

IJInvestor Awards 2020 – Refinancing Shortlist

Angus Leslie Melville

28/10/2020

IJInvestor – the IJGlobal sister title focused on infrastructure fund activity and global infra/energy M&A – is delighted to announce the shortlist for the Refinancing categories in our annual awards.

Launched last year, [IJInvestor Awards](#) was created to celebrate global activity in this space this year's awards recognise developments that occurred from the start of April 2019 to the end of March 2020.

In this piece – a follow up from [Friday's Editorial](#) – we single out the submissions for Refinancing. You can read previously-published features on the *IJInvestor Awards 2020* shortlists here:

- [Global Acquisitions](#)
- [Company Awards](#)

As with the IJGlobal Awards which open for submissions next month (November) and are planned to be run as physical events in June 2021 (usually staged March), these awards are judged by an independent panel of industry experts.

It should be noted that these award categories have been stripped out of the [IJGlobal Awards](#) and will not be repeated.

Refinancing Shortlists

It came as little surprise that we received a good raft of submissions for the refinancing category. This allowed us to separate it out across Transport, Social Infrastructure, Wind Farms, Solar Parks, Power & Utilities and... Renewables Miscellaneous (which we will rename).

The Miscellaneous category holds a couple of refis that we felt warranted being judged but that would have disappeared without a trace in a broader Renewables section given that they are for biomass and geothermal.

Transport shortlist:

- **Sydney Metro Northwest PPP** – this A\$2.7 billion refinancing of a landmark Australian PPP transaction played a critical role in providing a financing gain for the New South Wales Government, while also allowing for greater investment in the SMCSW project. It also highlighted the strength and potential in the project as seen by the private sector. The refi structure is one of the most complex ever achieved and took 3.5 years to procure due to its complexity and the need to deal with both an operational project (which had to be ring-fenced as much as possible) and a new construction project with a very different risk profile. All this in the context of a project that will take place largely in the Sydney CBD
- **Cross River Rail PPP** – this submission was to recognise efforts on this Australian transport PPP to arrange a A\$135 million advanced work facility (AWF). The purpose of the AWF is to pay the builders who are working ahead of

schedule. The facility is fully ring-fenced from the existing Cross River Rail facilities. Despite this, the structure has full support of the existing Cross River Rail lenders and the State Government. It was a first of its kind

- **Sølvtrans** – this refi was the first infrastructure financing in the wellboat and aquaculture sectors. The improved terms of these new facilities offer Sølvtrans significantly more financial and operational flexibility. The refi terms included total facilities of €500 million on a 5-year, corporate infra-style structure, with 275bps opening margin and no near-term amortisation, affording the company significantly increased cash flow generation. It also secured funding for mid-term growth plans with a €200 million capex facility, providing committed funding for planned new vessels over the next two years and comprises a €200 million accordion for the potential funding of further vessels. Finally, the refinancing renews core Norwegian banking relationships with DNB and Nordea and introduces international banks Deutsche Bank, Rabobank and Santander, as well as institutional infrastructure lender Allianz, validating the robust infrastructure characteristics of the business identified by Antin
- **Brebemi** – one of the largest refinancings in Southern Europe at around €2 billion for a difficult credit in a difficult region. This Italian toll road has been underperforming since opening and required extensive structuring from MetLife to convert the deal into one acceptable to international investors. The project took about one year to complete and had to pass through extreme market volatility given Italian political turmoil during the year. This was MetLife's first infrastructure debt deal in Italy
- **Northern Marmara Motorway** – this Turkish road PPP reached financial close in 2016 on an initial financing package of \$2.6 billion provided by a club of national lenders. The new facility replaces the existing loans and finances new/additional capex requirements as a result of changes in the project, resulting in a higher project amount.
 - **NMM Asia:** with additional capex requirements, total project cost is increasing to \$3.646 billion and financing amount increasing to \$2.84billion. Four additional new lenders participated in the new facility (ICBC, Bank of China, Kuveyt Türk, Albaraka). The financing will be provided in two separate facilities: floating (conventional) and fixed (Islamic).
 - **NMM Europe:** With additional capex requirements, total project cost is increasing to \$2.077 billion and financing amount increasing to \$1.595 billion. Four additional new lenders participated in the refinancing facility (ICBC, Bank of China, Kuveyt Türk, Albaraka). The financing will be provided in two separate facilities: floating (conventional) and fixed (Islamic)
 - This project is unique as it has two separate sides and borrowers combining it under one deal. All the stakeholders (including lenders, the government, authorities, sponsors, advisers) made significant efforts and contributions to achieve the closing of such a large deal in a challenging economic environment
- **Ermewa Group** – this company is one of the leading providers of railcar and tank container leasing across Europe (railcars) and globally (tank containers). Ermewa Group also offers assimilated railcar construction, refurbishment maintenance and repair services through a dedicated network of workshops in France. The group focuses on three core pillars: the railcars division (second largest railcar lessor in Europe); tank containers (joint global leader in the industry); the workshop division (six strategically located facilities across France. In 2019, the Ermewa Group generated turnover of €486 million and EBITDA €258 million. It was previously financed with a mixture of shareholder loans and a series of short term asset backed facilities at the subsidiary and group level, tied and structured against the underlying fleet (limiting its ability to grow the business). This was replaced with an investment grade long-term financing platform, to provide Ermewa with the required flexibility and debt commitments to deliver its business plan... which includes rejuvenating its railcar fleet, and continuing to grow its global tank container fleet.

Social Infrastructure:

- **Royal North Shore Hospital & Community Health Services PPP** – this A\$1.1 billion PPP project was awarded in 2008 to a consortium comprising ABN Amro (since taken over by RBS), Thiess, ISS and Wilson Parking. It involved the redevelopment of the site to consolidate and replace more than 50 out-dated buildings and replace them with purpose-built facilities with the latest technology and has around 700 beds. RNSH is also a major public teaching facility and serves as a teaching hospital for Sydney Medical School at the University of Sydney. The concession runs until 2036. The PPP was acquired by funds managed by AMP Capital in 2015 from RBS as part of its Australian asset

divestment programme. This new refinancing, which closed in September 2019, raised A\$934.2 million from ANZ Banking Group, MUFG Bank, Natixis, Norinchukin and SMTB and Westpac. As part of the transaction, the facilities comprise 4 year, 7 year and 17 year facilities with nearly half of the debt now being termed out with the inclusion of fully-amortising 7-year and 17-year bank facilities which will significantly reduce the refinancing risk for the project

- **Land Services SA** – LSSA completed the refinancing on 9 April 2019 of its acquisition debt facilities – including senior debt, capex and working capital facilities – on this interesting Australian transaction. At the time of acquisition in October 2017, LSSA put in place a debt package that included 3 year and 5 year facilities. While the 3 year facility did not mature until October 2020, LSSA decided to take advantage of market conditions to refinance the debt facilities and extend the weighted average tenor. LSSA received strong interest to participate in the refi from existing and new lenders, with two times coverage of the senior facility. Key parameters of the refi include: a mix of 5, 7 and 10 year facilities; weighted average tenor increased to 6.1 years; innovative dual close mechanism to accommodate certain financiers desire to close prior to 31 March

Wind:

- **Ventient Wind Farm Portfolio** – this refinancing was for the 1.9GW onshore wind portfolio with assets across Belgium (71MW), France (388MW), Portugal and Spain (191MW), and Germany (348MW). Ventient is one of the largest independent generators of onshore wind energy in Europe. The portfolios were acquired in two transactions: one from Vortex Energy and the other from EDPR in 2018 and 2019 respectively via the Infrastructure Investment Fund. In completing the acquisitions and subsequent €1.3 billion refinancing, IIF transformed a spread of individual project financings into a stable platform for further investment in European renewables, giving flexibility to develop the existing assets and invest in upcoming renewables opportunities across Europe.
- **Hohe See & Albatros** – CPPIB in February 2020 closed the €510.6 million HoldCo green bond refinancing of its minority interest in the Hohe See and Albatros offshore wind projects in Germany. With a combined capacity of 609MW, the projects are Germany's largest offshore wind power plant. The debt refinancing followed CPPIB's acquisition of 49% of the original 49.9% ownership in the projects that Enbridge acquired from EnBW Energie Baden-Württemberg. The senior secured notes were issued and placed with 18 institutional lenders in Europe led by Cornerstone Debt Investors from the Talanx Group, who through their asset manager – Ampega Asset Management – structured and coordinated the terms for participating noteholders. This transaction set a precedent for future financings in the offshore wind sector with a multiple holding structure (HoldCo financings) and for the financing of minority stakes
- **Beatrice Offshore Wind Farm** – the €4.1 billion refi of the Beatrice offshore wind project in Scotland was lauded by many in the industry as the most significant refinancing in the UK renewables sector in 2019. The consortium comprised 29 commercial and institutional lenders and 24 hedging banks. The wind farm, located 13km off the Caithness coast, Scotland, is the world's fourth-largest offshore wind farm and reached financial close in May 2016 with £2.6 billion of senior debt. The financing was complex, involving a number of different facilities and a combination of commercial bank debt and fixed-rate institutional debt. The refi drew on a number of recent market precedents and the original financing, making it one of the first instances where lender selection process was managed using full form documentation rather than a term sheet, which increased the complexity of managing such a large lender group. The hedging was carried over from the original financing, novated to the new hedging banks and extended to match the new debt tenor. This presented a number of challenges in terms of documentation and managing both outgoing and incoming hedge providers, along with parties involved on both sides of the equation.
- **First Sentier Investment's €1 billion refi of its Iberian onshore wind farm portfolio** – Finerge Renewables Group Europe and its shareholder First Sentier Investments in early May 2019 finalised their transformative €1 billion refinancing of this portfolio. The refinancing is one of the largest onshore wind refinancing in Europe to date, comprised of €706 million of term debt, a €40 million RCF and a €52 million DSRF, with an additional €200 million raised under the same platform in a subsequent acquisition financing. The credit was structured and positioned as investment grade to lenders through a successful rating agency process, preparing a comprehensive financial model and diligence materials. Following an RfP process where more than 80 lenders were approached, a package put in place with highly attractive pricing and tenor, introducing institutional debt investors to the Portuguese renewables space for the first time

- **Zorlu Rüzgar** – Zorlu Rüzgar Enerjisi Elektrik Üretimi operates Sarıtepe and Demirciler Wind Farms with a total installed capacity of 80.3MW in Osmaniye, south east Turkey, which have been operational since 2016. Akfen Yenilenebilir Enerji acquired Zorlu Rüzgar (currently named İmbat Enerji) from Zorlu Enerji. Garanti Bank and TKYB financed the acquisition of the facilities and refinanced the existing risk with equal shares. The total deal value is \$105 million whereas the total loan amount is \$81 million (debt/equity ratio 77:23). One additional bank entered the deal at the refi
- **Rampion & GIG's Offshore Wind Fund Stake** – This was the £577 million refinancing of 2 portfolio assets of an offshore wind portfolio owned by a consortium of Macquarie's Green Investment Group, MIRA's MEIF 5 and USS. Both the Rampion offshore wind transaction secured against the consortium's stake of 25% in the project and the OSWF transaction secured against the consortium's 21.7% stake in the GIG-managed Offshore Wind Fund represented exceptional financing outcomes over minority stakes at HoldCo level with little to no subordination premium in the transaction margin. The two transactions were the final part of a series of refinancings to take out the original acquisition financing from when the portfolio of investments held by OSWCo Holding Limited was acquired from the Green Investment Bank, and were executed simultaneously to consummate the refinancing

Solar:

- **Tages Refi** – Italian solar developer Tages Helios called on advisers to lead the structuring, arranging and negotiation of the financing for the acquisition and refinancing of existing debt of a portfolio of solar plants and wind farms. The €425 million project financing is a significant non-recourse financing involving different types of renewables assets (solar and wind).
- **Grupo T-Solar** – this was one of the first Spanish renewable energy companies to approach debt capital markets following the new regulatory framework and raised unprecedented capital in an innovative refinancing transaction. T-Solar in early 2020 completed a major financing worth €567.8 million, including a €34 million senior secured class A1 bonds, €234.1 million senior secured class A2 bonds (both due June 2038) and a 10-year €299.7 million bank loan. The issuance lowered the interest rate while improving the commercial terms and the proceeds were used to refinance 23 solar PV projects with a combined installed capacity of 127MW across Spain. T-Solar generated €48 million in dividends which, combined with previous distributions, will result in more than \$149.8 million to investors, equivalent to 74.4% of the initial purchase price. This is the latest positive development of I Squared Capital's active asset management strategy that focuses on cost reductions, operational de-risking, capital optimization, portfolio rationalization and pipeline development
- **Project Star (Izcalli Investments)** – to optimize its financing strategy, Izcalli Investments (a subsidiary of Qualitas Energy) issued around €207 million in a 19-year bonds (maturity 30 June 2038) to refinance a portfolio of 9 solar assets in the south west of Spain. The bonds have a 2.2% coupon and were financed by a group of European and South Korean investors. The portfolio was previously financed with a long-term loan facility, which was fully repaid at financial close from the proceeds of the bonds issuance. At the same time, the issuance cancelled the floating-to-fixed interest rate swaps and paid the breakage costs. The balance of the bond proceeds was primarily used to pay the refinancing fees and meet all the transaction costs. The bond is repaid semi-annually (June and December) and with a fully amortizing repayment profile. The new financing structure significantly improved the terms and conditions of the former financing in terms of ratios, pricing on the bonds compared to the former term loans and tail versus the regulatory asset life

Power & Utilities:

- **Coriance** – this is a leading French district heating business which operates a network of DH and energy assets via long-term concessions. The company is jointly owned by EDIF I and EDIF II. Coriance in March 2020 entered into an innovative sustainable finance structure, securing €100 million across both capital expenditure and term debt facilities. The sustainability-linked loan is to be used to pursue growth projects, acquisitions and for general corporate purposes. This is Coriance's first financing that encourages and rewards its sustainability activities. Both the term loan and capex facility are structured as Sustainability Improvement Facilities with a discount on margins should a certain number of KPIs be met. These KPIs are linked to increasing the company's proportion of renewable energy generation; reducing its CO2 emissions intensity; and reducing accident frequency rates

- **EP infrastructure** – EPIF is a portfolio of regulated and long-term contracted critical infra assets in Slovakia, the Czech Republic and Germany. Around half of EPIF's value is accounted for by Eustream, the sole gas transmission network in Slovakia and a strategic part of the European gas transmission network. EPIF also includes regulated gas and power distribution networks in Slovakia, 4 regulated district heating networks in the Czech Republic and controlling stakes in underground gas storage facilities in the Slovak Republic, the Czech Republic and Germany. A consortium led by Macquarie European Infrastructure Fund 5 in February 2017 acquired a 31% stake in EPIF, the remaining 69% retained by the vendor, EPH. Following an inaugural bond issuance in 2018, EPIF has completed significant further financing in 2019, including: €1.1 billion of Eurobonds, with 7 and 9 years tenor, at a weighted-average coupon of 1.86%; €200 million Schuldschein, an innovative product tapping into the German private loan market; €100 million 8 year private placement notes
- **Middle River Power I Thermal Portfolio Financing** – originally a 1.4GW portfolio of gas-fired generation assets including Big Sandy, Wolf Hills and High Desert. Avenue Capital acquired the portfolio in 2016 and subsequently executed a \$270 million Term Loan B financing at US Libor +700bp. In November 2019, Cantor Fitzgerald structured two financings that funded simultaneously to refinance the existing Term Loan B and issue a dividend to Avenue Capital. The Cantor team was sole placement agent to Avenue Capital for the issuance of \$165 million of 17.75 year senior secured notes issued into the 4a2 market and secured by Big Sandy and Wolf Hills. It also advised Avenue Capital on High Desert's issuance of \$201.8 million of senior Term Loan A and \$60 million of LC facilities
- **APR Energy** – BlackRock Global Infrastructure Debt invested \$100 million in the form of a Senior Secured Loan issued by APR Energy, the provider and operator of the largest mobile gas turbine fleet in the world. BlackRock participated in the transaction alongside a bank consortium led by Citi Bank in an innovative \$285 million refinancing package that was raised concurrently to Atlas Corporation's (the parent) \$750 million all-stock acquisition of APR Energy. The financing consisted of 3 pari-passu tranches: a \$135 million bank tranche, \$50 million revolver, and a \$100 million institutional tranche provided by BlackRock. The proceeds were used to refinance the existing tranches of debt at acquisition. The refinancing package, while issued at the APR corporate level, had attributes of a typical project finance structure with contracted cashflows and senior security across all three tranches in the financing
- **Enercare** – Brookfield acquired Enercare in August 2018 for C\$4.3 billion including debt. Enercare is one of North America's largest home and commercial services companies, providing residential energy infrastructure, including water heaters, heating, ventilation, air conditions (HVAC) rentals, as well as other essential home services to some 1.6 million customers annually and has a sub-metering business with 270,000 contracted services. In December 2019, it recapitalized the business through the issuance of around C\$2 billion of primarily AAA-rated securitized debt. This is a marquee financing as it is the first of its kind for this type of business in the Canadian market. The proceeds were used, in part, to redeem C\$1.4 billion of public bonds, achieving an overall reduction in the cost of debt by 50bp while also substantially improving the credit rating of the assets (from BBB low to primarily AAA). The securitization facility also provides a mechanism to fund organic growth and future tuck-in acquisitions, thereby reducing the need to inject capital to fund growth
- **Solør Bioenergi** – a district heating business with operations primarily in Sweden, as well as Poland and Norway, Solør has a diversified portfolio of assets which include 150 heating power plants, around 930MW of installed district heating capacity and some 850km network length. Solør was looking to consolidate and simplify its capital structure by refinancing existing senior and junior debt secured by the Swedish DH assets, along with refinancing existing senior debt ringfenced on the Norwegian and Polish businesses. In June 2019, Brookfield provided a 7-year, SEK450 million (\$45m) loan to Nordic Infrastructure, the majority shareholder of Solør. In March 2020, a consortium of Brookfield debt funds provided another SEK2,140 million (\$214m) loan to Solør to refinance the existing junior debt. The new financing allowed Solør to streamline its capital structure and extend duration of its loans (by 5 years). Further, the new capital structure provided critical flexibility with respect to future acquisitions, aligning its financing structure to its long-term growth strategy

Renewables Miscellaneous – biomass, geothermal:

- **Orka** – the Icelandic renewable energy and utility company in which Ancala Partners owns 50%, secured a \$210 million financing package with a group of European commercial lenders in February 2020. HS Orka owns and

operates more than 174MW of geothermal power production capacity in addition to a 10MW hydro plant that was recently commissioned. The financing comprised a term loan, capex facility and a revolving credit facility. Orka will use the facilities to pursue development projects and strengthen its position as Iceland's leading privately-owned power producer. The company explored financing options to both refinance its existing facilities and support its long-term growth plans following acquisition of the company in May 2019 by Ancala in partnership with Jarðvarmi, a consortium of 14 Icelandic pension plans. The new financing enabled HS Orka to address several key objectives: raising USD-denominated debt to match the company's currency exposure; implementing a cost-efficient capital structure through the establishment of a platform, enabling Orka lenders (current and future) to lend under a structured framework; achieving reduced all-in rates and generous covenants to establish further operational flexibility; and establishing a significant revolving capex facility to support further investment in generation infrastructure in Iceland

- **Biogen Refinancing** – this refinancing involved a £50 million portfolio-level financing package for Biogen, a leading owner and operator of anaerobic digestion plants in the UK. The lenders were AIB and NatWest. Ancala Bioenergy purchased Biogen in April 2017 from 50/50 JV partners Bedfordia Group and the Kier Group and has since more than doubled the portfolio from 7 to 20 sites across the UK with bolt-on acquisitions. The structure of the refinancing was unique in that it was the first portfolio based financing for the anaerobic digestion sector in the UK. This required detailed due diligence and meetings with the management team for the lenders to appreciate how Biogen's leading and in-house operating model across its diversified portfolio was differentiated from the rest of the market. The structure of the financing was based on the operational track-record of Biogen, which allowed the lenders to approach the financing on a truly corporate basis rather than individual asset financing which has been the traditional approach in the sector. This structure is now being used as an example by lenders when assessing other anaerobic digestion portfolios seeking debt finance

Thank you for printing this article from IJGlobal.

As the leading online publication serving the infrastructure investment market, IJGlobal is read daily by decision-makers within investment banks, international law firms, advisory firms, institutional investors and governments.

If you have been given this article by a subscriber, you can contact us through www.ijglobal.com/sign-in, or call our London office on +44 (0)20 7779 8870 to discuss our subscription options.