

# Cory Riverside Energy refinancing, UK

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In the recent auction of UK energy-from-waste plant operator Cory Riverside Energy, BNP Paribas offered to provide a substantial debt underwrite for the Dalmore Capital-led consortium that ultimately emerged victorious. Four months later, the bank closed the syndication of a £554 million (\$718.8 million) debt package, bringing banks and institutions into the deal.

BNP Paribas made the offer to fully underwrite a refinancing of all of Cory's debt while Dalmore and its partners were still engaged in the bidding process to acquire the company. *IJGlobal's* sources with the buyers at the time said that they expected a 20-year tenor on the debt, and pricing in the region of 200bp above Libor.

The buyers ultimately took BNP Paribas up on its offer, after [acquiring](#) Cory on 28 June (2018) for a roughly £1.6 billion enterprise value from a club of former creditors led by Strategic Value Partners.

*IJGlobal* reported a couple of months later in August that BNP Paribas had [initiated](#) the debt syndication and was seeking lender commitments in mid-September.

This impressively sized underwrite comes after another major UK infrastructure underwrite punt by [Goldman Sachs](#), which at the end of last year (2017) committed to £450 million long-term debt to a bidder in the auction of the HS1 rail concession and then syndicated.

## Former debt

When Dalmore's consortium acquired Cory for around £1.6 billion, *IJGlobal* understands equity came to around £1.1 billion. The enterprise valuation was as much as 21x Cory's £76 million 2017 EBITDA. The assumed debt is understood to have comprised:

- roughly £413 million outstanding senior debt at the Riverside plant operating company level, raised in 2017 from banks and institutions
- roughly £98 million of mezzanine debt

The company's debt had last been [refinanced](#) in March 2017. Pricing on the seven-year senior bank term loan started in the low-200s, rising to the high-200s. Meanwhile, the pricing on the 13-year institutional senior loan was around 250bp.

## New debt package

The £554 million debt settled on 22 October (2018), *IJGlobal* understands, after pricing on 18 October. The new package breaks down as:

- £337 million amortising 20-year institutional term facility, fixed rate, priced at around 180bp
- £167 million amortising 12-year term facility, priced at 140bp

- £50 million revolving capital expenditure facility

The term loans have a five-year amortisation holiday initially. There are no step-ups in pricing.

A hedge is in place to fix the interest on the 12-year commercial bank term facility. There is £70 million of 20-year RPI revenue swap.

There are five to six lenders on the commercial bank debt, *IJGlobal* understands, including:

- BNP Paribas
- Crédit Agricole
- HSBC
- Santander
- Siemens Bank

Lenders on the institutional tranche are understood to include:

- Aviva Investors
- Samsung Life
- Sun Life

### **The business: Cory Riverside Energy**

A source told *IJGlobal* that potential growth projects for Cory were not part of the refinancing model for the creditors' base case.

The business' primary asset is the Riverside Resource Recovery Plant on the banks of the River Thames in east London. It can produce 66MW of energy and treat 750,000 tonnes of residual, landfill-diverted waste.

Cory has waste supply contracts with seven London boroughs, as well as various commercial and industrial contracts.

The borough clients are:

- Bexley
- City of London
- Hammersmith & Fulham
- Kensington & Chelsea
- Lambeth
- Tower Hamlets
- Wandsworth

Wandsworth, Kensington & Chelsea, Hammersmith & Fulham, and Lambeth formed the Western Riverside Waste Authority (WRWA) to manage their waste contract with Cory, which also operates WRWA's two waste transfer stations.

The Riverside energy-from-waste plant started operating in 2011. Cory's business has been simplified over the last few years leading up to the sale, with the plant becoming its main asset. The company's fleet of barges, tugs and containers transport the waste up the River Thames.

A new energy plant complex could be added on adjacent land – consisting of a 96MW hub with energy-from-waste, anaerobic digestion, solar panels and battery storage. Public consultations for the Riverside Energy Park took place in July-September (2018), and the development consent order application should be submitted to the Planning Inspectorate in Q4 2018.

Meanwhile, a proposed new data centre could be powered by Cory's existing energy-from-waste facility.

### **Equity**

Shareholders of Cory Riverside Energy since June are:

- 53% – Dalmore Capital, through [Dalmore Capital Fund 3](#), alongside co-investors from the UK and South Korea
- 23% – Semperian Capital Management, on behalf of [Semperian PPP Investment Partners](#) and TfL Pension Fund
- 13% – Fiera Infrastructure, through [Eaglecrest fund](#)
- 11% – Swiss Life Asset Managers, through fund [Swiss Life Funds \(Lux\) Global Infrastructure Opportunities II](#)

### Advisers

Advisers on the refinancing were:

- Rothschild – financial
- Ashurst – sponsor's legal
- Herbert Smith Freehills – lenders' legal

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