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North America Sponsor of the Year 2021

ArcLight Capital Partners: A sweeping transition



ArcLight Capital Partners was founded in 2001, shortly before the first major convulsion in the US independent power market. The first wave of independent power plants in the 1980s and 1990s had been financed with small-scale private equity, but as the 20th century drew to a close large listed utilities had expanded their unregulated businesses, buying and developing independent and merchant power projects at a furious rate.

The firm's managing partner and founder, Dan Revers, had been a managing director in John Hancock's corporate finance group, and Hancock was the firm's anchor investor. At the time that ArcLight closed its first \$950 million fund, in September 2002 Revers said that the US power sector had historically not attracted large amounts of private investment.

By that time Enron had been bankrupt for nine months, and most of the other major US independent power producers were following it into chapter 11. The following two decades have seen private equity and infrastructure funds acquire a good proportion of the US generating fleet, and take the lead in funding the renewables success story.

But 2021 perhaps demonstrated that the work of 2001 is unfinished – that

private capital is the best home for the remaining fossil-fired assets in the portfolios of utilities and IPPs. This time, the pressure on sellers to decarbonise is making buyers like ArcLight a natural home for this capacity for the duration of the energy transition.

ArcLight announced two major acquisitions last year. The first, in February, was the acquisition of 4,850MW of conventional generating capacity from NRG Energy for \$760 million. The acquisition through ArcLight Energy Partners Fund VII's Generation Bridge subsidiary, closed in December. In August 2021, Generation Bridge and Parkway Generation, another ArcLight affiliate, agreed to pay PSEG \$1.92 billion for its 6,750 MW generation portfolio, a transaction that closed in January this year.

The attraction of private capital is not as a home for carbon-intensive assets away from the prying eyes of listed equity investors, but as a means of effecting a transition of these assets most effectively. So ArcLight dropped plans for a new fossil-fired plant at one of the NRG plants and promised to accelerate the development of solar and storage opportunities at existing fossil plants. Having a backbone of reliable

dispatchable generation will make those developments much easier.

In addition to the tried-and-tested generation buy-outs, ArcLight also launched its second special purpose acquisition company (SPAC) ArcLight Clean Transition II, in February, and saw its first - ArcLight Clean Transition – merge with electric bus maker Proterra in June 2021. The second SPAC agreed to merge with Opal, a renewable gas producer, in December.

ArcLight also has a substantial midstream gas presence. Lighthouse Infrastructure, a subsidiary of its Third Coast Midstream operation, closing a \$550 million refinancing led by ING, Crédit Agricole, Natixis, and Société Générale in February. The same month ArcLight agreed to pay \$830 million to buy a 25% stake in Natural Gas Pipeline Company of America, which serves the Chicago market, from Kinder Morgan and Brookfield Infrastructure.

It's hard to think of another financial sponsor, or sponsor full stop, addressing so many facets of the energy transition. For that reason ArcLight is a worthy sponsor of the year.

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North American Financial Adviser of the Year 2021

EY: Broadening its franchise



Financial advisers in the North American market can be broadly divided into three types: the investment bank that marries M&A advice to capital markets capabilities, the boutique private sector-focused adviser, and the professional services firm with a core public sector business.

This year's winner – EY – has moved firmly outside of the public sector core, all the while continuing to advise on ground-breaking P3 transactions. EY edged out two banks with advisory businesses to win a majority of votes from Proximo's judging panel.

Perhaps the headline transaction in the US for EY was the Fargo-Moorhead flood defence P3. EY advised the project grantor, the Metro Flood Diversion Authority, on that \$2.85 billion transaction. It was an unenviable task, coordinating a variety of state, local and

federal funding sources and construction packages. But the bank-bond financing for the project closed successfully, and the deal marked the P3 debut of the US Army Corps of Engineers.

Elsewhere in the US, EY has been advising the Maryland Department of Transportation on the procurement of an upgrade to a 60km section of the Capital Beltway running through the state between I-270 and the state's border with Maryland. The state has selected a Transurban/Macquarie consortium to carry out a pre-development agreement that could lead to a 50-year concession for the project. That procurement process has had to overcome opposition within government and a challenge from losing bidder Cintra.

EY is also advising the LA Metro on two parallel pre-development agreements for the Sepulveda Transit corridor, a

process that is still ongoing, and was lead adviser to Tulane University on an energy management P3, for which Bernhard has been named preferred bidder.

In Canada, EY is combining its core P3 franchise – in 2021 it advised on transactions in Alberta, Ontario, Nova Scotia, Newfoundland and Labrador – with an emerging energy practice. Among its engagements is the C\$1.7 billion fundraising for synthetic fuels developer Huron Clean Energy.

With emerging renewables technologies requiring as skilful a blending of funding and financing sources as the most complex of P3s, EY's track record should allow it to broaden its franchise into new areas of public and private infrastructure.

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North America Financial Adviser of the Year
EY



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North America Bank of the Year MUFG: A broad reach



The winner of Bank of the Year 2020 won for a second time in 2021, and while the vote of Proximo's judging panel was not unanimous, the second-placed (and only) alternative, was a very distant second. MUFG's lock on the North American project finance market still looks very secure.

MUFG topped the Proximo Playbook league table for North America, accounting for a little over 10% of volumes in the region. It was involved in six of the North American Deals of the Year in 2021, or twice the number of the next most active bank.

The above suggests that MUFG's team has left the judging panel with a positive experience of its work product, and that

its JPY303 trillion balance sheet gives it plenty of opportunities to participate in large and high profile deals.

But it was the spread of deals and financing structures that impressed judges and allowed MUFG to retain the top spot. MUFG was part of the arranger group that reopened the term B market for single power assets on the CPV Maryland deal, and was lead left placement agent on the \$1.773 billion private placement for NextEra's Florida Pipeline holdco refinancing.

It participated in the bank and private placement refinancing of the Climate Pledge Arena in Seattle, and it was a lead on both the onshore and offshore win deals of the year, establishing a franchise

in the promising repowering and offshore wind asset classes. It even found a way to support the highly merchant financings for Intersect's Athos III and Radian solar and storage projects, albeit as a construction and tax equity bridge lender.

Perhaps MUFG's only real weakness is in the tax-exempt private activity bond markets, where a long-standing retail presence is very useful and where traditional US investment and universal banks still dominate. But given its dominance in power, renewables, midstream, transport and leisure it is likely to be very hard to beat in 2022.

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North America Law Firm of the Year 2021

Milbank: Still a bank favourite



Like Bank of the Year, Law Firm of the Year also saw a repeat winner in 2021. Milbank narrowly retained the favour of Proximo's judging panel, with three other law firms receiving honourable mentions.

Milbank did not lead the pack in terms of involvement in Deals of the Year, though in terms of market presence it is comfortably ahead of the next-placed firm. According to the Proximo Playbook, its 50 deals in 2021, with a volume of \$25 billion in transactions, accounted for just under 20% of total volumes in North America, and by deal count 2.5 times the second placed firm.

The two Deals of the Year it did work on – the Shepherd's Flat Repowering and CPV Maryland – demonstrated an ability to work to tight deadlines and around the demands of existing debt structures. They also point to a comfort with both institutional and transitional bank debt market norms.

Outside the ranks of award winners, Milbank continues to maintain a strong franchise in LNG, with work advising the lenders on the \$2.5 billion 17-year financing for the expansion of the Dominion-controlled Cove Point LNG export terminal, and the

lending group supporting KKR's \$3.37 billion acquisition of 20% of Semptra Infrastructure Partners.

It has even filled out a niche advising on the financing of district energy systems. The highlight here included lender advisory on IFM and Ontario Teachers' acquisition of Canadian district energy operator Enwave. Like the Bank of the Year, Milbank may have to beef up its capital markets capabilities to stay on top, but its following among bank lenders remains unmatched.

The two Deals of the Year Milbank worked on – the Shepherd's Flat Repowering and CPV Maryland – demonstrated an ability to work to tight deadlines and around the demands of existing debt structures. They also point to a comfort with both institutional and transitional bank debt market norms.

North American Portfolio Deal of the Year 2021 AMP Junior Holdco: A tough ask



The entry of financial sponsors into renewables development is leading to profound changes in the way that renewables development is funded. Non-recourse project finance debt remains the most obvious option for asset-level financing, whether a project has a contracted or a merchant risk profile. But for improving sponsor returns and flexibility, junior debt is becoming more important.

Fortunately the same forces driving financial sponsors to take development risk - namely a shortage of opportunities relative to the supply of capital - are also pushing them to look at structured debt investments higher up projects' capital structures. AMP Energy is not quite the first developer to exploit these forces, but it is certainly the first to do it on a revolving and multi-jurisdictional basis.

AMP was founded in 2009 with an initial focus on Canada and Canadian corporates. It has been present in the US and Japanese markets since 2015, and in Australia since 2017. Its approach to developing and financing projects varies between these markets, and local teams typically structure asset level debt financings.

Putting together a holding company construction financing offers some obvious advantages in speed and flexibility, but requires lenders at that level to have a sufficiently deep knowledge of each market to make funding decisions. AMP and its lead

arranger Nomura put together a set of pre-defined eligibility criteria, a checklist that allow lenders to make sure that only suitable projects are funded.

The initial facility is sized around AMP's existing global backlog of projects which are either currently in construction or scheduled to start construction over the next 12 months. As assets reach operations, the refinancing proceeds will be recycled back into new construction projects. Over a 3.5-year tenor Amp expects to recycle the initial facility 2-3 times, further lowering both friction and transaction costs across its portfolio, notes Max Brault, Amp's head of investments. Furthermore, as Amp's global portfolio continues to scale, the loan agreement contains an accordion feature which could allow the facility to be upsized to \$700 million, providing meaningful additional optimization and operational efficiency.

Mandating and structuring the financing took up most of 2021, and while AMP knew the structure was a tough ask, it was surprised at the enthusiasm with which institutional lenders responded. Given that the structure was both delayed draw and replenishable, the deal represents a big advance for the non-bank market.

The next step for AMP will be to increase the size of the facility by adding a third lender and identifying more projects. But there is no reason why AMP cannot put together other facilities

AMP Clean Energy Funding Partners ULC

Close date: 30 December 2021
Location: US, Australia, and Japan
Description: Mezzanine financing for 628MW (plus potential 4GW pipeline) solar portfolio
Sponsor: AMP Energy
Debt: \$350 million 3.5-year delayed draw mezzanine loan (\$700 million including accordion feature)
Lead arranger: Nomura
Lenders: Brookfield Asset Management, GIC, ECP
Sponsor legal counsel: Milbank
Lender legal counsel: Norton Rose Fulbright
Asset appraisal adviser: KPMG
Independent engineers: DNV (US); WSP (Australia); Vector (Japan)
Market advisers: Wood Mackenzie (US); Baringa (Australia); Aurora Energy Research (Australia)

that cover additional jurisdictions, and no reason why other ambitious solar developers – at least those with a disciplined enough approach to development – to imitate the AMP holdco financing.

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North America P3 Deal of the Year 2021

Empire State Thruway Partners: Accepting revenue risk



Irish service station operator Applegreen agreed to acquire HMSHost's US portfolio, agreed to be taken private by Blackstone, and closed a bond financing for the upgrade of the New York State Thruway's rest stops all within the space of five months between December 2020 and April 2021.

This period was transformative for Applegreen, which celebrates its 30th birthday this year. But the Thruway P3 in particular shows that bond investors in US infrastructure can still accept revenue risk, and that service stations, long considered something almost like core infrastructure in Europe, could become a mainstream asset class in the US.

The Thruway issue of \$269 million in tax-exempt private activity bonds (PABs) is a first for a service station P3. Earlier US concessions for this asset class – notably in Maryland and Connecticut – were financed exclusively with sponsor equity.

The concession had to overcome several logistical and legislative hurdles before winning USDOT approval. And as a P3 without either availability payment or toll revenues, sponsors and underwriters had to carry out new types of due diligence.

The project consists of the design, construction, equipping, commissioning and financing of a portfolio of 27 service areas on the New York State Thruway. This includes the demolition of existing structures and their replacement with new facilities, and improvements to food and non-fuel retail operations, as well as related infrastructure such as roads and parking areas.

David Livingstone, a managing director at Citi, which was co-financial adviser and underwriter on the deal, highlighted the particularly challenging effect of COVID-19 throughout the process, he said "Our team was selected pre-COVID and the deal was financed during the most heightened months of the COVID-19 crisis. Given that revenues were highly dependent on traffic volume on the Thruway, that was obviously severely impacted by the pandemic. The uncertainty of our immediate and long-term future, specifically in relation to travel, had to be navigated."

Empire State Thruway Partners LLC

Close date: 30 March 2021

Location: New York

Description: DBFOM concession to redevelop 27 service areas on the 800km New York State Thruway

Grantor: New York State Thruway Authority

Sponsor: Applegreen (owned by founders and Blackstone Infrastructure Partners)

Size: \$309 million

Equity: \$40.3 million

Debt: Five bond tranches - \$6.8 million (8.6 years), \$8.4 million (12.7 years), \$40.5 million (17.8 years), \$64.3 million (23.5 years), \$149.5 million (29.4 years).

Conduit issuer: New York Transportation Development Corporation

Underwriter : Citi (lead), National Bank of Canada (financial adviser), Ramirez & Co, Loop Capital Markets, Siebert Williams Shank

Grantor's legal counsel: In-house

Sponsor's legal advisers: Winston & Strawn

Underwriters' legal adviser: Mayer Brown

Design-build contractor: Tishman

Construction and AECOM

Conduit issuer counsel: Drohan Lee (disclosure counsel), Hardwick Law Firm (co-bond counsel), and Cozen O'Connor (co-bond counsel)

Lenders' technical advisor: Altus

Sponsors' revenue consultant: Oliver Wyman

Lenders' revenue consultant: Emerton

The Thruway P3 in particular shows that bond investors in US infrastructure can still accept revenue risk, and that service stations, long considered something almost like core infrastructure in Europe, could become a mainstream asset class in the US.

North America Transport Deal of the Year 2021 Central 70 Refinancing: Resolving problems



The Transportation Infrastructure Finance and Innovation Act loan programme has been the backbone of the US transport P3 market for as long as the P3 market has existed. TIFIA loans are long-dated, inexpensive and subordinated, making them very popular with both grantors and lenders.

TIFIA is designed to be a long-term component of projects' capital structures, and refinancing or otherwise altering TIFIA loans can be a challenge. But changes in projects' circumstances can sometimes require some creativity from sponsors and bankers.

The refinancing of the Central 70 (C70) concession, Colorado's largest ever highway project, saw sponsors Kiewit Development Company and Meridiam Infrastructure close a new TIFIA direct loan with a reduced interest rate. The new loan refinances a 2017 TIFIA loan and finances additional costs for the project. The U.S Department of Transportation's Build America Bureau agreed to issue a larger loan to help bring the project to completion. But TIFIA loan proceeds cannot be used to pay down an earlier TIFIA loan.

Cathi Buckley, the CFO of project company Kiewit Meridiam Partners, notes that the sponsors "had to be innovative in identifying ways to pay off an original TIFIA loan prior to drawing on a new TIFIA loan, ultimately utilising proceeds from a short-term anticipation bridge bond to prepay the original TIFIA loan. The bond proceeds provided in the form of a short-term loan will be repaid through a draw down on the new TIFIA loan."

The new Barclays-led financing package includes a \$51.7 million 2021A series of 2.543% taxable revenue bonds due 2032 that will be repaid from project revenues, and a \$465 million 2021B series of taxable bonds that carry an 0.923% coupon and a maturity of 2023 and are designed to be repaid with the proceeds of

a \$465 million TIFIA loan that signed at the same time as the bond issuance. C70 consists of improvements along 20km of highway within the Denver Metro area from I-25 (west) to Tower Road (east) and includes the construction of general purpose lanes and tolled express lanes. The refinancing had its fair share of challenges, from pandemic-related delays to a change in leadership at USDOT following the arrival of the Biden administration. Whilst an average TIFIA financing can take around 9 months to close, the 2021 TIFIA loan for C70 took 18 months.

But the refinancing, which does not feature a distribution to sponsors, allowed the project to resolve delays and cost overruns on the project. The grantors - the Colorado Department of Transportation and Colorado Bridge and Tunnel Enterprise - contributed up to \$15 million in additional funding, while the sponsors contributed another \$7 million in equity.

US P3s have faced a variety of challenges over their 20-year history, from disappointing revenues to permitting delays legal challenges and cost overruns. Not all of them have been resolved in an amicable fashion. But the C70 refinancing, by sharing the burden between project sponsors, state government and federal government, stands out for its creativity.

Kiewit Meridiam Partners LLC

Close date: 15 September 2021

Location: Denver, Colorado

Description: Refinancing and additional financing for 20km toll road

Size: \$1.2 billion

Sponsors: Meridiam (60%) Kiewit (40%)

Equity: \$65 million

Grantor: Colorado Department of Transportation

Issuing conduit: Colorado Bridge and Tunnel Enterprise

Grantor payments: \$319 million

Debt: \$465 million in TIFIA bridge bonds, \$52 million in revenue bonds

Initial purchaser: Barclays Capital

Bond trustee and collateral agent: US Bank

Financial adviser to the sponsors: Agentis Capital

Sponsors' legal adviser: Winston & Strawn

Lenders' legal adviser: Nixon Peabody

Grantor legal adviser: Kaplan, Kirsch & Rockwell

Bond counsel: Kutak Rock

Lenders' technical adviser: Turner & Townsend

Construction contractor: Kiewit

Operations and maintenance contractor: Roy Jorgensen Associates

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Agentis Capital Advisors is proud to have served as the financial advisor on landmark transactions, including three deals that were recipients of the 2021 Proximo Deals of the Year.

NA WATER DEAL OF THE YEAR

Fargo-Moorhead
Area Diversion PPP



\$1,400,545,000
2021

NA DIGITAL INFRASTRUCTURE DEAL OF THE YEAR

Southern Manitoba
Fiber Project



\$256,000,000
2021

NA TRANSPORT DEAL OF THE YEAR

Refinancing of
Central 70 PPP



\$524,000,000
2021

Select Agentis Experience

Refinancing of
East End Crossing PPP



\$528,000,000
2021

Acquisition of
Railcar Portfolio



\$550,000,000
2021

Acquisition of Presidio
Parkway PPP



Confidential
2021

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North America Power Deal of the Year 2021 CPV Maryland: Return of the single asset



Competitive Power Ventures' refinancing of the construction bank debt for its Maryland gas-fired power plant was the first new issue term loan B for a single power asset since December 2018.

Joining Competitive Power Ventures and sponsors were Marubeni, Osaka Gas and Toyota Tsusho Power. The consortium achieved its objectives of an extended maturity, modification of the repayment schedule, the distribution of a dividend, and swift execution at attractive pricing and terms. That last element was key – a large pipeline of competing deals was coming to market imminently.

The combination of a strong sponsor group and the location of the plant in the lucrative MAAC (Mid-Atlantic Area Council) region of PJM were hugely significant in getting the deal to close, and allowed CPV Maryland to stand out from other deals looking to come to market.

The financing overcame considerable headwinds, including negative investor sentiment on single asset power deals, ESG impacts on investor demand for fossil-fired generators, and weak power markets in 2020 because of COVID-diminished demand.

The project generates revenues from capacity payments, which are allocated in PJM's annual capacity auction, and are intended to provide price visibility for a rolling three-year period, as well as through sales of electricity on a merchant basis.

Louise Pesce, a managing director in MUFG's project finance group, notes that "the transaction closed weeks ahead of the first PJM auction in two years. The auction ordinarily occurs annually and provides visibility for a large portion of cashflow for quasi-merchant projects. The delayed auction introduced additional uncertainty into CPV Maryland's forecasted revenue profile." The strategy was validated when the May 2021 PJM auction subsequently cleared at a low level, causing a sharp reduction in secondary loan prices.

CPV Maryland had already closed, locking in pricing 50-100bp tighter than comparable financings completed in the second half of 2021. Clearing spreads on recent PJM deals have been in the range of 450-500bp, so clearing this transaction at 400bp was an impressive achievement. The transaction was rated BB- and Ba3 by S&P Global and Moody's, respectively.

CPV Maryland, LLC

Close date: 11 May 2021

Location: Charles County, Maryland

Description: Refinancing of a 745MW natural gas-fired power plant.

Size: \$450 million

Sponsors: Competitive Power Ventures; Toyota Tsusho Power; Marubeni; Osaka Gas

Tranche breakdown: \$350 million seven-year term B loan, \$100 million six-year revolver

Debt/equity ratio: 52%

Lead arrangers: MUFG (admin & collateral), BNP, Credit Agricole, Mizuho
Sponsors' legal advisers: Latham & Watkins

Lenders' legal advisers: Milbank

Independent engineer: Leidos

Market adviser: PA Consulting

Swap adviser: Riverside

The transaction closed weeks ahead of the first PJM auction in two years. The delayed auction introduced additional uncertainty into CPV Maryland's forecasted revenue profile.

North American Water Deal of the Year 2021

Fargo-Moorhead: A resilient P3



Project financings for assets that hope to mitigate climate change – primarily in renewables – now comprise the majority of the global market. But project financings for assets that are designed to help societies adapt to climate change are a growing, if depressing, corner of the market.

With extreme weather events becoming more common, and their ability to inflict severe economic damage growing greater, flood resilience projects will become more common. And P3 concessions will be an obvious choice for the larger and more complex of them.

The Fargo-Moorhead Area Diversion is designed to prevent the flooding that has repeatedly struck the metropolitan area that straddles the North Dakota-Minnesota border. With even “regular” floods responsible for about \$195 million in damage on each occasion, and a 500-year flood capable of as much as \$10 billion, the project’s \$2.85 billion cost looks very reasonable.

Bringing the project to a successful close required a great deal of patience – legal challenges from landowners caused repeated delays – and the willingness of the public sector to serve as a clearing house for the various funding streams available to the project.

The P3 project company Red River Alliance (Acciona 42.5%, Shikun & Binui 42.5% and North American Construction 15%) was responsible for most, but not all, of the project expenditure.

Federal funding includes a \$750 million technically complex section that is being procured outside of the P3 concession by the US Army Corps of Engineers –

the first time the Corps has participated in a P3-financed project – and a \$569 million loan from the US Environmental Protection agency’s WIFIA programme that helps the grantor, the Metro Flood Authority, meet its milestone payment obligations.

The authority’s remaining payment obligations, including availability payments, special assessments, and state funding. Construction risk, including the risk of flooding during construction, and operational risk are transferred to the project company. “The authority took on the task of consolidating a variety of funding sources,” notes Sharon Novak, the CEO of S&B America.

The private debt includes a \$716 million revolving credit facility to be repaid with the milestone payments, a \$197 million private placement, and \$273 million in tax-exempt bonds. The three sponsors, each of which had some US P3 experience or flood defence work experience, or both, are contributing \$44 million in upfront equity.

The Corps has several follow-up projects close to market, though not all of them will use the same risk transfer model as Fargo-Moorhead. And the demand is there, because well-designed flood defence works can lead to huge reductions in insurance premiums and encourage economic development in previously unviable areas. “The capacity of the public sector is never enough, and projects like this will meet some of these substantial needs”, notes S&B USA’s Novak.

Red River Valley Alliance, LLC

CClose date: 13 October 2021

Size: \$2.1 billion (additional \$750 million for USACE component)

Location: Fargo, North Dakota, and Moorhead, Minnesota

Description: Flood defence scheme comprising 48km diversion channel, two aqueducts, two control structures, one diversion inlet and a southern embankment

Grantor: Metro Flood Authority (US Army Corps of Engineers constructing additional works outside PPP structure)
Conduit issuer: Public Finance Authority
Sponsors: Acciona (42.5%), S&B (42.5%), North American Construction (15%)

Equity: \$44 million (additional \$7 million contingent commitment)

Debt: \$716 million revolving credit, \$197 million private placement, \$273 million tax-exempt bonds

Revolving credit lenders: CaixaBank, SMBC (both coordinators and swap providers) and KDB

Private placement lender: MetLife
Note purchasers: MetLife, Swiss Re, American Memorial Life, Universal Investment

Bond underwriters: Citi, Morgan Stanley, SMBC Nikko

Grantor advisers: Ashurst (national legal), Ohnstad Twichell (local legal), Ernst & Young Infrastructure Advisors (financial), Jacobs (technical)

Collateral agent and trustee: US Bank

Lenders’ technical adviser: Altus

Issuer legal counsel: von Briesen & Roper

Underwriter legal counsel: Winston & Strawn

Bond counsel: Orrick

Borrower legal counsel: Torgys

Borrower financial adviser: Agentis Capital

Model auditor: Mazars

Bringing the project to a successful close required a great deal of patience – legal challenges from landowners caused repeated delays – and the willingness of the public sector to serve as a clearing house for the various funding streams available to the project.

North America Leisure Deal of the Year 2021 Climate Pledge Arena: A private solution



The bank-bond financing for the refurbishment of the Key Arena in Seattle – now renamed the Climate Pledge Arena – is the clearest sign yet that US sports infrastructure can be cost effectively and creatively financed using primarily private resources. The 18,000-seat arena will be used for both sports and entertainment, and was the first major development for Oak View Group, which was founded in 2015 as a sports and entertainment investment and advisory firm.

The Key Arena enjoyed an enviable location in the Seattle Center district, close to several of the city's main landmarks, but was 55 years old when the City of Seattle chose an Oak View-led group to redevelop the facility. Joining Oak View, whose founders were Tim Leiweke and Irving Azoff, are Live Nation, an established live music promoter, and Slapshot, a group of investors led by David Bonderman, the founder of hedge fund TPG Capital.

The redevelopment included the establishment of a new National Hockey League team – the Seattle Kraken, but is designed to bring in revenues from both sports and events. But the project has been designed to retain the facility's existing iconic roof. The \$1.2 billion project does benefit from some public support – primarily historic rehabilitation tax credits, which are available to the

owners of historic properties that are being restored and can be monetised, and deferred state and local sales taxes.

But the financing marks a break with the era of generous private activity bond allocations for sports facilities. The initial construction financing for the arena comprised a \$500 million loan led by Truist, a loan that was subsequently increased to \$600 million. The permanent financing for the arena comprised \$80 million in five-year senior secured bank credit facilities, for which Truist, MUFG and Washington Federal were lenders, and a \$650 million private placement.

The private placement, for which Truist and MUFG were placement agents, was increased from a planned \$600 million, and priced for a yield of 3.5%. The 25-year tranche carries a weighted average life of 16.3 years, and again highlights – in a strong year for the private placement market – just how versatile the 4(a)(2) market has become.

The final piece of the funding for the project came from naming rights. Local hero Amazon acquired them for an undisclosed but reportedly several hundred million price, and promptly settled on naming the facility the Climate Pledge Arena. The success of the technology sector has allowed for the transformation of the skyline and landmarks of Seattle, but the Climate

Seattle Arena Company, LLC

Close date: 30 September 2021
Location: Seattle, Washington
Description: Construction financing for 18,000-person capacity sports and entertainment arena
Size: \$1.13 billion
Sponsors: Oakview Group, Live Nation, Slapshot
Equity: \$400 million
Debt: \$650 million private placement, \$80 million bank facility
Placement agents: Truist, MUFG
Lenders: Truist, MUFG, Washington Federal
Sponsors' legal advisers: Winston & Strawn
Lenders' legal advisers: Choate, Hall & Stewart

Pledge naming agreement is a remarkable piece of corporate philanthropy.

The refinancing also took place in the face of the COVID pandemic, which for a time threatened to radically reshape sports and entertainment worldwide. Completing the refurbishment and bringing in revenue during that period was as much of an achievement as the successful refinancing.

The financing marks a break with the era of generous private activity bond allocations for sports facilities.

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Wealth

North America Emerging Energy Deal of the Year 2021 Sabal Trail and Florida Southeast Connection: Tightly priced



NextEra's pragmatic approach to the energy transition was probably already vindicated before its ground-breaking private placement refinancing of two of its pipeline assets. NextEra has gone in the space of 20 years from a Floridian utility to the largest renewables generator on earth. It has done so by relentlessly focusing on low financing costs and avoiding drastic shifts in business model.

But the \$1.773 billion refinancing of NextEra Energy Resources' equity stakes in the 832km Sabal Trail and 202km Florida Southeast natural gas pipelines illustrates the approach perfectly. NextEra will use the proceeds of the holdco and super holdco private placements to build five new onshore wind projects. If it does not, the notes' coupons increase by 25bp.

The pipeline assets are very low-risk, if a little concentrated in terms of location and offtakers. They benefit from regulated supply contracts with Florida Power & Light (a member of the NextEra family) and Duke Energy running to 2042. Leveraging these assets to invest in renewables – and not tie down those renewable assets with restrictive project finance structures – looks like clever capital allocation, though very few other sponsors have an asset base comparable to NextEra's.

The refinancing exploited three powerful trends in US capital markets. The first was the increasing interest on the part of US investors in green bonds. The bonds are self-certified, but proceeds will fund the installation of 300MW Hubbard, 501MW White Mesa (both in Texas), 251MW Little Blue (Nebraska), 301MW Irish Creek (Kansas) and the repowerings of 99MW Ensign (Kansas) and 107MW Minco III (Oklahoma).

The second is the increased liquidity in the private placement market, which has seen sponsors increasingly dispense with even the slimmed down requirements of the 144A market. And the third is the increased willingness of debt investors to take subordinated positions, particularly where the underlying businesses demonstrate strong and stable cashflows.

The debt priced extremely tightly, with the bonds comprising a \$1.513 billion 17-year holdco tranche that priced for a 2.92% coupon, and a \$260 million 7-year super holdco issue that priced for a 4.7% coupon. Other developers may lack the rich spread of assets, strong balance sheet and track record of renewables development that NextEra can boast. But with other utilities contemplating the demands of the energy transition, that pricing is worth reaching for.

Florida Pipeline Holdings and Florida Pipeline Funding

Close date: 15 July 2021

Location: Florida

Description: Holdco and super holdco private placement refinancing of shareholdings in 832km Sabal Trail and 202km Florida Southeast natural gas pipelines, with proceeds directed towards 5 renewables projects

Size: \$1.773 billion

Sponsor: NextEra Energy Resources

Debt: \$1.513 billion 17-year holdco issue (2.92% coupon) and \$260 million 7-year super holdco issue (4.7% coupon)

Placement agents: MUFG, Mizuho, Credit Agricole, CIBC

Sponsors' legal advisers: Squire Patton Boggs

Lenders' legal advisers: Simpson Thacher & Bartlett

The debt priced extremely tightly, with the bonds comprising a \$1.513 billion 17-year holdco tranche that priced for a 2.92% coupon, and a \$260 million 7-year super holdco issue that priced for a 4.7% coupon.

North America Solar Deal of the Year 2021

Intersect Athos III and Radian: Making the most from merchant



The long-term power purchase agreement has been the bedrock of the power project finance market for as long as that market has existed. But for ambitious power developers, allocating long-term price risk to an offtaker means eliminating upside. Those sponsors have typically taken the lead in persuading lenders to take on more merchant risk, particularly at times of strong credit market conditions.

But while some developers have contented themselves with small merchant tails at the end of term loans, Intersect Power has made its case much more aggressively. According to Sheldon Kimber, the founder and CEO of solar and storage developer Intersect, “today’s environment for offtake contracts unfortunately destroys value.”

Kimber founded Intersect in 2016, after serving for seven years as chief operating officer of Recurrent Energy (and, early in his career, four years as a finance manager at Calpine). By 2019 it was in a position to sell 1,700MW of late stage construction-ready projects to SB Energy, a renewables sponsor owned by Japan’s Softbank.

That slate of projects – 250MW Aragorn, 425MW Juno, 375MW Titan (all in Texas), 350MW Athos I and 300MW Athos II – all benefited from long-term PPAs. Softbank had been intimately involved in the development process after taking over the role from Macquarie.

Intersect’s second slate is much more ambitious. It includes a storage component, and is much larger, with a total generating capacity of 2,200MW and storage capacity of 1,400MWh. And Intersect is much less willing to saddle this slate with long-term power purchase agreements.

The developer’s first step in January 2021 was to line up \$127 million in equity from Climate Adaptive Infrastructure, and Trilantic North America, and a \$482 million corporate

debt facility with Generate Capital and CarVal Investors. Then in November 2021 it closed on a portfolio-level financing for the entire slate, and project-level financings for the first two of the slate’s six projects.

The portfolio financing comprised a \$1.4 billion facility provided by HPS Investment Partners, CarVal Investors, Generate Capital, Climate Adaptive Infrastructure, for which Morgan Stanley and Bank of America were placement agents. That facility is priced and structured to account for the high level of merchant exposure in the portfolio.

This portfolio facility will be drawn, alongside a tax equity commitment, to refinance at completion project-level construction and tax equity bridge loans. The November financing also included project level financings for the first two of the six projects - 415MW Radian, and 310MW and 453MWh Athos III. The remaining four projects - Oberon I and II in California, and Lumina I and II in Texas – will come to market later, but the entire slate is scheduled to come online by the end of 2023.

The 1.25-year construction facilities comprise a \$203 million construction bridge, \$207 million tax equity bridge, and \$83 million letter of credit for Athos III, a \$152 million construction bridge, \$156 million tax equity bridge, and \$11 million LC for Radian. The bank lenders on those facilities were MUFG, Santander, KeyBanc, CoBank, and Helaba. Bank of America has committed to provide tax equity on Radian and Morgan Stanley the tax equity on Athos III. Merrill Lynch is providing a hedge on Radian.

Intersect Power spent its fifth birthday successfully persuading lenders that its contract-light model is bankable. If it can bring its slate online on time, on budget and with robust revenue generation capacity, it will have a much easier time on subsequent slates.

Blythe Mesa Solar II, LLC and IP Radian, LLC

Close date: 3 November 2021

Location: California and Texas

Description: Portfolio, construction and tax equity financing for first two phases (415MW - Radian - and 310MW + 453MWh - Athos III) of a 2,200MW solar and 1,400MWh storage portfolio
Size: \$627 million (Athos) and \$415 million (Radian)

Sponsor: Intersect Power

Equity: \$325 million (approx Athos II and Radian commitment)

Debt: \$1.4 billion portfolio facility (refinances construction loans for each project at completion), \$203 million Athos construction bridge, \$207 million Athos tax equity bridge, \$83 million Athos LC, \$152 million Radian construction bridge, \$156 million Radian tax equity bridge, \$11 million Radian LC

Portfolio placement agents: Bank of America and Morgan Stanley

Portfolio lenders: HPS Investment Partners, CarVal Investors, Generate Capital, Climate Adaptive Infrastructure
Bridge lead arrangers: MUFG and Santander Bank (coordinators) KeyBanc, CoBank, Helaba

Tax equity providers: Bank of America (Radian), Morgan Stanley (Athos III).

Offtaker: Merrill Lynch Commodities (Radian hedge)

Sponsor’s legal advisers: Orrick (lead); Kirkland & Ellis (tax)

Portfolio lenders’ legal advisers: Skadden, Arps, Slate, Meagher & Flom (HPS) Kirkland & Ellis (co-investors)

Construction lenders’ legal advisers: Winston & Strawn

Tax equity legal advisers: Hunton Andrews Kurth (Bank of America); Mayer Brown (Morgan Stanley)

Sponsor’s tax equity adviser: CCA Capital

North America Offshore Wind & Overall North America Deal of the Year

Vineyard Wind 1: A US offshore wind template



The US power finance market has eagerly awaited a first large-scale, syndicated offshore wind financing in North America for years. So financial close on the \$3 billion 800MW first phase of the Vineyard Wind project will undoubtedly put a huge spring in the step of the sponsors, lenders, vendors and advisers focusing on the sector.

Given Vineyard's role as a pathfinder deal, the deal team had to tackle for the first time a variety of complex challenges, including offshore construction risk, Jones Act compliance, EPC interface risk and insurance availability.

The financing also had to exorcise the ghosts of a previous failed attempt at large-scale offshore wind in the US, Cape Wind, which collapsed after delays to its permits and intense legal challenges. Lenders on Vineyard were acutely aware of the importance of making sure that the project's permits and contracts were bulletproof.

Work on financing the project started three years ago but the sponsors – Iberdrola (50%) and Copenhagen Infrastructure Partners (50%) – put the process on hold after a permitting delay. However, the arrival of the Biden administration brought with it a renewed focus on climate policy and domestic renewables, and the project received its permits in January, 2021.

Following financial close in September, seven months after the new administration took office, the lead

arrangers launched and completed a syndication process, bringing in 16 additional lenders, taking the total bank group to 25. The size of the final bank group eloquently demonstrates the scale of pent-up demand in the US project finance bank market for exposure to offshore wind.

Europe's offshore wind market is far more established than that of the US and the European influence was very apparent. While the financial structure nods to American preferences with its mini-perm tenor, the construction package, particularly the manufacturing and transport of equipment, came directly from Europe.

Alberto Garcia, managing director in Santander's project and acquisition finance group in New York says, "the way construction has been arranged and thought-out from a logistical and technical perspective has had to be more convoluted due to the complexities brought about by the level of maturity of the US offshore industry. This will change eventually and we are already seeing manufacturers building up infrastructure in the US, but at the moment the current maturity of the US market necessitates a bias towards Europe when it comes to construction."

The relative immaturity of the offshore market in the US may even have benefited the project, with lenders and sponsors willing to work through the complexities of the market because they

Vineyard Wind I

Close date: 15 September 2021
 Location: South coast of Massachusetts
 Description: 800MW offshore wind farm
 Size: \$3 billion
 Sponsors: Iberdrola(50%) and Copenhagen Infrastructure Partners(50%)
 Offtakers: NSTAR Electricity, Massachusetts Electric, Nantucket Electric, Fitchburg Gas and Electric Light.
 Debt: \$2.34 billion construction-plus-seven-years term loan and a construction-plus-seven-years \$104 million commercial bank bridge revolving LC facility.
 Lead arrangers: Bank of America, JP Morgan, BBVA, NatWest, Santander (financial adviser), Credit Agricole, Natixis, BNP Paribas, MUFG
 Sponsors' legal advisers: Norton Rose Fulbright
 Lenders' legal advisers: Latham & Watkins
 Independent engineer: Wood Group
 Transmission consultant: Leidos
 Sponsors' Tax Equity Adviser: CCA Capital

knew a successful close would benefit the entire industry and establish a durable template for follow-ups. The US pipeline includes several market-ready projects that already have leases, permits and offtake agreements in place.

Given Vineyard's role as a pathfinder deal, the deal team had to tackle for the first time a variety of complex challenges, including offshore construction risk, Jones Act compliance, EPC interface risk and insurance availability.



Congratulations to our attorneys on their ‘Deals of the Year’.

**North America Offshore Wind
& Overall North America:
Vineyard Wind 1**

**North America Solar:
Intersect Power
Athos III and Radian**



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North America Digital Infrastructure Deal of the Year 2021

Southern Manitoba Fibre: Digital development finance



Development lending has not generally been the first option for governments looking to improve their citizens' access to broadband infrastructure. Grants – both to operators and consumers – and PPP concessions have both been popular funding mechanisms. Some municipalities, particularly in the US, have managed to work out bilateral exclusivity agreements with operators.

But domestic infrastructure banks are enjoying something of a surge in popularity, with the UK launching an infrastructure bank in 2021, and the Canada Infrastructure Bank (CIB) celebrating its fifth anniversary this year. These types of lender could be key to channeling capital at scale into digital infrastructure assets in less obviously commercial locations.

The government of Canada allocated C\$1 billion (\$785 million at current rates) in broadband funding to the CIB in 2019, expanding that by another C\$750 million in 2020. Wiring Canada's sparse population is clearly an expensive challenge, and the CIB was looking to fund larger and more ambitious projects rather than a series of small one-offs, no matter how useful they would be to scattered populations.

Valley Fiber was founded in 2016, with the initial aim of serving Winkler, Manitoba's fourth-largest city. According to Frederic Bettez, a managing director at the CIB, the bank had already started discussing how it might support Valley Fiber's programme, which by 2020 included work in 20 municipalities and the operation of 40 fixed wireless towers. Valley had deliberately focused on areas that were not served by existing operators, and had successfully accessed grant funding for some of its projects.

But the majority investment in Valley by DIF Capital Partners' DIF

Core Infrastructure Fund II allowed the developer to increase its ambitions enormously, and put together a project large enough to justify a CIB debt package. Valley Fiber now targeted connecting 150,000 homes and businesses in non-metropolitan areas over two years. By comparison, the population of Manitoba that lives outside Winnipeg is about 530,000.

Serving these populations would not attract a fully commercial debt package, so the CIB offered Valley Fiber a concessional debt package equivalent to about half the C\$328 million cost of connecting up 49,000 of those households. For the borrower grants might have been cheaper, but probably could not have been deployed at the same scale, and using CIB funding allowed the federal government to keep its grant powder dry for even tougher and more remote propositions.

Beyond the CIB support, the project does not benefit from any incentives other than access to municipal rights of way, though a second-mover trying to serve the same customers would not be able to access a second round of federal funding. The project does not benefit from a PPP concession, though the financing features a split between an operating company and a property company that makes it easier to finance the core parts of Valley's business.

The majority investment in Valley by DIF Capital Partners' DIF Core Infrastructure Fund II allowed the developer to increase its ambitions enormously, and put together a project large enough to justify a CIB debt package.

DIF Southern Manitoba Fibre LP

Close date: 3 August 2021
 Location: Manitoba, Canada
 Description: Adding 49,000 customers to Valley Fiber's network serving rural municipalities
 Size: C\$328 million
 Sponsor: DIF
 Equity: \$164 million
 Debt: \$164 million
 Lender: Canada Infrastructure Bank
 Sponsors' legal advisers: Davies Ward Phillips & Vineberg; Taylor McCaffrey (Local)
 Lenders' legal advisers: McCarthy Tetrault
 Sponsor financial adviser: Agentis Capital
 Independent engineer: Turner & Townsend
 Insurance adviser: Intech
 Model auditor: Operis
 Technical adviser: PMP Conseil
 Tax adviser: KPMG

The structure is likely to have potential for allowing operators to build out at scale in areas where commercial bank debt would not be available, though a supportive regulatory and political environment is likely to be required.

North America Onshore Wind Deal of the Year 2021

Shepherds Flat Repowering: Cutting through tax equity convolution



The rapid pace of evolution in renewable generating technology comes with both challenges and opportunities. Challenges, because lenders and developers need to be certain that new equipment will perform as planned. But opportunities, because new equipment can sometimes dramatically improve production, and therefore returns, from existing assets

With onshore wind now entering its fifth decade in the US, opportunities to repower existing wind projects are growing more and more plentiful. But the repowering of what was once the largest wind farm in the US, and its sponsor's ability to finance that repowering around an existing PPA and an existing complex debt structure, should serve as an inspiration to other owners of mature wind assets.

Shepherds Flat is an 845MW wind farm located near Arlington, Oregon. It technically comprises three separate projects - 265MW Shepherds Flat North (North Hurlburt), 290MW Shepherds Flat Central (South Hurlburt) and 290MW Shepherds Flat South (Horseshoe Bend). It came online in 2012, and benefits from power purchase agreements with Southern California Edison that expire over 2032 and 2033.

The project was originally financed in December 2010 with a long-term debt package that comprised a \$675 million

12-year bank loans and a \$525 19.5-year private placement. That debt in turn benefited from an 80% guarantee from the US Department of Energy under the section 1705 Financial Institutions Partnership Program. That scheme was designed to compensate for depressed long-term bank appetite in the aftermath of the 2008 financial crisis.

Brookfield Renewable Partners agreed to pay \$700 million to Caithness Energy for the project in December 2021, and closed on the purchase in March 2021. It gave itself an ambitious timeline to finance and commence the repowering, which would use improved blade technology, rather than entirely new units, to increase production by 25% and make the returns on the project attractive even within the remaining term of the PPAs. The lead arrangers on the repowering financing - MUFG, BMO, BNP, CIBC, and NBC – and tax equity provider GE responded with enthusiasm.

The financing for the repowering had to be structured around the original debt financing, and also accommodate both existing and future tax equity arrangements. So the financing was structured as a combination of a \$263 million back-levered term loan (which features a small balloon element), \$164 million tax equity bridge, \$35 million subordinated letter of credit. Funding

BEP SF Holdings, LLC

Close date: 23 June 2021

Location: Oregon

Description: Repowering and refinancing of 845MW onshore wind project

Size: \$462 million (total new debt)

Sponsor: Brookfield Renewable Partners

Offtaker: Southern California Edison

Debt: \$263 million back-levered term loan, \$164 million tax equity bridge, \$35 million subordinated letter of credit

Lead arrangers: MUFG, BMO, BNP, CIBC, NBC

Sponsors' legal advisers: Sheppard Mullin

Lenders' legal advisers: Milbank

on these facilities had to work around a two-year repowering period, maintaining cashflows and distributions and putting in place a true-up.

The structural complexity attached to US renewables – chiefly America's needlessly convoluted tax equity system – makes incremental financings like the Shepherds Flat repowering challenging. And the Shepherds Flat construction financing was already complex enough. The success of Brookfield's 2021 debt package should be followed by a host of much more straightforward imitators.

The financing for the repowering had to be structured around the original debt financing, and also accommodate both existing and future tax equity arrangements.

Latin America Sponsor of the Year 2021

KKR: Perfect timing



KKR has just finished fundraising for its \$17 billion KKR Global Infrastructure Investors IV fund, which is double the size of its predecessor and focuses on OECD economies. But in 2021 it impressed Proximo's judges, particularly the commercial bankers and institutional investors, with its activity in Latin America.

It did so in large part by building up a pan-regional digital infrastructure platform in Latin America. Its timing was perfect – the major telecoms operators are looking to attract large investments from financial sponsors to share the cost of increasing the bandwidth available to homes and businesses in the region's major economies.

In February 2021, KKR agreed to buy a 60% stake in the Chilean fibre-optic operations of Spain's Telefónica. It aims to turn the network into an open access operator that all local telcos can use. The purchase price was a rumoured \$1 billion, and KKR supported the

acquisition with a \$415 million equivalent Chilean peso debt package.

That package included about Ps240 billion in five-year local currency debt, in which every major Chilean lender (and KKR's in-house broker-dealer) participated, as well as small peso and dollar liquidity facilities. The deal was essentially structured as a local currency leveraged buy-out, a structure with few domestic precedents.

KKR then put together a very similar transaction for Telefónica's Colombian fibre-optic network, with the same goal of creating an open-access operator. The deal was a little smaller than the Chilean transaction, with KKR raising a little over \$220 million equivalent in Colombian peso debt, also with a five-year tenor.

KKR's marriage of private equity and infrastructure fund approaches is particularly well-suited to the fast-moving and capital intensive Latin American telecoms market, though its agility in navigating local debt markets

particularly impressed Proximo's judging panel.

One final headline transaction should not be overlooked – the \$3.37 billion acquisition of 20% of Sempra Infrastructure Partners. The newly formed Sempra Infrastructure includes Sempra's pipeline, storage and LNG assets in Louisiana and Texas, but also Energia Costa Azul in Mexico, which Sempra is reconfiguring from an LNG import terminal to an export facility.

It also includes IENova, a Mexican owner and operator of pipeline, storage and LNG assets as well as a 1,600MW renewables portfolio. While recent news from Mexico has not been encouraging for private investors in the energy sector, the assets are well located and in good condition. With gas flows in both the Atlantic and Pacific likely to undergo profound changes in the coming months, the IENova assets are very well positioned.

KKR's marriage of private equity and infrastructure fund approaches is particularly well-suited to the fast-moving and capital intensive Latin American telecoms market.

Latin America Bank of the Year 2021

Goldman Sachs: A bond in any currency – almost



Latin America's major commercial banks might be a little annoyed that this year's judging panel decided to pick an investment bank as Bank of the Year for 2021. But last year was in truth a stand-out year for capital markets financings.

And the winner – Goldman Sachs – put together bond financings in Chile, Colombia, Brazil and Peru. In local currency and in US dollars. In transport, renewables, transmission, telecoms and P3.

It structured one of the most interesting bond deals to close in the region – a \$489 million securitisation of Chilean electricity receivables. That deal narrowly missed out on being recognised with a Deal of the Year, largely because it departed so radically from a classical project finance structure.

But the deals that were recognised with Deals of the Year also demonstrated innovation in either structuring or

distribution. Goldman was financial adviser on the ECA-backed securitisation of government payment obligations to the Metro de Lima Line 2 concession, and the local currency bond financing for the Autopista Río Magdalena 2 concession in Colombia, a distribution challenge combined with a last-minute construction contract restructuring.

Probably its best combination of innovative structuring and innovative distribution was the 144A repackaging of the Smart Luz street lighting and smart city concession in Rio de Janeiro. The R925 million in bonds benefit from a guarantee from the US International Development Finance Corporation, and were issued by an SPV that bought Brazilian debentures from the onshore issuer.

The final two highlight transactions demonstrate a breadth of sector coverage

and ability to raise highly cost-effective financing from international debt investors. It led the \$375 million issue of five-year 4.05% bonds by ATP Tower Holdings, a holding company for Andean Telecom Partners' stakes in mobile tower operations in Colombia, Chile and Peru.

And in a surprisingly crowded field for Chilean transmission refinancings, Goldman was among the three underwriters of the \$1.2 billion bond issue for ISA's Interchile portfolio. The deal set records for size, pricing and maturity, and capped a very strong year for Chilean power markets. That Goldman could work on both the intriguingly structured Deal of the Year runner-up and the well-distributed Overall Regional Deal of the Year says a lot about its spread of capabilities.

Probably Goldman's best combination of innovative structuring and innovative distribution was the 144A repackaging of the Smart Luz street lighting and smart city concession in Rio de Janeiro. The R925 million in bonds benefit from a guarantee from the US International Development Finance Corporation, and were issued by an SPV that bought Brazilian debentures from the onshore issuer.

Latin America Law Firm of the Year 2021

Milbank: A repeat winner



In 2021, Milbank advised on 28 deals, with a total volume of \$14.7 billion equivalent, according to Proximo Playbook data. That total gave it a 16% market share, and put it comfortably in first place in the Latin America legal league tables.

The voting among Proximo's voting panel was a little closer, with two other New York-based firms running it relatively close based on their franchise advising on project bonds. But Milbank's trophy financing in the region was its work on the \$1.8 billion bond financing for Mubadala's acquisition of the Landulpho Alves Refinery in Brazil from Petrobras. That deal, whose proceeds funded an export prepayment facility, is the largest project bond to close in Latin America to date.

Milbank also advised on the Chacao+ generation portfolio refinancing and renewables construction financing, for which EDF and AME were sponsors and MUFG, Bci, Crédit Agricole CIB, DNB, ING, and SMBC were lenders. The financing was the largest bank deal to close in Chile in 2021, and is set to make a meaningful contribution to the decarbonisation of the country's generation fleet.

Outside of the ranks of Proximo's Deals of the Year, Milbank also advised on the financing of two big-ticket transport projects – the Panama Metro Line 3 and Lima's Jorge Chavez International Airport expansion debt package. The latter is a \$1.5 billion concession with a \$1 billion debt

package, and has been long-awaited during the disruptions of the COVID pandemic.

Oil and gas continued to be a serious focus for Milbank, including no fewer than three FPSOs with a total deal volume of \$3.12 billion. But it also advised on \$3.3 billion in renewables financings, including both wind and solar, but all of it in Chile.

Milbank is a repeat winner in 2021, after winning the same title in 2020. But the competition is getting more intense. A stronger focus on local currency capital markets transactions, which have been the source of strength for 2021's Latin America Bank of the Year, could pay serious dividends.

Milbank's trophy financing in the region was its work on the \$1.8 billion bond financing for Mubadala's acquisition of the Landulpho Alves Refinery in Brazil from Petrobras.

Latin America Financial Adviser of the Year 2021

Astris Finance: Independence valued



Astris Finance was founded in 2000 as a Latin America-focused subsidiary of European municipal lender Dexia. It has outlived Dexia, and over the last 12 years expanded into Europe and Asia, but Latin America remains its core market, and it has both witnessed and helped shape the evolution of debt markets in the region.

Astris narrowly beat a large international bank with strong local currency lending capabilities to win Financial Adviser of the year, suggesting that Proximo's judges value independent advice rather than advice as a bolt-on to a financing franchise. But Astris still advised on some big-ticket transactions.

The highlight deal in 2021 for Astris was the \$1.098 billion bond financing for the \$1.172 billion acquisition by APG (80%) and Celeo Redes (20%) of Colbun's 899km of Chilean transmission assets. Astris was responsible for providing M&A and financing advice, which included lining up indicative

ratings for the bond, as well as a back-up bank facility.

The 30-year bonds priced for a 4.55% coupon, with JP Morgan, Citi and SMBC as bookrunners. The financing narrowly missed out on winning a Proximo Deal of the Year, and arguably had a harder task than the winner. Unlike the winner, the Colbun assets experience tariff adjustments every four years, rather than being fixed for 20. Astris has also advised Celeo Redes on its successful bid and bridge financing for a Peruvian transmission line.

But Astris was equally at home putting together bank deals, including relatively exotic structures. It advised Vinci and Concreto on the bridge financing for their Vía 40 Express 4G road concession, which runs for 145km between Bogotá and Girardot in Colombia. Many sponsors of 4G roads have chosen to lock in terms with a greenfield bond financing, or try and assemble a mini-perm with local banks.

Via 40 raised a Ps692 billion (\$182 million) one-year bridge loan from international banks, with the banks including an internal embedded cross-currency swap. The swap allows the project to access international banks' lower costs of funding and preserves the ability to close a long-term capital markets package when the timing permits.

Beyond those headline deals, Astris maintained a franchise in 2021 on advising on Mexican transport concessions, at a time when the environment for private infrastructure finance is hardly supportive, and advising on renewables financings in most major markets. The next frontiers in its work will include advising on hydrogen projects and exploring new programmes like Ecuador's. If 2021 was about taking advantage of spots of liquidity in popular markets, then 2022 could be about financing something new.

The highlight deal in 2021 for Astris was the \$1.098 billion bond financing for the \$1.172 billion acquisition by APG (80%) and Celeo Redes (20%) of Colbun's 899km of Chilean transmission assets. Astris was responsible for providing M&A and financing advice, which included lining up indicative ratings for the bond, as well as a back-up bank facility.

Latin America Roads Deal of the Year 2021 Autopista Rio de Magdalena 2: Multi- in every way



Aleatica successfully closed one of the biggest fourth generation (4G) financings in Latin America in the form of Rio De Magdalena 2, with the scale of the project pushing the sponsor, a portfolio company of the IFM Global Infrastructure Fund, to access multiple markets in the search for financing. The deal did so despite some challenges to its engineering, procurement and construction arrangements.

The deal was novel in its multi-sourced and multi-tranche financing structure that involved different currency-denominated loans. Combining bonds and local currency loans (Colombian pesos) with inflation linked UVR notes and USD-denominated loans across its four tranches; this is the first multi-source deal on this scale in the region.

The proceeds of the financing will be used in a 25-year concession to develop 153km of toll roads connecting the Colombian departments of Antioquia and Santander, which were awarded to Autopista Río Magdalena by the Colombian Government under its Fourth Generation (4G) toll road program.

The multi-EPC construction package is another unique aspect of this deal. The project has four different functional units, with one JV responsible for two of those sections and a separate JV responsible for the larger parts of the project, UF1 and UF2.

The most significant challenge to the financing was resolving governance issues that engulfed one of the project's EPC contractors. Financing had been signed and was about to close when one of the primary contractors in the larger portion of the project, Constructora Meco, was involved in a corruption scandal in Costa Rica.

The scandal led Fitch to downgrade Meco's rating to A- from AA-, and eventually to Meco's withdrawal from the project. The sponsor, lenders, EPC contractors and lawyers agreed a remediation plan in June 2021 that involved closing the financing and then removing Meco immediately afterwards.

As a result, Aleatica committed to provide additional liquidity to support the construction progress and mitigate impacts to the financing structure in the wake of the remediation plan. Aleatica's Joseph Braun, an investment director in New York, said that "project stakeholders worked together to find a path forward by removing one of the EPC contractors [Meco] from the project and this additional support was necessary to maintain the investment grade profile for the structure as we approached the final steps of financial close."

Patrimonio Autónomo Autopista Río Magdalena 2

Close date: 28 June 2021

Location: Antioquia and Santander, Colombia

Description: Long-term financing for 153.2km 4G road concession

Size: \$746 million

Sponsor: Aleatica (an IFM GIM portfolio company)

Grantor: Agencia Nacional de Infraestructura

Debt: Ps915 billion 15-year local currency bond, \$200 million dollar loan, Ps825 billion local currency loan, UVR278 billion indexed local currency loan

Lead arrangers: Goldman Sachs, Banco Santander, SMBC, CA-CIB, ICO

Lenders: Banco Santander, SMBC, CA-CIB, ICO, BCP, Siemens Financial Services, FDN, Ashmore I - CAF

Sponsors' legal advisers: Vinson & Elkins (Sponsor US); Sullivan & Cromwell (Borrower US); Baker McKenzie (Local)

Lenders' legal advisers: Latham & Watkins (US transaction counsel); Clifford Chance (advised international lenders on specific US tasks); PPU (Local); Reed Smith (Admin agent)

Insurance Consultant: Aon

Independent Engineer: ARUP

Traffic Consultant: Steer Davies Gleave

The deal was novel in its multi-sourced and multi-tranche financing structure that involved different currency-denominated loans. Combining bonds and local currency loans (Colombian pesos) with inflation linked UVR notes and USD-denominated loans across its four tranches; this is the first multi-source deal on this scale in the region.

Latin America Rail Deal of the Year 2021

Metro de Lima Line 2: An ECA-backed first



Even as Peru's neighbours follow its lead in exploiting capital markets structures to fund PPP concessions, the veteran infrastructure jurisdiction is looking in new directions.

The \$811 million financing for the Metro de Lima Line 2 concession is the first time that an export credit agency has backed the securitisation of RPI-CAOs, a version of the central government payment obligations that Peru has used to support investment in infrastructure for the last 15 years. It is also the largest ever bank financing for an RPI-CAO-based concession.

The Lima Metro Line 2 concession is large and complex, and its sponsor group comprises Iridium (ACS), Vialia (FCC), Cosapi, WeBuild, and Hitachi. The 35-year concession involves building 35km of track and has an estimated total investment requirement of \$5.5 billion. The size of the project creates some complexity for sponsors and lenders, but also creates some opportunities to distribute its financing in new ways.

The 2021 ECA-backed deal is the third financing for the line 2 concession. The first was a \$1.15 billion issue of bonds that carried a 5.875% coupon, a 2034 maturity, and priced in 2015. The project suffered delays after the government was unable to hand over construction-ready areas in time. This meant that the bond issuer, capitalised at close with the full bond proceeds, was having to pay increasing amounts of interest on those proceeds without the benefit of the RPI-CAOs that would be the source of those payments.

A 2019 bond issue of \$563 million refinanced some of the 2015 bonds that did not have sufficient RPI-CAO backing. But the Line 2 delays demonstrated that transit PPPs have different degrees of construction risk to

the road projects that have made up the bulk of Peru's PPP programme.

Fortunately the project had the right sponsor group and a large enough proportion of high-value exports to allow it to access cover from Italian ECA Sace. This allowed the project to access \$811 million in delayed draw low-cost debt from a group of five banks – Societe Generale, Cassa Depositi e Prestiti, KfW IPEX-Bank, ICO, and Santander. The project company also amended and restated a \$150 million revolving credit facility that dates back to 2019, with BBVA, Sabadell, and Santander as lenders.

This multi-tranche and multi-stage approach to raising the necessary financing is possible, because Peru's Ministry of Transport and Communications allows the project company Metro de Lima Línea 2 to sell different sets of RPI-CAOs, or even fractions of RPI-CAOs, to different borrowers. The arrangement removes the potential for intercreditor issues to interfere with the flow of payments to different borrowers.

The Line 2 ECA deal responds to the very particular demands and circumstances of an exceptionally large PPP project. But it points to a role for ECAs at the more complex end of the PPP spectrum.

Metro de Lima Línea 2 SA

Close date: 30 July 2021

Location: Lima, Peru

Description: ECA-backed refinancing for Lima's Metro Line 2

Grantor: Peruvian Ministry of Transport and Communications

Sponsors: Iridium (ACS), Vialia (FCC), Cosapi, WeBuild, Hitachi

Debt: \$811 million ECA-backed facility, \$150 million revolving construction facility

ECA lenders: Societe Generale (admin agent), Cassa Depositi e Prestiti, KfW IPEX-Bank, ICO, Santander

Construction revolver lenders: BBVA

(admin agent), Sabadell, Santander

Guarantor: SACE

Trustee: Citi

Financial advisers: Goldman Sachs, Santander

Sponsors' legal advisers: Latham & Watkins (US, Spain, Italy); Garrigues (Peru)

Lenders' legal advisers: Norton Rose Fulbright (US, Netherlands), Rodrigo, Elías & Medrano (Peru)

Trustee legal advisers: Baker McKenzie (US); Estudio Ehecopar (Peru)

The \$811 million financing for the Metro de Lima Line 2 concession is the first time that an export credit agency has backed the securitisation of RPI-CAOs, a version of the central government payment obligations that Peru has used to support investment in infrastructure for the last 15 years

Latin America Digital Infrastructure Deal of the Year 2021

ATP Tower Holdings: Capital market first



The refinancing and capex financing for Andean Telecom Partners' mobile tower portfolio represents a first capital markets transaction in the region for a standalone digital infrastructure portfolio. It allows Digital Bridge, the owner of ATP, to raise lower-cost debt than the individual country-based component businesses and finance an expansion into fibre.

The bond issue, for which Goldman Sachs, JP Morgan (both global coordinators), Deutsche Bank, and Scotiabank were bookrunners, carries a five-year maturity and priced for a 4.05% coupon. The bonds carry ratings of Ba3 (Moody's), BB- (S&P) and BB+ (Fitch), were substantially oversubscribed, and closed on 27 April 2021.

The issuer is the holding company for three tower portfolios - Andean Tower Partners Colombia, Andean Telecom Partners Peru and Andean Telecom Partners – which cross-guarantee the debt. The debt will also benefit from a guarantee from ATP's three fibre subsidiaries for each country - ATP Fiber Colombia, Redes de Fibra del Peru and ATP Fiber Chile.

The business has very stable cashflows. Three large telcos - Empresa Nacional de Telecomunicaciones, Telefonica and America Movil – account for 80% of the portfolios' revenues, under inflation-linked take-or-pay contracts. The growing fibre business accounts for another 15%. While within each jurisdiction ATP features some concentration risk, it is vital to its customers' operations.

The host countries are among the better-rated and more politically stable in the region, though ATP, with its 3,700 is small by the standards of many of its peers in the region. The bond issue is also small compared to the \$700 million that the sponsor has invested in the business over the last four years. And while \$254 million of the note proceeds will go towards paying down operating company-level debt, the notes will still rank behind a \$60 million revolving credit facility.

Project finance bankers have consistently identified Latin America as a target market for new digital infrastructure lending. Tenors are

ATP Tower Holdings

Close date: 27 April 2021
Location: Chile, Colombia, Peru
Description: Refinancing of mobile tower operations in three countries
Sponsor: Andean Telecom Partners, a Digital Bridge portfolio company
Debt: \$375 million of 4.05% notes due 2026
Bookrunners: Goldman Sachs, JP Morgan (global coordinators), Deutsche Bank, Scotiabank
Ratings: Ba3 (Moody's), BB- (S&P) BB+ (Fitch)
Sponsor's legal advisers: Cleary Gottlieb (US), Garrigues (local)
Lenders' legal advisers: Simpson Thacher & Bartlett (US); Cuatrecasas (Chile and Colombia); Miranda & Amado (Peru)

generally short, certainly short enough to allow for low cost foreign exchange hedging. The ATP issue suggests that they will have a small window to establish themselves before capital markets take over.

Three large telcos - Empresa Nacional de Telecomunicaciones, Telefonica and America Movil – account for 80% of the portfolios' revenues, under inflation-linked take-or-pay contracts. The growing fibre business accounts for another 15%. While within each jurisdiction ATP features some concentration risk, it is vital to its customers' operations.

Latin America Portfolio Deal of the Year

Chacao + : A big step in energy transition



Deals that support the decarbonisation of Chile's electricity sector have involved solar assets, transmission lines, and in one instance a securitisation of receivables rather than any assets at all. But unlike the US, where combined financings for legacy and renewable capacity are becoming more common, lenders in Chile have fewer opportunities.

The financing for GM Holdings, a Chilean generation portfolio owned by AME and EDF, involved both a greenfield element, in the shape of 480MW PV solar plant, and a brownfield financing of four operating thermal assets with a total capacity of 749MW.

A highlight of this deal was the hybrid structure of the refinancing with fully amortising 8-year bank facilities and a 12.5-year fixed note that allowed the sponsors to maximise the deal's debt sizing and tenor while minimising all-in interest rates.

The projects will deliver power under 15-year distribution company (DisCo) PPAs, selling electricity to 23 Chilean utilities, with the energy generated being dispatched into the National Electrical System in Chile. The seven largest distribution companies in the country account for 94% of the portfolio's output, and hold an average rating of BBB+.

Chile's DisCos are historically stable and regulated entities, and are not

allowed to procure energy for regulated customers by any other means than through PPAs awarded under regulated auctions.

According to Mathieu Rousson, a managing director in Crédit Agricole CIB's project finance group in New York. "The financing was innovatively structured under a project finance scheme preserving the operational flexibility warranted for such large multi-asset platform. The Company's commitment to Chile's energy transition combined with the strong credit metrics of the financing explain the large interest received from banks and institutional investors alike."

The Chacao+ financing represents a big step in Chile's energy transition. The portfolio accounts for about 8% of the country's generating fleet, and the refinancing was the largest non-recourse bank financing in Chile in 2021. That last detail is perhaps not surprising, given the success that local issuers have had in accessing the 144A and 4(a)(2) debt markets in the US this year.

But for large and complex projects that combine fossil-fuelled and renewable capacity, and for sponsors that want to combine flexibility and tenor, the bank-bond combination remains very attractive.

GM Holdings S.A.

Close date: 30 September 2021

Location: Santiago, Chile

Description: Portfolio financing that funds construction of a 480MW newbuild solar plant and conversion of a 132MW diesel-fired plant to run on natural gas, and refinances the company's existing indebtedness.

Size: \$982 million

Sponsors: AME SpA (50%), EDF Chile SpA (50%)

Debt: \$305 million eight-year fully amortizing term loan, \$73 million eight-year standby facility, \$195 million eight-year revolving facility and \$407 million senior notes with a 12.5 year tenor.

Lead arrangers: MUFG, Bci, Crédit Agricole CIB, DNB, ING, SMBC (all mandated lead arrangers and bookrunners)

Sponsors' legal advisers: Latham & Watkins (international), Larrain (local)

Lenders' legal advisers: Milbank (International) / Garrigues (Local)

Independent engineer: Black & Veatch

Market adviser: Mercados Energeticos

Model Auditor: Ernst & Young

The financing was innovatively structured under a project finance scheme preserving the operational flexibility warranted for such large multi-asset platform. The Company's commitment to Chile's energy transition combined with the strong credit metrics of the financing explain the large interest received from banks and institutional investors alike.

Latin America Power and Latin America Overall Deal of the Year 2021

InterChile: Bonds away



The Chilean transmission sector saw three financings come to market in 2021. One of them was a small greenfield financing for the Ferrovial-developed 250km Nueva Pan de Azúcar – Punta Sierra – Centella 220kV line. The other two were large bond market refinancings of brownfield transmission assets. Both demonstrated the strength of Chile’s regulated electricity sector, and how it can allow transmission sponsors to access low-cost debt on international capital markets.

Either, if they had 2021 to themselves, would have been a worthy winner. But the slightly larger, slightly longer-dated and slightly cheaper financing that Colombia’s ISA closed for its InterChile portfolio edged out the acquisition financing that APG and Celeo Redes closed for their Colbun transmission purchase.

The InterChile bonds priced on 19 July at 311bp over the interpolated treasury for a coupon of 4.5%. They mature in 2056 and are listed on the Singapore Stock Exchange. The bonds carry a green bond label, with Sustainalytics providing certification, and constitute the largest ever green bond issue in the region.

The bulk of the proceeds of the bonds will go towards paying down \$745.8 million of outstanding senior secured term bank debt, \$78.4 million of subordinated shareholder loans, and \$70

million in swap breakage costs. Another \$48 million goes towards funding reserve accounts, \$17 million pays transaction costs, and the remainder – about \$230 million – will be paid to ISA as a distribution.

While InterChile can technically be called a portfolio, a single project, the 2x500kV 753km Cardones-Polpaico line, is responsible for 79% of the borrower’s revenues. That line came online between 2017 and 2019 and connects the Valparaiso, Atacama and Coquimbo regions, where renewables development activity has been concentrated, with the Santiago metropolitan region, where 7 million of Chile’s 17 million citizens live.

The Chilean electricity regulatory system is strong and lender friendly, and the framework for InterChile even more so. While most of the country’s transmission lines earn regulated tariffs that are not volume-related but are reset every four years, 98% of InterChile’s revenues are earned under tariffs that are fixed for 20 years.

So underwriters Scotiabank, Goldman Sachs, and JP Morgan structured and sold down an exceptionally strong bond financing. But they did so for an exceptionally strong set of transmission assets. But the result will validate a regulatory framework that is exceptionally well suited to low-cost capital markets transactions.

InterChile, SA

Pricing date: 19 July 2021

Location: Chile

Description: Bond refinancing for a 1,954km transmission network

Sponsor: ISA

Size: \$1.354 billion (investment value)

Debt: \$1.2 billion

Coupon: 4.5%

Maturity: 2056

Underwriters: Scotiabank, Goldman Sachs, JP Morgan

Trustee: Citi (offshore), Banco de Chile

Underwriter legal: Clifford Chance (US); Garrigues (Chile)

Sponsor legal: Mayer Brown (US); Barros & Errázuriz (Chile)

Listing agent: Allen & Gledhill

Technical adviser: Black & Veatch

Issuer auditor: EY

Green certification: Sustainalytics

The bonds carry a green bond label, with Sustainalytics providing certification, and constitute the largest ever green bond issue in the region.

Latin America Solar Deal of the Year 2021

Matrix Los Llanos: The local touch



Solar developer Matrix Renewables has been in existence for around 18 months. It is a wholly-owned subsidiary of TPG, the US private equity firm that is in the process of going public. And it is already earning a reputation for being able to develop and finance projects in difficult geographies.

Probably the most challenging jurisdiction for Matrix is Colombia, not because of any political or economic headwinds, but because the country's power market, and by extension its renewables framework, is complex and biased towards publicly-controlled utilities.

So Matrix is a worthy winner of Latin America Solar for proving that an independent developer can raise commercial debt against that backdrop. Not only that, but it combined senior and subordinated debt in a single local currency package.

TPG's Rise Fund acquired a portfolio of developments from Chinese PV equipment manufacturer Trina Solar, and used them to seed Matrix. Among that pipeline was 300MW on Colombian prospects, and among those were the three Los Llanos projects, with a combined capacity of 82MW.

Key to the success of the financing is that the project's power purchase agreement was not the result of Colombia's renewables auction process. Instead it was the result of a bilateral agreement with Vatia, a small utility operating in the department of Valle de Cauca in western Colombia. The peso-denominated take-or-pay PPAs for Los Llanos lacked some of the features of the unpopular auction-allocated contracts, but it required a process of education for Colombia's bank market.

Given that Matrix' other options included expensive cross-currency

swaps or a mini-perm that would have depressed its returns, the resulting debt package is very sponsor-friendly. While Vatia is not a well-known credit, the IFC is among its shareholders, and banks were eventually able to digest the liquidated damages and penalties attached to the PPA. The financing also featured minimal construction risk, because Trina had essentially finished its work as EPC contractor on the assets.

The final innovation, and key to improving sponsor returns, was the addition of a subordinated facility. So complementing the Ps112 billion 15-year senior loan, for which IDB Invest and Bancolombia were lenders, was a Ps32 billion 18 year subordinated bullet loan from the IDB and the IDB-managed Clean Technology Fund. With leverage on the financing nearer 70%, Matrix is able to compete with larger utility developers with larger balance sheets.

According to Sergio Arbelaez, head of financing at Matrix Renewables, the developer will be looking to repeat the use of subordinated debt on future solar developments in Colombia and elsewhere. Its future Colombian financing should be a little more straightforward, both because of the experience gained on Los Llanos, and because other offtakers will be better known to the bank market.

The deal was novel in its multi-sourced and multi-tranche financing structure that involved different currency-denominated loans. Combining bonds and local currency loans (Colombian pesos) with inflation linked UVR notes and USD-denominated loans across its four tranches; this is the first multi-source deal on this scale in the region.

Bosques Solares de los Llanos 1, 2, 3

Close date: 29 October 2021

Location: Puerto Gaitán, Meta, Colombia

Description: Construction financing for three solar projects with a total capacity of 82MW

Size: c. \$50 million equivalent

Offtaker: Vatia

Sponsor: Matrix Renewables

Debt: Ps112 billion senior 15-year amortizing A loan, Ps32 billion 18-year bullet subordinated loan

Lead arrangers: IDB Invest, Bancolombia, Clean Technology Fund

Sponsors' legal advisers: Latham & Watkins (US); Brigard Urrutia (Colombia)

Lenders' legal advisers: White & Case (US); Cuatrecasas (Colombia)

Independent engineer: UL

Market consultant: PHC

Insurance adviser: Marsh

Latin America Project Bond

Deal of the Year 2021

Landulpho Alves Refinery: A big bond buy



The Petrobras asset divestment programme has made slow but steady progress since it was announced in 2016, in response to a fall in oil and gas prices and the Lava Jato scandal. In addition to sales of marginal upstream exploration and production assets, and a clutch of non-core power generation facilities, 2021 marked an important milestone in Petrobras' programme of downstream divestments.

In July 2021, Mubadala Capital priced a \$1.8 billion bond issue to support its acquisition of the Landulpho Alves Refinery (RLAM) in São Francisco do Conde, Bahia, Brazil. The ten-year bond issue, for which JP Morgan, Bradesco BBI, HSBC, SG, Standard Chartered, UBS, and Deutsche Bank were bookrunners, carries a coupon of 7.25%.

RLAM has a capacity of 302,000 barrels per day and is the second largest refinery in Brazil, behind the 415,000 REPLAN Paulínia facility, which Petrobras is retaining. The refinery is also the oldest in the country, dating back to 1950. It produces gasoline, diesel, very low sulphur fuel oil and other refined products for consumption in northern and north-eastern Brazil.

The bonds fund an export prepayment facility, and comprise the largest project bond issue ever in Brazil. The previous record holder was a \$1.69 billion drillship financing that Odebrecht closed in 2013, at the height of the pre Lava Jato boom.

The purchase price for the refinery was \$1.65 billion, which Mubadala, through MIC Capital Partners, funded through

about \$600 million in equity, and an acquisition bridge loan. In addition to funding the export prepayment facility, the proceeds of the bonds also cash collateralise the acquisition bridge loan.

The structure is in line with Mubadala's long-standing strategy of widening its use of capital markets financing in support of acquisitions and developments. Downstream oil and gas, with its potential for fast and wide swings in margins, is not an obvious candidate for a bond deal. The regulated, but so far not price capped fuel market in Brazil provided some degree of comfort on the deal.

The combination of a secure crude supply via Petrobras, the attractive location of the complex, and the export prepayment structure combined to give the debt Ba3 (Moody's) and BB-(Fitch) ratings. The deal has a debt/Ebitda ratio of as little as 1.9x, and an average debt service coverage ratio of above 3x. The debt also features a base cash sweep of 25% of available cash, rising to 75% if leverage increases above 3x.

The Petrobras divestment programme still rumbles along, with one step back for every two steps forward. It has a signed agreement to sell the 46,000bpd Isaac Sabbá refinery to Atem, but has been unable to conclude sales for the 130,000bpd Refinaria Abreu e Lima or the 208,000bpd Refinaria Alberto Pasqualini. Based on Mubadala's experience with Landulpho Alves, access to debt is unlikely to have been a constraint.

MC Brazil Downstream Trading

Close date: 13 July 2021

Location: São Francisco do Conde, Bahia, Brazil

Description: Bond financing of the acquisition of the 302,000 barrels-per-day Landulpho Alves Refinery

Size: \$1.65 billion purchase price

Sponsor: Mubadala Capital

Equity: \$600 million

Debt: \$1.8 billion in 7.25% notes due 2031

Bookrunners: JP Morgan, Bradesco BBI, HSBC, SG, Standard Chartered, UBS, Deutsche Bank

Onshore collateral agent: TMF Group

Indenture trustee: Bank of New York Mellon

Sponsor's legal advisers: Skadden, Arps, Slate, Meagher & Flom (US); Pinheiro Neto (Brazil); Stibbe (Luxembourg)

Lenders' legal advisers: Milbank (US); Machado, Meyer, Sendacz e Opice (Brazil)

Singapore listing agent: Rajah & Tann

Technical and market adviser: NexantECA

Auditor: KPMG

The bonds fund an export prepayment facility, and comprise the largest project bond issue ever in Brazil.

Latin America Mining Deal of the Year 2021

Serrote: Mining greenfield returns



The mining finance market had one of the slower recoveries from the initial impacts of COVID-19. Always a small, rather close-knit, corner of the project finance market, the pace of mining project financings slowed to a crawl in 2020.

This year's Mining Deal of the Year in Latin America was a chance to inject some life into a market that is likely to pick up strongly as global economies recover from COVID and the requirements of the energy transition in terms of minerals and metals extraction become clearer.

The \$140 million construction financing for the Serrote copper-gold mine was the first greenfield mining financing to close since the start of the pandemic. Following a year of acquisition financings, expansions financings and refinancings, Serrote indicated that mining lenders had at last regained their risk appetite. ING, SG, and Natixis were mandated lead arrangers on the eight-year financing, taking equal tickets.

From the start of 2020 until the close of Serrote on 2 February 2021, according to Proximo Playbook data, just over \$5 billion in mining financings closed, with a single brownfield deal – Quebrada Blanca – accounting for half of that volume. Between close on Serrote and

the end of 2021, well over \$8 billion in mining deals closed.

Serrote also marks the first wholly-owned project that Appian Capital Advisory, a mining-focused private equity firm, has taken all the way from development to financial close. Two Appian-managed funds own project company Mineração Vale Verde do Brasil. Helping the process along was the fact that construction at financial close was 90% complete, with the mine entering production before the end of 2021.

Serrote is located in Alagoas, Brazil, and has a forecast production of 20,000 tonnes per year of copper concentrate. The project will have a 14-year mine life and feed a 4.1 million tonnes per year processing plant from a 52.65 million-tonne reserve. Gold is a much smaller by-product component of revenues, with a sister fund, Appian Natural Resources Fund II, gaining access to gold sales under a royalty agreement.

COVID appears to have barely disrupted the process. Appian completed the project's definitive feasibility study in 2019, and moved quickly to start construction in advance of finalisation of the debt package. At financial close, based on a forecast production cost of \$1.33 per lb, Appian was estimating an

Mineração Vale Verde do Brasil Ltda

Close date: 2 February 2021

Location: Alagoas, Brazil

Description: Financing for greenfield development of a 20,000 tonnes-per-year copper-gold mine

Size: \$234 million

Sponsor: Appian Capital Advisory

Equity: \$94 million

Debt: \$140 million

Lead arrangers: ING, SG, Natixis

Sponsor's legal advisers: Norton Rose Fulbright (international); Fialho Salles (local)

Lenders' legal advisers: White & Case (international); Mattos Filho (local)

Sponsor's financial adviser: Endeavour Financial

Ebitda margin of 65%. Copper prices have roughly doubled since then.

Smaller-scale mining developments are still primarily the preserve of listed Canadian and Australian developers. Appian's success on Serrote suggests that private capital can have the advantage of speed and flexibility of development. In unsettled markets that combination can be attractive to lenders.

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Latin America PPP Deal of the Year 2021

Smart Luz: Taking Brazilian debentures offshore



Brazil's infrastructure debentures have been available to domestic issuers for a little over ten years, giving investors tax breaks on their investment in eligible debt securities. But those breaks are generally only available to domestic investors, putting sponsors at the mercy of local market conditions.

But with offshore accounts increasingly interested in both local currency exposure and access to infrastructure assets, the pressure has been on sponsors and underwriters to find a way to make Brazilian infrastructure debentures available on the offshore market.

This year's PPP Deal of the Year represents a genuine leap forward in capital markets technology in Brazil. It also supports an asset class – street lighting – that is established in Western Europe, and has huge potential to help emerging markets cities decarbonise.

Issuer Rio Smart Lighting is registered in Luxembourg, and owned by a Dutch Stichting. It issued bonds to US and global investors under Rule 144A/Regulation S and used the proceeds to buy Brazilian infrastructure debentures from Smart RJ Concessionaria de Iluminação Publica SPE. The owners of that SPV, the project company for a street lighting and smart city PPP in Rio de Janeiro, are High Trend, Green Luce, Arc, Proteres and Salberg.

The Goldman Sachs-led bonds are denominated in Brazilian Reais, but settle in dollars at the Brazilian Central Bank's PTAX rate. The 11-year issue

priced in October for a 12.25% coupon. Most importantly, they carry a guarantee from the United States International Development Finance Corporation that features a maximum US dollar equivalent exposure of \$267 million.

This is not the DFC's first guarantee transaction in the Brazilian infrastructure. Its precursor organisation, Opic, provided a standby devaluation liquidity facility for a \$300 million bond issue by an AES-owned generation portfolio in 2001. Given the appetite for local currency exposure from international investors, devaluation is a less important consideration than credit risk.

Opic's guarantee would fall in value if the Real appreciates, but it would most likely do so in conditions when the credit quality of the concession's grantor, the Municipality of Rio de Janeiro, was also improving. But the deal's amortisation and collateral arrangements were structured to minimise the progressive impact of FX fluctuations.

The 20-year concession involves replacing over 440,000 street light bulbs with LEDs, and installing 107,684 new street lights, 5,000 WiFi points, 10,000 video cameras, 6,000 traffic management systems and 4,000 smart drains. The concession is not the first street lighting PPP in Brazil, but it is comfortably the largest. Other large municipalities in Brazil and elsewhere in Latin America would do well to study Rio's example.

Rio Smart Lighting

Close date: 22 October 2021
 Location: Rio de Janeiro, Brazil
 Description: Offshore Real bond financing for PPP concession for street lighting and smart city infrastructure
 Size: R1.4 billion
 Grantor: Municipality of Rio de Janeiro
 Sponsors: High Trend Brasil (23%), Green Luce (27.4%), Arc Comércio Construção e Administração de Serviços (17.5%), Proteres (16.4%), Salberg (15.7%)
 Debt: R925 million
 Coordinator and initial purchaser: Goldman Sachs
 Trustee: Citi
 Guarantor: United States International Development Finance Corporation
 Sponsors' legal advisers: White & Case (US); Demarest (Brazil)
 Lenders' legal advisers: Latham & Watkins (US), Lefosse (Brazil)
 Guarantor's legal adviser: Clifford Chance
 Trustee legal advisers: Alston & Bird (US); Pinheiro Neto (Brazil)
 Independent engineer: Arcadis
 Model auditor: Mazars
 FX consultant: Chatham
 Market consultant – Grupo Mercados Energeticos
 Sustainability opinion: Sustanalytics

The concession is not the first street lighting PPP in Brazil, but it is comfortably the largest. Other large municipalities in Brazil and elsewhere in Latin America would do well to study Rio's example.

Europe and Global Sponsor of Year 2021

Meridiam: Pandemic immunity



There is a sense of ‘what pandemic?’ about Meridiam’s growth in 2021 – both in its new infrastructure capital generation (\$6 billion-plus from five funds in 2021 – three of which were new initiatives: The Urban Resilience Fund, The Green Impact Growth Fund and The Sustainable Water & Waste Fund) and from its project debt, which included a number of firsts.

Meridiam was sponsor or co-sponsor on a number of award-winning deals in 2021, including the D4 road PPP in Czech Republic, the Allego EV charging deal in France and the Kinguele Aval IPP in Gabon, and also pulled off other high-profile deals including the 46MW Biovea biomass plant in Ivory Coast and the CEOG large-scale solar hybrid incorporating green hydrogen project in French Guiana with Hydrogene de France, a DFI-funded scheme that is certainly a technical pathfinder and for which Proparco lent the majority of the €165 million debt.

The D4 project is the Czech Republic’s first motorway PPP. The €525 million

project includes the construction of 32 km of new motorway and the widening of an existing 16 km section of road to two lanes in both directions. The road will connect Pribram to Pisek and offer a better road link between rural South Bohemia and Prague. The €475 million senior debt financing for the scheme was notable for being large volume, competitively priced, 50% locally denominated and sporting a 25-year-plus tenor – a considerable achievement for a national market project financing first.

The Allego EV charging deal was a global project financing first, albeit the €59.5 million 10-year green loan raised for the scheme was relatively small and spread across six lenders. Nevertheless, the financing was a difficult one to structure given the lack of historic traffic data on which to base traffic assumptions and hence project revenues. Allego overcame the issue with its proprietary network planning tool Allamo, which enabled it to demonstrate that the assumptions in the traffic model were robust and benchmarked by the track

record of the 26,000 existing charging points owned by Allego, claims audited and verified by the lenders’ technical advisor ARUP.

Meridiam performed particularly strongly in Africa in 2021 – CEOG and Biovea may not have won awards from Proximo, but they did from others and featured highly in the Proximo awards shortlist.

Like the other two African deals, the Kinguele Aval hydro financing, which won MEA DFI Deal of the Year 2021, was heavily DFI-backed. What made the deal stand out was the security of project revenue on the scheme – an innovative new mechanism for securing payments from state-owned offtaker SEEG. The sponsors are able to rely on a payment delegation towards a mobile money operator, which is collecting prepaid electricity payments on behalf of SEEG. Having security on the cash flows from the mobile operator is arguably a stepping stone towards commercial bank backing for such deals in the future.

Meridiam was sponsor or co-sponsor on a number of award-winning deals in 2021, including the D4 road PPP in Czech Republic, the Allego EV charging deal in France and the Kinguele Aval IPP in Gabon.

Europe Bank of the Year 2021 Credit Agricole



Credit Agricole combined a strong franchise in France with headline transactions in UK infrastructure, the waste sector, and no less than three big-ticket European broadband deals. In the fledgling EV charging sector Credit Agricole was an MLA on the Allego charging project across Carrefour supermarket site in France – the first true project financing in the EV sector (see page 59). It also had a lead role on the award winning UGG FTTH deal in Germany (see page 62) and on the Courseulles-sur-mer offshore wind project in France (see page 63).

Beyond deal of the year winning financings, the bank also featured heavily

in the lending line-ups for many of the European project financings shortlisted for Proximo's 2021 awards. From that shortlist, Credit Agricole took an MLA role in the Dogger Bank C offshore wind financing – the third phase of what will be the world's largest offshore wind farm when complete in March 2026 – and had a lender role on the Skelton Grange WTE construction financing; both projects are in the UK.

In addition to its greenfield financing, Credit Agricole was fairly prolific in European project refinancings in 2021. The bank was a bookrunner and lender on Saeta Yield's Extresol 1 and 2 solar refinancings, Sonnedix's Santa Lucia

solar portfolio refinancing and First Sentier's Wheelbrator WTE acquisition refinancing – and those are just some of the high volume facilities.

One of the most obvious traits of Credit Agricole's lending policy in 2021 was its willingness to project finance new technologies, particularly in the renewables sector. And that policy continues today, with Credit Agricole recently structuring a limited recourse financing Provence Grand Large, the offshore wind pilot project off the gulf of Fos-sur-Mer (France), which is backed by EDF Renewables and Enbridge Eolien France 2.

One of the most obvious traits of Credit Agricole's lending policy in 2021 was its willingness to project finance new technologies, particularly in the renewables sector.

Europe Law Firm of the Year 2021

Linklaters: Every deal a winner



Linklaters had a role in every one of Proximo's 2021 award-winning deals in Europe, which is justification enough for giving it European law firm of the year. But the sector breadth of Linklaters' counsel is very wide – anything from Allego's EV charging financing to the pre-Ukraine war Amur Gas Chemical Complex deal in Russia (the largest project financing of 2021) – and at the same time the firm has clearly built a very strong niche in a number of sectors, most notably offshore wind.

Not only did Linklaters provide lender counsel on the award winning Courseulles-Sur-Mer offshore wind project in France, but it was also borrower counsel on Dogger Bank C, the third phase of what will be the biggest wind farm in the world when complete in 2026, which although not a deal of the year (in large part because Dogger Bank A and B had gone before it), it was shortlisted.

The firm's European offshore wind success in 2021 should come as no surprise given its longstanding strength in the sector. It was also counsel on Dogger Bank A and B the previous year; advised SSE Renewables on the project financing and 51% equity sale to Total of the £3 billion Seagreen 1 offshore wind project; and was lender counsel on the Fecamp offshore wind financing.

Linklaters' offshore wind experience is not restricted to Europe. In Asia it has represented borrowers or lenders on all of the offshore wind projects financed to date in Taiwan, and advised Marubeni on the first offshore wind project in Japan. And in 2021 it was lender counsel on the ECA-backed holdco financing of the Changhua 1 and 2a Offshore wind project in Taiwan – another Proximo award winning deal.

Beyond offshore wind and energy, Linklaters has a strong reputation in the infrastructure sector, both traditional and

new asset classes. In addition to advising on the Allego EV deal – the first real project financing in the EV sector – the firm was also lender counsel on the UGG FTTH deal, not as cutting edge as Allego but an infrastructure asset class that is still relatively new to the project finance market.

In the more traditional infrastructure market Linklaters had roles on the D4 and Kekava Bypass road financings, the former the first successful road PPP in the Czech Republic, and the latter a Latvian pathfinder PPP concession. And there perhaps is the key to Linklaters' success – the ability to do pathfinder deals in both geographic markets and new asset classes.

The firm's European offshore wind success in 2021 should come as no surprise given its longstanding strength in the sector. It was also counsel on Dogger Bank A and B the previous year; advised SSE Renewables on the project financing and 51% equity sale to Total of the £3 billion Seagreen 1 offshore wind project; and was lender counsel on the Fecamp offshore wind financing.

Europe PPP Deal of the Year 2021

Kekava Bypass: Setting precedents



The Kekava Bypass breaks new ground as Latvia's first major PPP project and has set several key legal precedents for future PPPs in the Baltics. The €138 million project is sponsored by a consortium that includes infrastructure fund TIIC 2 S.C.A SICAR (80%), ACB (10%), and Binders CBF SIA (10%). The project will create a bypass for the section of the E67/A7 motorway that currently runs through the Kekava municipality. The bypass will be developed under a 23-year availability-based DBFM concession and will merge into the 1,722 km Via Baltica (E67) road.

Structured via SPV 'AS Kekava ABT', the financing closed in July 2021 and comprises a €122.2 million term loan provided by the EIB (€61.1million) and NIB (€61.1 million), as well as a €9 million equity bridge loan from Luminor Bank. The senior debt carries a tenor of twenty years, while the equity bridge loan has a four-year maturity. The sponsors' equity contribution is guaranteed by a letter of credit (L/C) from TIIC and corporate guarantees from ACB and Binders.

Designed to improve access to Riga by road, the project will strengthen transport links between Latvia and Lithuania. As Juris Fridmanis, general manager of AS Kekava ABT notes:

"The project was really necessary for Latvian citizens and the general transport industry, since it is on the A7 motorway, which is a part of the VIA Baltica road that connects all the Baltic states with rest of the Europe. For many years the A7 has been overloaded with traffic, especially in recent years, when many people have decided to work in Riga, but have chosen to be residents in suburbs of the capital, like Kekava."

The financing is a very clever blend of Latvian, Luxembourg and English law to account for the fact that Latvian law does not recognise any agency role. This necessitated creating an English law trust, with a security agent as a parallel creditor under a parallel debt provision. The EIB now commonly uses Luxembourg law, which only allows for an administrative agent. Consequently, the intercreditor agreement was drafted in Luxembourg law alongside a security agency deed under English law.

Latvia has been attempting to launch a pipeline of PPPs since 2008 and the Kekava financing has provided a bankable legal template for future projects. If the concession proves to be robust, the financing may also usher in commercial bank support for Latvian PPPs, even if some DFI backing is initially required.

Kekava Bypass

Close date: July 2021
Location: Latvia
Description: A 17.5 km highway project and Latvia's first major PPP financing
Grantor: Latvijas Valsts Celi
Size: €138 million
Sponsors: TIIC 2 S.C.A SICAR, ACB, Binders CBF SIA
Debt: €122.2 million, as well as a €9 million equity bridge loan
Tenor: 20 years
Lenders: EIB, NIB, Luminor Bank
Sponsors' financial adviser: Callidus Capital
Sponsors' legal adviser: Loyens & Loeff and Sorainen
Lenders' legal adviser: Linklaters
Insurance adviser: Marsh
Sponsors' model auditor: KPMG
Lenders' model auditor: EY
Lenders' technical adviser: Currie & Brown
Government financial adviser: Deloitte
Government legal adviser: Lark Law

The financing is a very clever blend of Latvian, Luxembourg and English law to account for the fact that Latvian law does not recognise any agency role. This necessitated creating an English law trust, with a security agent as a parallel creditor under a parallel debt provision.

Europe Transport/Renewables Deal of the Year 2021

Allego: Another Meridiam pathfinder



EV charging infrastructure is notoriously complex to finance with project finance debt, due to traffic risk that makes project revenues very difficult to model. In a market first, the latest Allego EV charging project has succeeded in raising non-recourse debt from commercial banks. The project is sponsored by Meridiam and Allego, which is also owned by Meridiam. The project will develop around 2,000 charging points at 211 retail/charging sites owned by French supermarket chain Carrefour. Construction is expected to be complete by 2023.

The transaction comprises a €59.5 million green loan and a €3.9 million VAT tranche. The green loan has a tenor of ten years and the VAT facility has a three-year maturity. The debt is being provided by Santander, Arkea Banque Entreprises et Institutionnels, La Banque Postale, Credit Agricole, BRED Banque Populaire, and BBVA. Societe Generale is financial advisor and has provided an equity bridge loan for the project. The financing is structured via assetco EV-Cars, which is held by the Meridiam Infrastructure Europe III fund. A cash sweep protects lenders if DSCRs fall below 1.7x.

One of the most crucial parts to closing the deal was satisfying lenders that project revenues would be stable enough to support a project financing.

Discussing the management of traffic risk on the deal, a spokesperson at Meridiam says: “Clearly, the greatest challenge was in relation to traffic assumptions. As this industry is very new, track records on HPC (High Power Charger) are limited and lenders were initially reluctant to carry part of this risk. Allego, thanks to its proprietary tool Allamo® and thanks to its extensive network with track record of 28 000 charging point, has been able to demonstrate that its demand forecast was robust.”

The financing covers even more new ground than the seven-year €150 million Allego hybrid corporate-project EV charging financing, which closed in 2019 and which was groundbreaking at the time. The earlier deal was secured against Allego’s balance sheet, but had a level of due diligence similar to that of a project financing. The 2021 deal is a full-bore project financing, with lower margins, a longer tenor, and a shorter availability period than the conservative 2019 financing. In addition, this transaction has a fully amortising profile, rather than the bullet repayment seen in 2019. Allego has both surpassed its previous achievements and demonstrated that the risks of EV charging projects can be sufficiently mitigated to raise long-term project finance debt for such projects as demand for EVs accelerates.

Allego

Close date: November 2021

Location: France

Description: A network of EV charging points – developed by Meridiam-owned Allego – and the first fully non-recourse financing for an EV charging project portfolio

Size: €138 million

Sponsors: Allego, Meridiam

Debt: €59.5 million

Tenor: 10 years

Lenders: Santander, Arkea Banque Entreprises et Institutionnels, La Banque Postale, Credit Agricole, BRED Banque Populaire, BBVA

Financial adviser: Societe Generale

Sponsors’ legal adviser: Willkie Farr & Gallagher

Lenders’ legal adviser: Linklaters

Model auditor: Mazars

Lenders’ technical adviser: ARUP

EPC Contractor: Allego France

The financing covers even more new ground than the seven-year €150 million Allego hybrid corporate-project EV charging financing closed in 2019.

Europe Solar Deal of the Year 2021

Karapinar: Putting the PV in perseverance



The financing for Kalyon's 1.35GW Karapinar solar project in Turkey – which will be the largest in Europe once completed in mid-2023 – was the renewables equivalent of a marathon with hurdles. The majority of project financing problems that could hit the deal, did hit the deal – from currency crisis, to a partner exit, to fallout from the global pandemic and negotiating a new lender line-up.

The scheme had a troubled gestation even prior to going to the bank market. Kalyon was originally partnered in the project by Hanwha Q Cells, which exited in 2019 in the wake of the 2018 Turkish lira crisis. The bank and ECA advisory line-up for the project also changed, with Kexim and BNP Paribas replaced by UKEF and JP Morgan. That Kalyon went ahead as sole project sponsor is testimony to its confidence in the project's fundamentals.

UKEF joined the deal on the back of UK-based Grid Solutions Ltd, owned by General Electric, supplying inverter stations, tracker systems and other electrical supplies to the project. The British ECA provided a full guarantee to a £217 million (\$288 million) 10-year buyer credit from JP Morgan, while local lenders Garanti, Denizbank, TSKB,

Vakifbank and state development bank TKYB provided \$523 million of 12-year debt, reportedly priced in the Libor-plus-550bp region. Linklaters provided sponsor counsel, with Clifford Chance acting for the lenders and Fichtner providing technical advice.

The project is part of the first solar tender launched by the Turkish Ministry of Energy under the Renewable Energy Resources Zones (YEKA) programme in 2017, and hence a pathfinder for the sector. The deal was awarded to the lowest bid, with Kalyon offering \$0.0699 per kWh and winning a 15-year PPA. The operating licence for the project is 30 years.

Included in the project's scope is construction of a 500MW solar panel manufacturing plant in a bid to meet strong Turkish local content requirements. But the project itself comprises 1,000 MWac or 1,348 MWdc of solar capacity, two substations (a 400kV substation at the north of the site and a 154kV substation at the south of the site), mounting and tracking structures, DC/AC current inverters, cabling, transformers, a SCADA system, and electrical transmission lines (ETLs) – a 154kV ETL and two 380kV ETLs, which are all under 5km in length.

Kalyon Gunes Enerjisi Uretim

Close Date: 1 December 2021

Location: Turkey

Description: 1.3GW solar project awarded under Turkey's first YEKA tender

Size: \$1.3 billion

Sponsor: Kalyon

EPC contractor: GE Renewable Energy

Debt: \$812 million

Financial advisor and ECA tranche

lender: JP Morgan

Lenders: Garanti, Denizbank, TSKB,

Vakifbank, Isbank, TKYB

ECA: UKEF

Sponsor counsel: Linklaters

Lender counsel: Clifford Chance

That Kalyon went ahead as sole project sponsor is testimony to its confidence in the project's fundamentals.

Europe Road Deal of the Year 2021

D4: Fast track finance



Against the backdrop of the Czech Republic's chequered history of road PPPs, VINCI and Meridiam managed to close an astonishingly competitive project financing for the D4 motorway, the country's very first motorway PPP project. The €525 million project includes the construction of 32 km of new motorway and the widening of an existing 16 km section of road to two lanes in both directions. The road will connect Pribram to Pisek and offer a better road link between rural South Bohemia and Prague. The project will be developed under a 28-year DBFOM concession, which encompasses the 3.5-year construction period.

The D4 project had a lengthy gestation period. The project's RfP deadline was extended twice and a 2016 tender for the project was invalidated by UOHS – the Czech competition authority – on the basis that it was unfair to local bidders. The financing process was, however, fairly swift, as financial close took place only four-and-a-half months after the announcement of the preferred bidder in December 2020.

Both the financing and the availability payments have a dual-currency structure. The availability payments are index-

linked and have an approximately 50/50 split between koruna and euros. The senior debt figure is equivalent to €475 million and is made up of a €155 million tranche from KfW, DZ Bank, Siemens Bank, and NordLB; a €120 million fixed-term tranche from MEAG; and a €200 million-equivalent locally denominated tranche from CSOB. The deal has a tenor of 27.5 years and also features a €50 million five-year equity bridge loan from SMBC, CSOB, UniCredit, and DZ Bank. Pricing on the debt is said to be around 200bp.

Raising such a large quantum of project finance debt with a tenor of over 25 years for a project that is the first of its kind is a noteworthy achievement for the sponsors. Such long-dated financings are increasingly rare, even in countries with more established PPP pipelines. The pricing on the debt is also surprisingly tight for a pathfinder project and is an indicator of lenders' confidence in the project. Following construction, sponsors will have ample opportunity to refinance the project debt on even more favourable terms. Competitiveness aside, the financing will undoubtedly open the door to further motorway PPPs in the Czech Republic.

D4

Close date: April 2021
 Location: Czech Republic
 Description: The first motorway PPP project in the Czech Republic
 Grantor: Latvijas Valsts Celi
 Size: €525 million
 Sponsors: VINCI, Meridiam
 Debt: €475 million, as well as a €50 million equity bridge loan
 Tenor: 27.5 years
 Lenders: KfW, DZ Bank, Siemens Bank, NordLB, MEAG, CSOB, SMBC, UniCredit, DZ Bank
 Financial adviser: PwC
 Sponsors' legal adviser: CMS
 Lenders' legal advisers: Linklaters and Kinstellar
 Independent engineer: Setec International and SGS Czech Republic
 Lenders' insurance adviser: Marsh
 Sponsors' insurance adviser: Willis Towers Watson
 Model auditor: Operis Business Engineering
 Lenders' technical adviser: Infrata
 Government financial adviser: Ceska Sportelna
 Government legal adviser: White & Case
 EPC contractor: EUROVIA CS and subsidiaries
 O&M contractor: VINCI Highways SAS and subsidiaries

Raising such a large quantum of project finance debt with a tenor of over 25 years for a project that is the first of its kind is a noteworthy achievement for the sponsors. Such long-dated financings are increasingly rare, even in countries with more established PPP pipelines.

Europe Communications Deal of the Year 2021

UGG: Rural FTTH is bankable



One of the largest transactions to date in Germany for fibre-to-the-home (FTTH), the €1.65 billion *Unsere Grune Glasfaser* (UGG) debt facility is part of the staggered overall investment volume of €5 billion (\$5.9 billion) that UGG plans to spend over the next five years for its FTTH expansion across Germany.

Allianz and Telefonica each hold a 50% stake in UGG under a co-control governance model. Telefonica's participation is held through its infrastructure unit Telefonica Infra (40%) and Telefonica Deutschland (10%), while Allianz Capital Partners invested 50% in the JV on behalf of Allianz insurance companies and the Allianz European Infrastructure Fund. Total equity in the deal is €1.5 billion.

Surprisingly, only around 10% of German households benefit from FTTH. The UGG project is expected to connect more than two million households in underserved regions through the installation of some 50,000 km of fibre-optic network in rural and semi-rural areas of Germany.

The project supports the German government's plan to provide nationwide gigabit convergent internet infrastructure by 2025. UGG focuses on smaller communities with a maximum of 10,000 households that have so far not had access to high speed fibre-optic internet. It started rollout in early March 2021 in the municipality of Maring-Neindorf

in the Rhineland-Palatinate district of Bernkastel-Wittlich, benefiting around 775 households with around 1,500 inhabitants, followed by the Baden-Wuerttemberg town of Malterdingen.

UGG is an open-access wholesale operator that will sell FTTH connection products to Telefonica Deutschland, which will be marketed as broadband services to O2 end customers. As an independent FTTH open platform, UGG will also offer wholesale access to all telecoms service providers so they can in turn offer these services to their end customers.

The initial debt facilities total €1.65 billion of seven-year, non-recourse senior debt, which is sufficient to meet UGG's liquidity needs over the first three years of the project, with built-in flexibility for further facilities thereafter to be raised alongside the new financing in order to complete the rollout.

The lenders on the deal are BBVA, BNP Paribas, Credit Agricole, KfW IPEX-Bank, Santander, SEB, SMBC, Societe Generale and UniCredit, all of which managed to structure the transaction in a very short timeframe (UGG was only founded in 2020). Linklaters provided lender counsel, while Clifford Chance and Latham & Watkins acted for the sponsors.

Unsere Grune Glasfaser

Close Date: 18 March 2021

Location: Germany

Description: Limited recourse facility for FTTH network

Size: €5 billion

Sponsors: Telefonica, Allianz Capital Partners

Debt: €1.65 billion

Lenders: BBVA, BNP Paribas, Credit Agricole, KfW IPEX-Bank, Santander, SEB, SMBC, Societe Generale, UniCredit.

Lender counsel: Linklaters

Sponsor counsel: Clifford Chance, Latham & Watkins

Surprisingly, only around 10% of German households benefit from FTTH. The UGG project is expected to connect more than two million households in underserved regions through the installation of some 50,000 km of fibre-optic network in rural and semi-rural areas of Germany.

Europe Offshore Wind Deal of the Year 2021

Courseulles-sur-Mer: Offshore progress



After a protracted 10-year gestation period, the 450MW Courseulles-sur-Mer (CSM) wind project reached financial close in May 2021, representing tangible progress for French offshore wind development.

The project will be located 10km off France's Bessin coast and is sponsored by EDF Renewables, wpd and EIH – a joint venture between Enbridge and the Canada Pension Plan Investment Board (CPPIB). CSM is the final wind farm in a trio of projects developed by the same consortium that includes Saint-Nazaire (480MW) and Fecamp (497MW). The projects were tendered in 2011.

The financing comprises €1.48 billion of senior debt, a €74 million revolving VAT facility, a €30 million revolving working capital facility (WCF), a €60 million DSRE, a €71.7 million standby facility, a €94 million L/C facility, and €311.9 million of equity bridge loans. The senior debt consists of a €1.1 billion term loan from the commercial banks and a separate €329.4 million term loan from the EIB.

The debt was underwritten by mandated lead arrangers Credit Agricole, SMBC and BNP Paribas. The underwriters were joined in syndication by BayernLB, CaixaBank, CE Normandie, CIBC, CIC, Helaba, KfW IPEX-Bank, La Banque Postale, Mizuho, Natixis, Rabobank, Siemens Bank,

Societe Generale, Standard Chartered and UniCredit.

The commercial bank term loan, standby facility, DSRE, L/C facility, and revolving WCF have a tenor of twenty years and ten months. These facilities are priced at 1.45% during construction, with pricing reaching 1.55% after the tenth year of operation. Pricing on the EIB term loan starts at 1.25% and falls to 1.15% after the first year of operation. The EIB loan has a tenor of twenty-one years and ten months, while the revolving VAT facility has a tenor of six years and four months and is priced at 1.00%. The equity bridge loans have a tenor of five years and ten months.

The tight timelines for construction meant that a syndicated deal was a more viable option than a club deal. Benefitting from a 20-year feed-in tariff priced at around €150/MWh, the project offers lenders an unusual level of security in a sector increasingly seeking merchant exposure. The financing runs for the full length of the feed-in tariff term and pricing remains low despite the syndication, although underwriters were protected by a market flex clause. Most importantly, the success of CSM demonstrates that although many French offshore wind projects have been delayed by litigation, a strong project pipeline is still emerging.

Courseulles-sur-Mer

Close date: May 2021

Location: France

Description: A 450MW wind farm that is located 10km off the French coast and that forms part of the first four offshore wind farms to be tendered in France.

Offtaker: EDF

Size: €2 billion

Sponsors: EDF Renewables, EIH, wpd

Debt: €1.48 billion (senior debt)

Tenor: 21 years

Lenders: BayernLB, BNP Paribas, CaixaBank, CE Normandie, CIBC, CIC, Credit Agricole, EIB, Helaba, KfW IPEX-Bank, La Banque Postale, Mizuho, Natixis, Rabobank, Siemens Bank, SMBC, Societe Generale, Standard Chartered, UniCredit

Financial adviser: BNP Paribas

Sponsors' legal adviser: Clifford Chance

Lenders' legal adviser: Linklaters

Insurance adviser: Marsh

Technical adviser: Mott MacDonald

Benefitting from a 20-year feed-in tariff priced at around €150/MWh, the project offers lenders an unusual level of security in a sector increasingly seeking merchant exposure.

Middle East Africa Sponsor of the Year 2021 Saudi Aramco: Optimising the portfolio



Saudi Aramco diversified and progressed its portfolio optimisation with three deals of major significance in 2021 – the Jazan IGCC deal, the Sudair Solar financing, and its oil pipeline deal with EIG Global and Mubadala.

The pipeline deal, a \$12.4 billion stapled financing comprising \$1.9 billion of equity and the remainder as debt, was financed via borrowing vehicle EIG Pearl Holdings. The facility backed the sale of 49% of Aramco's oil pipeline operations to an EIG-led consortium of investors, which signed a lease-and-lease-back with Aramco in April, acquiring the equity stake in the newly formed Aramco Oil Pipelines Co, with rights to 25-years of tariff payments for oil transported through Aramco's crude oil pipeline network.

Further portfolio optimisation followed in December 2021 when Aramco signed a similar lease-and-leaseback deal for its gas pipeline network with a consortium of investors led by BlackRock Real Assets and Hassana Investment Company. The deal closed in February 2022 and the consortium acquired a 49% stake in a newly-formed Aramco subsidiary,

Aramco Gas Pipelines Company, with Aramco receiving upfront proceeds of \$15.5 billion.

Aramco also pulled off the Jazan IGCC deal – the sale of the mechanically complete and largest IGCC complex globally to Jazan Integrated Gasification and Power Company (JIGPC), a joint venture between Air Products (46%), ACWA Power (25%), Air Products Qudra (9%) and Saudi Aramco (20%). JIGPC will own and operate the acquired assets to process vacuum bottom oil produced by an adjacent Saudi Aramco refinery and gasify it to create syngas fuel. Syngas will then be fired in JIGPC's power generation facilities to generate around 3800MW of power. Power will be consumed internally by JIGPC, by the adjacent refinery, and around 2400MW will be purchased by Saudi Aramco for onward use by the Saudi electricity grid. Additionally, JIGPC will produce hydrogen, steam and utilities, which will be used in the adjacent refinery.

On the greenfield project side, Aramco took a 30% stake, via its subsidiary SAPCO, in the 1500MW Sudair Solar PV project, a project that forms a key

part of an initiative led by Saudi Arabia's Public Investment Fund (PIF) to deliver the majority of the renewable energy needed to meet Saudi government targets. The deal was Aramco's first under PIF.

Similar financial optimisation of existing assets and sector diversification will likely continue, despite Aramco's expected record profits this year from its oil and gas operations. In 2021 the company announced the planned expansion of its Namaat scheme – an industrial development programme designed to expand energy and chemicals value chains – and recently upped its investments from 32 at end of 2021 to 55. Aramco has also set a target to reach 12GW of solar and wind capacity by 2035, and produce 11 million tonnes of blue ammonia by 2030, which would require 1.93 million tonnes of blue hydrogen produced from fossil gas linked to carbon capture and storage (CCS). How much of that will be debt financed remains to be seen, but in one form or another Aramco looks set to be delivering a sold pipeline of financing mandates in the coming years.

Similar financial optimisation of existing assets and sector diversification will likely continue, despite Aramco's expected record profits this year from its oil and gas operations.

Middle East Africa Bank of the Year 2021

Standard Chartered: Backing advisory with its balance sheet



Standard Chartered was involved in multiple major project financings and refinancings in the MEA region in 2021, always backing its financial advisory roles with a key lender role as well – as in the \$7.2 billion Jazan IGCC deal (a Proximo deal of the year) for which it was mandated as financial advisor in 2019.

Other major deals that Standard Chartered had key lender roles in were the \$1.3 billion Red Sea Utilities project financing (like Jazan, an ACWA Power co-sponsored deal and another Proximo deal of the year), the \$3 billion Dolphin Gas refinancing and the \$12.4 billion Saudi Aramco Pipelines term loan.

But the bank also did significant regional volume in sub-\$1 billion project financings. It backed ACWA Power and Aramco's 1500MW Sudair

Solar scheme – acting as mandated lead arranger, documentation bank, hedge bank and offshore account bank in what was PIF's first solar deal. It performed the same roles on the Itochu-led Warsan WtE project, along with onshore account bank, modelling bank, onshore security agent, onshore security agent and commercial facility agent. In short, in terms of structuring roles, Standard Chartered is the full package.

Key client retention and repeat business generation are also demonstrably functioning well at the bank. In 2021 Standard Chartered had three deals involving ACWA Power, two involving Saudi Aramco and two water deals involving Engie and Nesma – Jubail 3B and Yanbu 4. In both water deals the bank was involved from the start,

optimising the tariff for the bids pre-award and structuring the accompanying financing.

Another significant Middle Eastern deal Standard Chartered lent to in 2021 was the \$360 million IFC-led Basrah Gas financing – the first ever pre-export financing in Iraq and a landmark deal in terms of reconstruction efforts in the country.

But the bank was also active in Africa, taking roles on the Kosmos Energy Ghana refinancing, the Cote d'Ivoire Container Terminal deal, the OML 17 upstream oil reserves-based financing in Nigeria and the \$2.3 billion financing for the AKK domestic gas pipeline project being developed by Nigeria National Petroleum Corporation.

Key client retention and repeat business generation are also demonstrably functioning well at the bank. In 2021 Standard Chartered had three deals involving ACWA Power, two involving Saudi Aramco and two water deals involving Engie and Nesma – Jubail 3B and Yanbu 4.

Middle East Africa Law Firm of the Year 2021 Allen & Overy: A solid pipeline



Allen & Overy has a long track record in the Middle East and Africa. Having initially set up shop in Dubai in 1978, it has spread throughout the continent and in 2021 expanded its sub-Saharan Africa banking and project finance practice in South Africa. It has developed both sector and geographic diversification in project finance, which is one of the keystones of its overall practice. Those attributes enabled it to act as lender counsel on two of Proximo's MEA deals of the year – Kinguele Aval (see page 71) in Gabon and Warsan WTE (see page 70) in Dubai – along with other projects that were shortlisted.

Of the shortlisted projects, there were some significant standouts: Bitu Water and Saudi Aramco Oil Pipelines for example.

Allen & Overy provided lender counsel on the record breaking Bitu Water blended finance deal – the biggest World

Bank guaranteed financing to date. The government of Angola raised a \$1.1 billion 15-year (inclusive of three-year grace period) blended financing for its Luanda Bitu Water Supply Guarantee Project. The landmark project, which is intended to improve access for over two million residents to potable water services in selected parts of south Luanda, is funded by two loans: a \$910 million facility supported by a World Bank IBRD guarantee (along with ATI guarantees); and a \$165 tranche backed by the French export credit agency, Bpifrance.

Allen & Overy was also one of the law firms providing borrower counsel on the Saudi Aramco's portfolio optimisation deal for its oil pipelines. The deal, a \$12.4 billion stapled financing comprising \$1.9 billion of equity and the remainder as debt, was financed via borrowing vehicle EIG Pearl Holdings. The facility backed

the sale of 49% of Aramco's oil pipeline operations to an EIG-led consortium of investors, which signed a lease-and-lease-back with Aramco in April, acquiring the equity stake in the newly formed Aramco Oil Pipelines Co, with rights to 25-years of tariff payments for oil transported through Aramco's crude oil pipeline network.

Allen & Overy also counselled on a number of bread-and-butter but nevertheless high-profile refinancings in 2021, most notably the \$280 million Fujairah Oil Terminal refinancing and the \$600 million Sohar Aluminium refinancing.

Allen & Overy has developed both sector and geographic diversification in project finance, which is one of the keystones of its overall practice.

Middle East Africa Oil and Gas Deal of the Year 2021

Global Deal of the Year 2021

Jazan IGCC: ACWA goes large



When it comes to securing large-scale commercial bank support, the \$7.2 billion acquisition financing for the Jazan Integrated Gasification Combined Cycle (IGCC) project is in a class of its own. The \$12 billion project is the largest IGCC complex globally and is located in Jazan Economic City, Saudi Arabia.

The deal will finance the acquisition of the Jazan IGCC project from Saudi Aramco by Jazan Integrated Gasification and Power Company (JIGPC), a joint venture between Air Products (46%), ACWA Power (25%), Air Products Qudra (9%), and Saudi Aramco (20%). The project includes air separation, gasification, syngas purification, and sulfur and hydrogen production facilities, as well as utilities (including power and desalinated water).

The joint venture has raised \$7.2 billion of senior debt to finance the acquisition. The commercial bank debt totals \$3.72 billion, split between a \$2.08 billion 17-year term loan and a \$1.64 billion seven-year hard mini-perm. The SIDF, Samsung Life, and Samsung Securities are participating under a separate \$3.48 million facility.

Commenting on the financing, a spokesperson from ACWA Power notes: “The senior debt financing of Jazan IGCC is one of the largest non-recourse

project financings of an infrastructure project worldwide. Raising the requisite quantum of debt on a non-recourse project finance basis without support of DFIs, ECAs (given it was an acquisition of a mechanically completed plant), multilaterals or a DCM structure was therefore a significant challenge.”

The hard mini-perm afforded banks further capacity to lend to the project, given that the mini-perm must be refinanced. Lenders can derive security from the project’s 25-year offtake agreement with Saudi Aramco, under which JIGPC will supply 2,700MW of power, as well as steam, hydrogen, and certain utilities and ancillary services to the Jazan Refinery. JIGPC will also supply power to the national grid.

Raising such a large volume of uncovered debt is a remarkable achievement for the sponsors. Although there is post-construction work to be finalised, the sponsors have protected lenders from construction risk by purchasing a completed project. The mini-perm structure could also create opportunities for institutional investors to participate in the transaction when a refinancing takes place.

Jazan IGCC

Close date: October 2021

Location: Saudi Arabia

Description: Non-recourse financing to fund the acquisition of the Jazan IGCC project from Saudi Aramco by the JIGPC consortium

Offtaker: Saudi Aramco

Size: \$12 billion

Sponsors: Air Products (46%), ACWA Power (25%), Air Products Qudra (9%), Saudi Aramco (20%)

Debt: \$7.2 billion

Tenor: 17 years

Lenders: Banque Saudi Fransi, Riyad Bank, Bank of China, Bank Albilad, Al Rajhi Bank, Alinma Bank, Bank Aljazira, SNB, Standard Chartered, JP Morgan, First Abu Dhabi Bank, Mizuho Bank, SABB, Apicorp, SMBC, DZ Bank, ADCB, Intesa San Paulo, Natixis, MUFG, SIDF, KDB, Samsung Life, Samsung Securities

Sponsors’ financial advisers: Standard Chartered Bank and Banque Saudi Fransi

Sponsors’ legal advisers: Covington & Burlington, White & Case (Saudi Aramco), and Derayah LLPC

Lenders’ legal adviser: Shearman & Sterling and Dr Sultan Almasoud & Partners Law Firm

Independent engineer: Sargent & Lundy

Lenders’ insurance adviser: Willis Towers Watson

Model auditor: BDO

EPC contractor: Saipem

The senior debt financing of Jazan IGCC is one of the largest non-recourse project financings of an infrastructure project worldwide. Raising the requisite quantum of debt on a non-recourse project finance basis without support of DFIs, ECAs (given it was an acquisition of a mechanically completed plant), multilaterals or a DCM structure was therefore a significant challenge.

Middle East Africa Water Deal of the Year 2021 Yanbu 4: An expanded remit



Joint sponsors of the Yanbu 4 independent water project (IWP) in Saudi Arabia – Engie, Nesma and Mowah – eventually reached financial close in March 2021 on a \$697 million debt package to back the \$880 million scheme. Financial close was initially expected to take place by May 2020, but the Covid-19 pandemic and later addition of a water pipeline to the project slowed progress on the deal. Nevertheless, the project produced a number of Saudi water firsts and met a 40% local content requirement during construction.

On a technical level the project is a PPP concession first for Saudi – an IWP combined with a 39 km water pipeline. Although the water pipeline reverts back to the state once built, the sponsor and lenders had to take construction risk on the full project package (in the operational phase risk is solely taken on the IWP).

The desalination facility, located near Aar Rayyis, will produce 450,000 cubic metres per day (m3pd) and was awarded by SWPC at a tariff of SR1.7446

(\$0.465227) per m3. The 25-year water purchase agreement underpinning the operational part of the project was signed on 28 February 2020. However, due to the increased capex following the later addition of the pipeline to the project, the agreed tariff was later raised by SWPC.

The scheme is also the first solar integrated (11MW) seawater reverse osmosis project in Saudi, and includes two days of production storage tanks with capacity of 900,000 cubic meters to increase the availability and reliability of water supply. The solar capacity reduces reliance on the grid for 20% of the plant's power consumption.

The final financing for the scheme – 27.75-year facilities provided on a soft minperm basis – combined commercial, ECA-backed and Islamic loans. Kexim provided a \$239 million direct loan; National Commercial Bank \$134.9 million of Islamic debt, and MUFG, Riyadh Bank, Standard Chartered and Korea Development Bank the remainder.

Yanbu International Water Company

Close date: 21 March 2021

Location: Saudi Arabia

Description: First Saudi IWP and associated pipeline PPP

Sponsors: Engie (40%), Mowah (30%), Nesma (30%)

Debt: \$784 million

Lenders: Kexim, Standard Chartered, Riyadh Bank, KDB, MUFG, National Commercial Bank, Riyadh Bank

Financial advisor to SWPC: SMBC

Legal counsel to SWPC: DLA Piper

Technical advisor to SWPC: ILF Consulting

Advisor to Mowah: Deloitte

Independent engineer: Atkins

Borrower counsel: Covington & Burling

Lender counsel: Herbert Smith Freehills

On a technical level the project is a PPP concession first for Saudi – an IWP combined with a 39 km water pipeline.

Middle East Africa Solar Deal of the Year 2021

Sudair PV: Cheap tariff – cheap debt



As the largest solar PV plant in Saudi Arabia, the Sudair PV project illustrates the depth of liquidity available for utility-scale solar projects in the country. Sudair PV is also one of the largest PV plants by capacity in the world and will be situated in Sudair Industrial city. Sponsors of the SAR3.4 billion (approx. \$906.1 million) project include ACWA Power (35%), Badeel (35%), and Saudi Aramco Power Company (SAPCO) (30%). Badeel is wholly owned by the Public Investment Fund (PIF), which also has a 50% stake in ACWA Power. The project has a 25-year PPA with a tariff of \$0.01239/kWh with Saudi Power Procurement Company (SPPC).

Project development began in 2018 when ACWA Power was designated lead developer. The project was initially intended as a 2GW project that would form part of a pilot programme. The financing was expected to close in 2020, but financial close was delayed by the Covid-19 pandemic. The capacity of the project was also reduced to 1.5GW.

The project financing is structured via SPV Sudair One Renewable Energy Company. The \$650 million of senior debt comprises a soft mini-perm with

conventional and Islamic tranches and has a tenor of 28 years. Lenders include Mizuho (lead), Riyad Bank, KDB, Apicorp, Al Rajhi, and Standard Chartered. Debt pricing starts at 110bp over Libor and will rise from year seven up to a ceiling of 275bp by year 28. The deal also features a \$245 million equity bridge loan from Bank Al Bilad, Saudi British Bank, and SMBC. Pricing on the bridge begins at 80bp over Libor.

ACWA Power has succeeded in delivering both a project and a financing that are characteristically competitive. The tariff that the sponsors secured was the second lowest price for solar in the world at the time and the financing has a lengthy tenor, starts with low margins, and allows for a refinancing. The Sudair PV project is a key component of the Saudi National Renewable Energy Programme (NREP), under which the PIF must develop 70% of Saudi Arabia's renewables target of 60GW of installed capacity by 2030, including 40GW of solar. The project represents the diversification of Saudi Aramco into the renewables space and will act as a pathfinder for future large-scale solar plants in Saudi Arabia.

Sudair PV

Close date: July 2021
 Location: Saudi Arabia
 Description: A 1.5GW solar plant that is one of the largest PV projects in the world by capacity and the largest such project in Saudi Arabia
 Offtaker: Saudi Power Procurement Company (SPPC)
 Size: \$906.4 million
 Sponsors: ACWA Power, Badeel, SAPCO
 Debt: \$650 million plus \$245 million equity bridge loan
 Tenor: 28 years
 Lenders: Mizuho Bank, Riyad Bank, KDB, Apicorp, Al Rajhi Bank, Standard Chartered Bank, Bank Al Bilad, Saudi British Bank, SMBC
 Sponsors' legal adviser: In-house
 Lenders' legal adviser: Hogan Lovells
 Independent engineer: MAI
 Offtaker financial adviser: HSBC
 Offtaker legal adviser: White & Case
 Offtaker technical adviser: DNV
 EPC contractor: Larsen & Toubro

The tariff that the sponsors secured was the second lowest price for solar in the world at the time and the financing has a lengthy tenor, starts with low margins, and allows for a refinancing.

Middle East Africa Waste-to-Energy Deal of the Year 2021

Warsan WtE: From blank sheet to PPP feat



Historically there has been little development of PPP projects in Dubai other than in the IPP space. The Warsan Waste-to-Energy (WtE) project has broken this trend as the first PPP project to be procured by Dubai Municipality, raising project finance debt for one of the largest WtE projects in the world. The project is sponsored by ITOCHU (20%), Hitachi Zosen (10%), BESIX (9.5%), Dubai Holding Commercial Operations Group (31%), Dubai Holding (20%) and Tech Group Dubai (9.5%).

Structured via SPV Dubai Waste Management Company, the \$927 million financing has a 25-year tenor and comprises a \$452 million tranche from JBIC; a \$380 million tranche guaranteed by NEXI and provided by Mizuho, SMBC, Standard Chartered, Societe Generale, Credit Agricole, and KfW IPEX-Bank; and a \$95 million uncovered tranche from several of the commercial banks in the lending group.

Warsan WtE will be developed under a 35-year build-operate-transfer (BOT) concession, leaving a 14-year positive tail on the project debt. The concession follows a standard availability-based model, with fixed gate fees from Dubai Municipality for the processing of waste

and a guaranteed offtake for electricity produced by the plant. As a result, the project carries no merchant risk. When completed, the plant will be able to process as much as 1.9 million tonnes of waste per year and to supply 200MW of energy to the local grid. Project completion is expected in 2024.

Discussing the process of creating the PPP structure, Peter Lembrechts, a director at Besix, notes: “The procurement of the Warsan WtE project was a long journey and required a collaborative partnership between Dubai Municipality and the Sponsors. To name just one challenge, in terms of the documentation, the parties more or less started with a blank sheet of paper and required the creation of a new PPP precedent for the Emirate of Dubai.”

While the Sharjah WtE project represents the first WtE PPP project in the UAE, the Warsan WtE project has a much greater production capacity and will increase the role of the private sector in Dubai’s infrastructure development. The project is backed by a large volume of debt from international banks – including a sizable uncovered tranche – and lays the groundwork for further PPPs in Dubai.

Warsan WtE

Close date: June 2021
Location: Dubai, UAE
Description: The first major PPP for Dubai Municipality and one of the largest waste-to-energy plants in the world
Grantor: Dubai Municipality
Size: \$1.2 billion
Sponsors: Dubai Holding, Dubai Holding, Hitachi Zosen Inova, Itochu Corporation, Besix, Tech Group
Debt: \$927 million
Tenor: 25 years
Lenders: Mizuho, SMBC, Standard Chartered, Societe Generale, Credit Agricole, KfW IPEX-Bank, Siemens Bank
ECAs: JBIC, NEXI
Sponsors’ financial adviser: SMBC
Sponsors’ legal adviser: Covington & Burling
Lenders’ legal advisers: Allen & Overy
Sponsors’ insurance adviser: Marsh
Model auditor: Mazars
Sponsors’ technical adviser: Ramboll
Lenders’ technical adviser: Mott McDonald
Government legal adviser: Squire Patton Boggs
EPC/O&M contractor: Hitachi Zosen Inova and Besix

The project is backed by a large volume of debt from international banks – including a sizable uncovered tranche – and lays the groundwork for further PPPs in Dubai.

Middle East Africa DFI Deal of the Year 2021

Kinguele Aval: A first for Gabon



The Kinguele Aval hydroelectric plant is the first grid-connected IPP project in Gabon to reach financial close, raising significant project finance debt from a consortium of development banks. The 35MW project is sponsored by Meridiam Infrastructure Africa Fund (45%), Meridiam Infrastructure Africa Parallel Fund (15%), and Gabon Power Company (40%), an energy portfolio company owned by the Gabonese Strategic Investment Fund (FGIS) – Gabon’s sovereign wealth fund. Construction is underway on the project, which will be operated under a 33-year concession agreement that incorporates a 30-year PPA with national utility Societe d’Energie et d’Eau du Gabon (SEEG).

Structured via SPV Asonha Energie, the nineteen-year financing was led by the IFC and consists of a €153 million loan from the IFC, the AfDB, DBSA, and the EAIF. The IFC’s contribution is €55 million, which includes a €33 million senior direct loan and a \$25 million concessional loan from the Canada-IFC Renewable Energy Programme for Africa. The AfDB provided €39 million, including a €20 million direct loan, €10 million from the Africa Growing Together Fund, and €9 million in concessional financing from the Sustainable Energy Fund for Africa. The DBSA and the EAIF provided €34 million and €25 million, respectively.

Ecological concerns were of key importance when closing the transaction. A spokesperson from Meridiam notes: “The greatest challenge was managing the impact on biodiversity since the dam will be built in a country rich in biodiversity. To manage the impact we first decreased the project’s footprint by downsizing its capacity by nearly half, from 60MW to 35MW. Then after detailed assessment of the natural and critical habitats, we devised tailored biodiversity action plan and biodiversity management plan in line with IFC performance standard, which involve an offset mechanism with the objective to reach no net loss for natural habitats and a net gain for critical habitats found in the project footprint.”

Kinguele Aval will benefit Gabon by supplying additional energy capacity and by galvanising the growth of the country’s IPP sector. Due to be situated on the River Mbei, the project will supply around 9% of Gabon’s power and lead to the decommissioning of thermal assets. Payments to the project from the offtaker have been delegated to a mobile money operator that collects prepaid electricity payments, giving sponsors and lenders important revenue security. The financing represents a crucial first step towards private sector participation in Gabon’s energy market.

Kinguele Aval

Close date: July 2021
 Location: Gabon
 Description: A 35MW hydroelectric plant and the first IPP project connected to the grid to reach financial close in Gabon
 Offtaker: SEEG
 Size: €178.5 million
 Sponsors: Meridiam, Gabon Power Company
 Equity: €25 million
 Debt: €179 million
 Tenor: 19 years
 Lenders: AfDB, Sustainable Energy Fund for Africa, IFC, Canada-IFC Renewable Energy Program for Africa, DBSA, Africa Growing Together Fund, EAIF
 Financial adviser: Finergreen
 Sponsors’ legal adviser: Gide Loyrette Nouel
 Lenders’ legal adviser: Allen & Overy
 Independent engineer: Sinohydro
 Lenders’ insurance adviser: Willis Towers Watson
 Model auditor: Mazars
 Lenders’ technical adviser: Mott MacDonald
 Government legal adviser: Blakes
 EPC contractor: Sinohydro

Kinguele Aval will benefit Gabon by supplying additional energy capacity and by galvanising the growth of the country’s IPP sector.

Middle East Africa Utilities Deal of the Year 2021

Red Sea Utilities: Five asset types – one deal



The Red Sea multi-utilities project in Saudi Arabia, for which the financing signed on 27 December 2021, is a unique project – development of a fully off grid renewables-based suite of utilities that includes five different categories of assets (and associate networks) under one single PPP structure.

The scheme is sponsored by a consortium led by ACWA Power that includes SPIC Huanghe Hydropower Development Company and Saudi Tabreed District Cooling Company.

The project will supply utilities services for The Red Sea Project, a sustainable tourism development. The Red Sea Project is owned by The Red Sea Development Company (TRSDC), which is acting as the grantor and offtaker for the utilities PPP concession. The Red Sea Project will include 50 resorts with as many as 8,000 hotel rooms and over 1,000 residential properties spread across 22 islands and 6 inland sites.

The \$1.2 billion utilities financing includes a 7.75-year SAR1.9 billion (\$506 million) term B loan and a 27.75-year SAR1.5 billion (\$400 million) term B loan, both of which are provided by Al Rajhi, Banque Saudi Fransi, Saudi British, Apicorp and Standard Chartered. In addition, the transaction includes a 7-year \$150 million equity bridge loan and a 7-year SAR576 million (\$154

million) equity bridge loan from NCB and Al Bilad. The financing also features a \$93.4 million VAT facility from Al Rajhi. EY is financial adviser on the transaction and Clifford Chance is legal adviser to TRSDC.

The utilities project will supply renewable energy, water, wastewater and solid waste systems, and district cooling services to the Red Sea Project. It will be developed under a 25-year concession with revenues guaranteed by the Public Investment Fund (PIF), which owns TRSDC. Uniquely, all services will be supplied under a single PPP/BOOT agreement.

The project will include a 400MW solar plant and a 1,000MWh battery storage facility. Additionally, two seawater reverse osmosis (SWRO) plants with a capacity of 30,000 cubic metres per day (cm/d) will be developed for potable water and irrigation. A further SWRO plant will be developed in the second phase to meet the expected demand of up to 50,000 cm/d. The project also involves the construction of a sewage treatment plant with a capacity of 18,000 cm/d in the first phase. The waste processing section of the contract covers collection, automatic recovery, and waste-to-energy production for up to 30 tonnes per day initially, rising to 55 tonnes per day by 2030.

Marafiq Red Sea for Energy Company

Signing date: 27 December 2021

Location: Saudi Arabia

Description: Development of a fully off grid renewables-based suite of utilities that includes five different categories of assets (and associate networks) under a single PPP structure.

Sponsors: ACWA Power, Saudi Tabreed District Cooling Company, SPIC Huanghe Hydropower Development Company

Debt: \$906 million plus two equity bridge loans and a VAT facility

Tenor: 7.75 to 27.75 years

Lenders: Al Bilad Bank, Al Rajhi, Banque Saudi Fransi, Saudi National Bank, Saudi British Bank, Standard Chartered

Sponsors' legal adviser: In-house, Covington & Burling

Financial adviser: Ernst & Young

TRSDC legal adviser: Clifford Chance

A unique project – development of a fully off grid renewables-based suite of utilities that includes five different categories of assets (and associate networks) under one single PPP structure.

Asia Pacific Sponsor of the Year 2021

Adani Group: A rapid renewables response



Parts of the Adani Group closed two of the best deals in Asia Pacific in 2021 – a wind-solar hybrid portfolio financing by Adani Green Energy (see page 80) and the revolving construction financing for Adani Transmissions (see page 81). Both are Proximo Deals of the Year, both shared similar financial engineering and both were provided by many of the same lenders.

Across its entirety, Adani Group's six listed firms – Adani Enterprises, Adani Transmission, Adani Green Energy, Adani Total Gas, Adani Ports and Adani Power – generated INR967.45 (\$12.1 billion) in income in financial year 2021.

The group is betting heavily on renewables growth and plans to amass a 45GW renewable energy portfolio by 2030.

Adani Green Energy made a string of acquisitions in 2021, the biggest being a \$3.5 billion deal for SoftBank's Indian renewable energy business, giving Adani 4.9GW of renewable assets.

More recently Adani Enterprises and Total Energies have struck a deal to invest \$50 billion in green hydrogen production in India, with the initial goal of producing 1 million tonnes per annum by 2030 using 30GW of new renewable power generation feedstock.

The deal builds on a four-year strategic alliance the two companies have established in the Indian LNG and solar power sectors and will see TotalEnergies acquire a 25% stake in Adani New Industries Limited (ANIL), which was formed recently to invest in the nascent green hydrogen business.

Adani's renewables build-out, which includes solar manufacturing, is proving rapid and looks set to accelerate on the back of its innovative approach to raising construction financing, as demonstrated by its two key deals in 2021. But the group's persistence with the Carmichael coal project in Australia takes some of the polish off of its green credentials. The project has been, and continues to be, a legal, financing and PR nightmare – so while Adani has achieved some major milestones in the financing of projects in Asia Pacific, the same cannot be said of all the projects it is pursuing.

The group is betting heavily on renewables growth and plans to amass a 45GW renewable energy portfolio by 2030.

Asia Pacific Bank of the Year 2021 Standard Chartered: A clean sweep



While Standard Chartered was involved in multiple major project financings and refinancings in the MEA region in 2021 – winning it MEA bank of the year (see page 65) – the international lender’s record in Asia-Pacific was even more impressive in 2021: Standard Chartered had a role in every Asia-Pacific deal both shortlisted and awarded by Proximo.

In addition to those deals, Standard Chartered also took roles on some significant bond deals in the region in 2021. The bank was a joint lead arranger and global coordinator on Bayfront Infrastructure Management’s (BIM) \$401.2 million securitisation of project loans. The deal comprised five classes of investment-grade notes – A1, A1-SU, B, C and D. The A1-SU tranche (a

\$120 million sustainability tranche) has a weighted average life of 3.9 years and priced at 120bp over six-month Libor plus 120bp, 5bp tighter than the 125bp for the \$176.9 million A1 conventional project tranche. The remainder of the issuance comprised a \$33.3 million Class B tranche rated Aa2 priced at 185bp; a \$22.1 million Class C rated A3 priced at 235bp; and a \$8.8 million Class D rated Baa3 priced at 340bp.

Standard Chartered was also one of the lead managers on SMC Global’s \$600 million perpetual securities issue for its Ilijan/Batangas power project in the Philippines.

And on the loan side, Standard Chartered was lead underwriter on Adani Green Energy’s \$1.35 billion senior debt

facility – India’s first renewables hybrid project financing. A limited recourse deal with quasi-bond characteristics, the deal financed Adani’s 1.69GW hybrid portfolio of solar and wind energy projects under construction by four SPVs in Rajasthan. The deal was and is one of the largest revolving project finance deals in the Asian renewables sector to date.

That deal, closed in early 2021, probably went some way to generating Standard Chartered repeat lead role later in the year with Adani Transmissions (see page 81).

Standard Chartered had a role in every Asia-Pacific deal both shortlisted and awarded by Proximo.

Asia Pacific Law Firm of the Year 2021

Latham & Watkins



Latham & Watkins had a strong global footprint in 2021, winning Proximo deals of the year in all regions. But it performed particularly well in the renewables sector in Asia, taking sponsor counsel roles on two record-breaking deals for Adani in India.

The \$1.35 billion project financing for Adani Green Energy's 1.69GW Project Emerald (see page 80) wind-solar hybrid portfolio was the largest-ever transaction for renewable energy projects in India and one of the largest in the Asia-Pacific region. It is also the first certified green hybrid project loan in India.

The up to \$1.1 billion certified green revolving construction financing for Adani Transmission (see page 81) was also structurally a first in the Indian transmission sector and the largest project financing to date in the private Indian transmission sector.

Both deals fit well within the law firm's focus on sustainability. Taken across all types of financing, Latham & Watkins advised on more than 60 sustainable finance transactions with an aggregate value of over \$37 billion throughout 2021.

Latham & Watkins performed particularly well in the renewables sector in Asia, taking sponsor counsel roles on two record-breaking deals for Adani in India.

Asia Pacific Offshore Wind Deal of the Year 2021 Greater Changhua 1: Exporting the holdco



Orsted's farm-down strategy has greatly spurred the growth of its global offshore wind portfolio in recent years. And the TWD75 billion (\$2.68 billion) holdco financing for the 605MW Greater Changhua 1 wind farm off the coast of Taiwan is the first use of this strategy in the Asia Pacific region. Located 35-60 km from Changhua province, Changhua 1 is being developed alongside Changhua 2a as part of a 900MW offshore wind complex.

In keeping with the farm-down financing structure, the transaction allows CDPQ and Cathay PE, through its Cathay Sustainable Private Equity Fund I, to raise debt via a joint holdco – Mercury Taiwan – to finance both the acquisition of a 50% equity stake in the project from Orsted, as well as 50% of the payments under the EPC contract. Orsted has funded 50% of project development on its balance sheet through a mixture of equity, a TWD25 billion syndicated revolving loan that closed in 2019, and a TWD15 billion green bond issuance that closed in 2020.

The financing has a tenor of eighteen years and was provided by Cathay United, CTBC Bank, E-Sun, Taipei Fubon Bank, Cathay Life, Taiwan Life, BNP Paribas, Credit Agricole, Deutsche Bank, DZ Bank, HSBC,

KDB, OCBC, Siemens Bank, Societe Generale, Standard Chartered, and SMBC. Several ECAs are also backing the financing with guarantees and/or loans. EKF was responsible for DKK3.4 billion (\$516 million) of the financing, UKEF provided a £200 million (\$269 million) buyer credit guarantee, while Atradius, K-Sure, and Export Development Canada (EDC) also supported the transaction. Denmark's Green Future Fund is covering part of EKF's contribution.

Orsted is providing a turnkey EPC contract and long-term O&M services to the project, protecting CDPQ and Cathay PE – as well as lenders – from construction and operating risks. ECA guarantees will offer further reassurance to the impressively diverse slate of international lenders that have financed the project through a multi-currency transaction that was oversubscribed. The transaction gives Orsted greater freedom to leverage its balance sheet to finance other projects and is a significant milestone for the company, constituting the successful use of the farm-down structure in a new region. The project also allows Taiwan to take another step towards its goal of procuring 5.5GW of offshore wind capacity by 2025.

Greater Changhua 1

Close date: October 2021
 Location: Taiwan
 Description: Holdco financing to fund the acquisition of a 50% stake in the Changhua 1 offshore wind farm, as well as 50% of the payments under the EPC contract
 Offtaker: Taipower
 Sponsors: Orsted, CDPQ, Cathay PE
 Debt: TWD75 billion (\$2.68 billion)
 Tenor: 18 years
 Lenders: Cathay United, CTBC bank, E-Sun, Taipei Fubon Bank, Cathay Life, Taiwan Life, BNP Paribas, Credit Agricole, Deutsche Bank, DZ Bank, HSBC, KDB, OCBC, Siemens Bank, Societe Generale, Standard Chartered, SMBC
 ECAs: EKF, UKEF, Atradius, K-Sure, EDC
 Financial adviser: CTBC Bank and HSBC
 Sponsors' legal adviser: Allen & Overy (Orsted); Clifford Chance (CDPQ); Hogan Lovells (Cathay PE)
 Lenders'/ECAs' legal adviser: Linklaters
 Lenders' insurance adviser: Marsh
 Model auditor: Mazars
 Lenders' technical adviser: Wood
 EPC/O&M contractor: Orsted

The transaction gives Orsted greater freedom to leverage its balance sheet to finance other projects and is a significant milestone for the company, constituting the successful use of the farm-down structure in a new region.

Asia Pacific Power Deal of the Year 2021

Sirdarya CCGT: New ground for IPPs



The Uzbek energy sector is slowly transforming into fertile ground for IPP project development following the unbundling of Uzbekenergo, the country's national utility. The 1.5GW Sirdarya CCGT project is a forerunner of this growth in the IPP sector and is backed by the first project financing for a CCGT IPP project in Central Asia. Sponsored by ACWA Power, the project will be built in Shirin City in the Sirdarya region of Uzbekistan. The project will be developed under a 25-year BOOT concession and has a PPA with NENU for the length of the concession term.

The \$750 million financing comprises \$730 million of senior debt and a standby facility from the EBRD, DEG, the AIIB, OPEC Fund for International Development, Bank of China, Standard Chartered, Natixis, and Societe Generale. First Abu Dhabi Bank is providing an equity bridge loan. The transaction has a maturity of eighteen years door-to-door and has four-point political risk insurance from MIGA.

Discussing the process of raising commercial bank debt for the project, a spokesperson from ACWA Power indicates: "It is worth mentioning the challenge of attracting commercial bank appetite for this project, as the scheme itself is a first-of-its-kind large

scale project in Uzbekistan with the unprecedented MIGA tranche amount of \$450 million (excluding hedging), and Uzbekistan as an emerging market country with a limited track record of infrastructure investment from the private sector. With strong support from the government, with legal reforms and the power sector opening up, ACWA Power successfully executed a financing strategy with the complexity of having various lenders and harmonising across different tranches."

The scale of commercial bank debt mobilised for Sirdarya CCGT is certainly notable. CCGT IPP projects are new to the region and political risk remains high, as the Uzbek IPP market is largely untested. An investment agreement with the Ministry of Investment and Foreign Trade guarantees NENU's payment obligations, derisking the project for ACWA Power and the lenders. ACWA is permitted to refinance the project on the capital markets, allowing the company to seek more competitive terms when the plant is operational. The project itself will supply urgently needed power to the Uzbek grid, replacing inefficient Soviet-era plants and opening the Uzbek energy market to further private sector involvement.

Sirdarya CCGT

Close date: March 2021
 Location: Uzbekistan
 Description: A 1.5GW CCGT plant financed via the first CCGT IPP project financing in Central Asia
 Offtaker: JSC National Electric Networks of Uzbekistan (NENU)
 Size: \$1 billion
 Sponsors: ACWA Power
 Debt: \$750 million
 Tenor: 18 years
 Lenders: EBRD, DEG, AIIB, OPEC Fund for International Development, Bank of China, China Construction Bank, Standard Chartered, Natixis, Societe Generale, First Abu Dhabi Bank
 Hedging banks: J.P. Morgan, Natixis, Societe Generale, Bank of China, EBRD
 Guarantor: MIGA
 Sponsors' legal adviser: Covington & Burling and Dentons
 Lenders' legal adviser: Norton Rose Fulbright and Centil Law
 Lenders' insurance adviser: INDECS
 Model auditor: BDO
 Lenders' technical adviser: AFRY Switzerland
 Lenders' E&S adviser: WSP
 Government legal adviser: White & Case
 EPC contractor: China Gezhouba Group
 O&M contractor: NOMAC

With strong support from the government, with legal reforms and the power sector opening up, ACWA Power successfully executed a financing strategy with the complexity of having various lenders and harmonising across different tranches.

Asia Pacific Transport Deal of the Year 2021

North East Link: A new approach to PPP risk



The A\$11.1 billion North East Link road and tunnel project is the biggest public private partnership (PPP) scheme ever financed in Australia and the first time an incentivised target cost (ITC) construction risk sharing model has been used in a PPP deal.

Sponsored by the Spark Consortium, North East Link will be Victoria's longest twin road tunnel, with three lanes and 6.5km in length, closing the missing section in Melbourne's freeway network. The project will be tolled and a government-owned company – State Tolling Corporation – will collect the revenues.

The Spark Consortium equity investors are DIF, Capella Capital, John Laing, Pacific Partnerships, GS Engineering & Construction and WeBuild. And the physical project will be delivered by a design and construction (D&C) joint venture consisting of WeBuild, CPB Contractors, GS Engineering and China Construction Oceania. Operation and maintenance of the concession, which runs until 2053, will be undertaken by Ventia.

The project is split between a primary package, which reached financial close in October 2021, and various secondary packages that are being procured separately.

The ITC aspect of the deal – effectively a risk sharing model in which the state and the contractors share the risk of

cost overruns and the benefit of any cost savings during construction – is very different from the norm in PPP delivery. A typical PPP allocates cost risk to the private sector through a lump-sum contract, normally ultimately underpinned by fixed availability payments or similar revenue streams to repay any debt raised for the project. Conversely, the ITC model spreads the cost risk and shares any cost benefits generated during construction – a mechanism that becomes useful when the project is of such a vast size and complexity that the size of the risk is hard to quantify.

The ITC risk-sharing attracted a wide pool of commercial bank and institutional lenders, and pushed out the tenor on the deal to way beyond the normal miniperms offered by Australian commercial banks. The A\$4.2 billion of debt is split between a 9.25-year tranche and two 20-year tranches.

The North East Link PPP template, born of the experience of high-profile cost overruns on other major Australian infrastructure schemes, will likely have future application on other mega projects. But for more vanilla PPP concessions, where the risks are more easily forecast, the additional cost of structuring and managing the administration of such a deal is likely to be prohibitive.

North East Link

Financial close: 28 October 2021

Sponsors: Capella Capital, DIF, John Laing Investments, Pacific Partnerships, GS Engineering, WeBuild, Ventia, CPB Contractors

Country: Australia

Description: First of its kind PPP structure for mega tunnel and toll road project

Lenders: Bank of China, CBA, DZ Bank, KEB Hana Bank, Kexim, KfW IPEX, Kookmin Bank, KDB, Mizuho, Natixis, NatWest, Nonghyup Bank, Shinhan Bank, Standard Chartered, SMBC, SMTB, United Overseas Bank, Westpac:

Institutional lenders: IFM, Just Retirement, Manulife, NH Investments, Nippon Life, Samsung Global Infrastructure Investment, Sun Life Assurance of Canada, Swiss Re, TD Asset management, Vantage Infrastructure, Blackrock, Mirae Asset Management
 Lender counsel: Herbert Smith Freehills
 Sponsor counsel: Allens
 Financial advisor: Ernst & Young
 Legal counsel to government: Clayton Utz

The ITC risk-sharing attracted a wide pool of commercial bank and institutional lenders, and pushed out the tenor on the deal to way beyond the normal miniperms offered by Australian commercial banks.

Asia-Pacific Solar Deal of the Year 2021

Cirata: Floating a new template



As Indonesia's first floating solar plant and the largest such project in Southeast Asia, the 145MW Cirata project has potentially unlocked a new renewables sector for the Indonesian project finance market. Floating solar is more commercially viable than ground-mounted solar in Indonesia, as much of the country lacks the flat, unoccupied land that large-scale ground-mounted PV requires.

The project is located at the Cirata reservoir in West Java and is being developed by PT Pembangkitan Jawa Bali Masdar Solar Energi (PMSE), a joint venture between Masdar (49%) and PT Pembangkitan Jawa-Bali (PJBI) (51%), a subsidiary of PT Perusahaan Listrik Negara (PLN). The project benefits from a 25-year PPA with PLN at a tariff of \$0.0582/kWh. Cirata is backed by an eighteen-year \$114 million project financing provided by Societe Generale, SMBC, and Standard Chartered. The transaction is structured as a club deal and is classified as a green loan.

Security interests posed a challenge for lenders while closing the financing, as they were unable to take security over the water on which the project sits. Lenders were also barred from using the licence to operate a floating solar plant on the reservoir as collateral, as lenders cannot take a mortgage over a licence in Indonesia. Banks had to become familiar with the process of transferring the ownership of the licence in the event of a default.

Additionally, some complex legal engineering was needed to circumvent the World Bank Negative Pledge, which would have made it complex for lenders to take security over a project in which state-owned PLN has a majority stake. This was achieved by giving all shareholders a veto over most crucial decisions. With PLN deemed not to be wholly in control of the project, lenders were able to take security over the project assets.

A final concern for sponsors and lenders was the fact that the end date for the publication of several Libor rates had been announced at financial close, but credit adjustment spreads for the transition to risk-free rates had not been announced for loans. As a result, the financing uses Libor for a time and then switches to a risk-free rate at a later date.

The Cirata financing is something of a benchmark deal for the sector. The transaction is unprecedented in Indonesia and has no DFI or ECA support, despite the prevalence of ECA backing for Indonesian IPP projects. The project's sponsors have raised long-dated commercial bank debt for a utility-scale project in a deal that could well help to unlock the Indonesian floating solar market for further development, while proving that floating solar projects are eminently bankable.

Cirata

Close date: August 2021
 Location: Indonesia
 Description: The largest floating solar plant in Southeast Asia and the first such project in Indonesia
 Offtaker: PLN
 Size: \$145 million
 Sponsors: Masdar and PT Pembangkitan Jawa Bali (PJBI)
 Debt: \$114 million
 Tenor: 18 years
 Lenders: SMBC, Societe Generale, Standard Chartered
 Financial adviser: Synergy Consulting
 Sponsors' legal adviser: Shearman & Sterling
 Lenders' legal adviser: Ginting & Reksodiputro in association with Allen & Overy
 Independent engineer: DNV

The 145MW Cirata project has potentially unlocked a new renewables sector for the Indonesian project finance market.

Asia Pacific Renewables Portfolio Deal of the Year 2021

Project Emerald: Breaking records



Adani Green Energy broke numerous records with the \$1.35 billion project financing for its 1.69GW Project Emerald wind-solar hybrid portfolio. The financing is the largest-ever transaction for renewable energy projects in India and one of the largest in the Asia-Pacific region. It is also the first certified green hybrid project loan in India. The wind and solar plants will all be located in the state of Rajasthan and have offtake agreements with Solar Energy Corporation of India (SECI) and Adani Electricity Mumbai Limited (AEML). The portfolio will be financed via four SPVs, namely Adani Hybrid Energy Jaisalmer One, Two, Three, and Four.

Financing for the project consists of five commercial bank bridge loans, each with a maturity of four years door-to-door. The loans are as follows: Tranche A: \$116 million; Tranche B: \$116 million; Tranche C: \$195 million; Tranche D: \$195 million; and Tranche E: \$728 million. Lenders on the transaction include Standard Chartered, MUFG, Mizuho, Rabobank, Intesa Sanpaolo, Barclays, Siemens Bank, BNP Paribas, SMBC, DBS Bank, Deutsche Bank, and ING. Standard Chartered was the sole underwriter on the transaction.

The deal is remarkably innovative in order to account for the fact that lenders were managing the risk attached to a portfolio with four borrowing vehicles, as well as five offtake agreements with two different offtakers. The financing is structured as a mini-perm with features similar to a bridge-to-bond financing, increasing the level of support commercial banks were able to provide. In addition, the financing has a go-to-market covenant, ensuring fair market value is sought for project assets to aid debt repayment should the borrower dispose of those assets.

In essence, the transaction has been structured to offer lenders security while raising large volumes of debt for a complex project portfolio. The fact that the syndication closed successfully during the second wave of the Covid-19 pandemic in India is an indicator of strong demand from a diverse lender group. The financing will both help Adani Green Energy to meet its goal of having a 25GW portfolio by 2025 and move India closer to its target of installing 500GW of renewable energy capacity by 2030.

Project Emerald

Close date: March 2021
Location: India
Description: A 1.69GW solar-wind hybrid portfolio financed via the largest-ever project financing in the Indian renewable energy sector
Offtakers: Solar Energy Corporation of India (SECI) and Adani Electricity Mumbai Limited (AEML)
Sponsor: Adani Green Energy
Debt: \$1.35 billion
Tenor: 4 years
Lenders: Standard Chartered, MUFG, Mizuho, Rabobank, Intesa Sanpaolo, Barclays, Siemens Bank, BNP Paribas, SMBC, DBS Bank, Deutsche Bank, ING
Sponsors' legal adviser: Latham & Watkins and Luthra & Luthra
Lenders' legal adviser: Linklaters and Cyril Amarchand Mangaldas
Lenders' insurance agent: Marsh
Model auditor: Deloitte
Lenders' technical adviser: Tractebel Engineering Private Limited
Lenders' energy yield assessment consultant: UL
Lenders' environmental & social consultant: ERM
Lenders' environmental and social due diligence consultant: Arcadis
Green loan independent assurance provider: KPMG

The fact that the syndication closed successfully during the second wave of the Covid-19 pandemic in India is an indicator of strong demand from a diverse lender group.

Asia Pacific Power Distribution Deal of the Year 2021

Adani Transmission: A bespoke solution



Adani Transmission, India's largest privately-owned transmission provider, closed on a first in the Indian transmission sector in 2021 – an up to \$1.1 billion revolving construction financing to initially fund capex costs on four under-construction transmission projects in Gujarat and Maharashtra. The deal is the largest project financing to date in the private Indian transmission sector.

The facilities, dollar denominated and set up as external commercial borrowings (ECB), comprise five different hard miniperms tranches ranging from 4 to 5.75 years, and initially totalled \$700 million, with the option to go up to \$1.1 billion at a later date. The mandated lead arrangers were Standard Chartered (also hedging and documentation), MUFG, DBS, SMBC, Intesa Anpaolo, Mizuho, Siemens Bank and Societe Generale. The fifth tranche, \$406 million, is only available once the first, second and third tranches have been repaid in full.

The financing required the signing of a framework agreement under which Adani Transmission can use the structure on a revolving basis to raise construction finance for individual projects subject to due diligence and those projects having a transmission licence.

Although financing is disbursed at the individual project level to meet ECB requirements, the projects support each

other, with the debt for each scheme guaranteed by the other projects and surplus cash from any project being able to be used to meet a shortfall at one of the other projects. In short, the deal is an umbrella financing.

The deal enables Adani to build out its LBTL and WRSS transmission projects for wind and solar generation in Bhuj, Dwarka and Lakadia. The other two projects in Maharashtra are to improve transmission infrastructure serving Mumbai and reduce transmission losses via the introduction of HVDC technology. Three of the projects are tariff-based competitive bidding (TBCB) schemes and the fourth is based on the regulated asset base (RAB) model.

The financing is designed to be taken out post-construction via the issuance of foreign currency notes at the individual project level. That should be relatively straightforward given the charging system that underpins the projects. For the TBCB projects the annual transmission charges are set for 35 years from commercial operation date and are payable by the state transmission utility. For the RAB scheme the tariff is construction cost plus a pre-determined rate of return agreed with and also paid by the state transmission utility. Consequently there is no risk to the transmission licensee from individual users.

Although financing is disbursed at the individual project level to meet ECB requirements, the projects support each other, with the debt for each scheme guaranteed by the other projects and surplus cash from any project being able to be used to meet a shortfall at one of the other projects.

Swift Project

Close date: 30 November 2021

Sponsor: Adani Transmission Ltd

Country: India

Description: Largest project financing to date in the Indian privately-owned electricity transmission sector and first of its kind structure.

Debt: \$700 million (up to \$1.1 billion)

Lenders; Standard Chartered, MUFG, DBS, SMBC, Intesa Anpaolo, Mizuho, Siemens Bank, Societe Generale

Sponsor counsel: Latham & Watkins, Saraf & Partners

Lender counsel: Linklaters, Cyril Amarchand Mangaldas

Model auditor: Ernst & Young