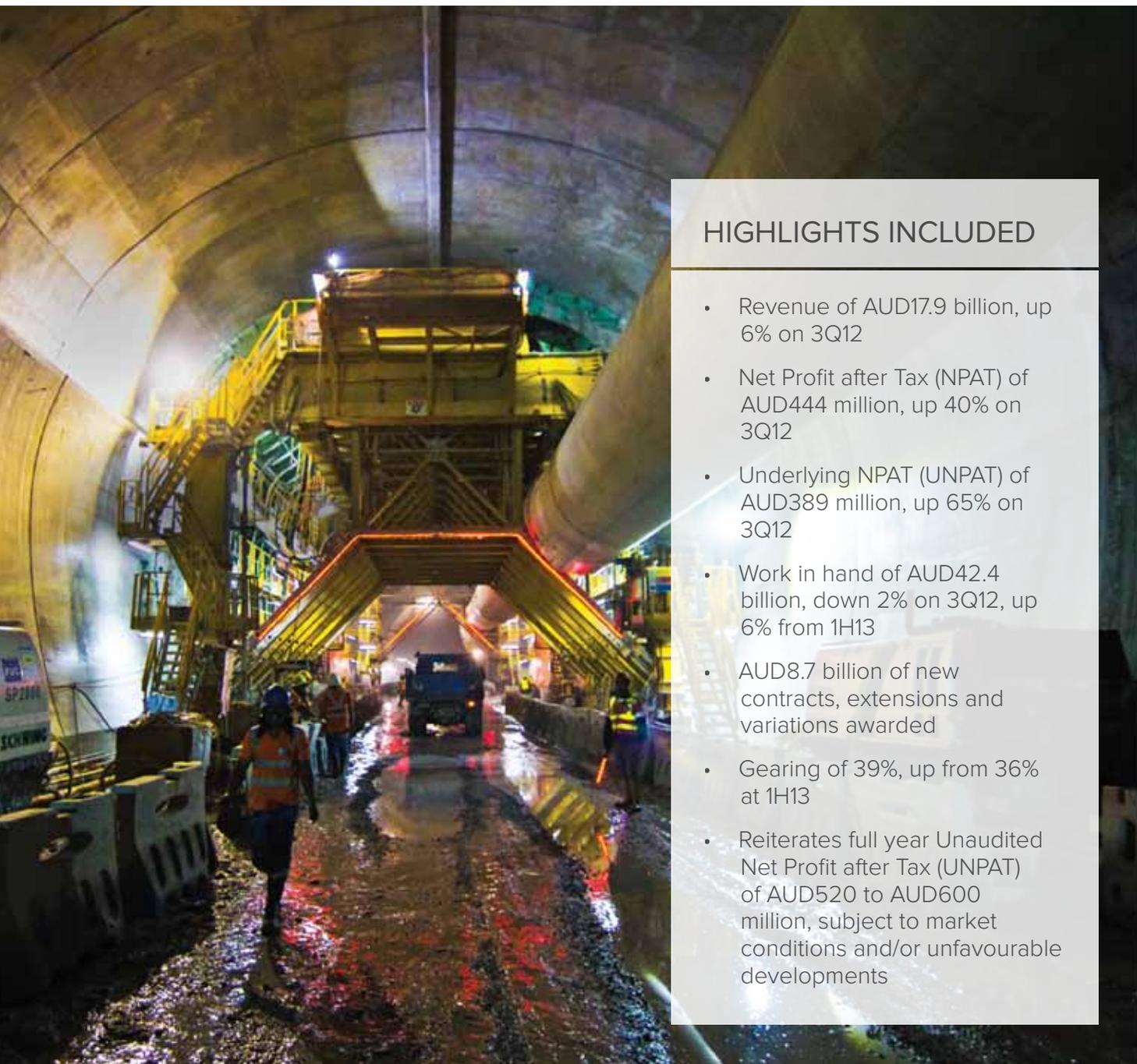
“The rebase element of ‘Stabilise, Rebase and Grow’ remains our key focus, with the reshaping of our operations the priority before we progress to growth. As part of this, we must deliver operating profits that are backed by sustainable cash flows.

“Turning to our pipeline of work, we were awarded AUD8.7 billion of new contracts, extensions and variations during the third quarter, reflecting the diversification benefits of the Group’s portfolio.”



“Progress on the other elements of the rebase strategy during the quarter included:

- Acquisition of the first tranche of mining equipment by FleetCo and the launch of the initial round of re-financings
- Commencement of management restructuring initiatives to align our business with our addressable markets
- Advancement of plans for Group global business services and procurement savings



HIGHLIGHTS INCLUDED

- Revenue of AUD17.9 billion, up 6% on 3Q12
- Net Profit after Tax (NPAT) of AUD444 million, up 40% on 3Q12
- Underlying NPAT (UNPAT) of AUD389 million, up 65% on 3Q12
- Work in hand of AUD42.4 billion, down 2% on 3Q12, up 6% from 1H13
- AUD8.7 billion of new contracts, extensions and variations awarded
- Gearing of 39%, up from 36% at 1H13
- Reiterates full year Unaudited Net Profit after Tax (UNPAT) of AUD520 to AUD600 million, subject to market conditions and/or unfavourable developments

“Turning to our pipeline of work, we were awarded AUD8.7 billion of new contracts, extensions and variations during the third quarter, reflecting the diversification benefits of the Group’s portfolio.

“Since the end of the quarter, we have continued to win contracts in Australia and overseas, with Government and global private-sector clients. These have included a seven-year road asset management contract with the NSW Roads and Maritime Services; a three-year contract mining award in

Queensland; and an airport expansion project in Dubai.

“Looking further ahead, domestic civil infrastructure opportunities are improving with a greater range of opportunities coming to market quicker than expected, as Australia seeks to redress its public infrastructure deficit.

“Domestically, coal production volumes remain strong, although mining clients continue to look for potential cost savings in exploration, capital works and maintenance. Some

headwinds remain and we continue to seek solutions with our clients.

“Longer-term, we expect the increasing urbanisation and economic growth occurring throughout Asia to drive demand and underpin our addressable markets in Australia, Asia and elsewhere,” Mr Tyrwhitt concluded.



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