

IJInvestor Awards 2020 – Restructuring Shortlist

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

Launched last year, [IJInvestor Awards](#) was created to celebrate global activity in this space, and 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 Restructuring. You can read previously-published features on the *IJInvestor Awards 2020* shortlists here:

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

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](#).

Restructuring

There was a solid response to the restructuring category with submissions across renewable energy and O&G.

This is a fairly new category and we are hoping to see this section of our awards grow in the coming years... especially as we plan for 2021 to separate out our awards to host an event for the Americas, swiftly to be followed by one in Singapore.

But for this year, we received six eligible submissions that neatly separate out across the 2 categories.

Renewables:

- **Project Luce – WRM** – WRM Group acquired from MedioCredito Italiano in July 2019 a portfolio of distressed loans derived from project financing and financial lease agreements in the Italian solar PV sector. This was the first large solar NPL deal in Italy, involving 74 PV plants with a total capacity of more than 85MW. The debt financing of the acquisitions was arranged and underwritten by Archmore IDP (the infrastructure debt platform managed by UBS Asset Management) and Glennmont Renewable Energy Backed Security (the debt product managed by Glennmont)
- **Artvin Hydroelectric Power Plant** – the 332MW Artvin HEPP is located at Artvin, north east Turkey. Garanti Bank, along with Is Bank, Yapi Kredi and Vakifbank, financed Artvin HEPP project in 2011 with \$540 million in loans. In 2015, owing to a cost overrun stemming from relocation of roads, E&M and H&M works and earth works, a further

\$170 million of loans (5 year term) were arranged. This additional facility was covered by corporate guarantee from Dogus Holding and are treated as a quasi corporate loan. The project phased its operations launch with one turbine (166MW) going live in December 2015 with the other following in February 2016. Total investment cost of the project amounted to \$934 million. The restructure was deemed to result in a significant amount of deleverage from around 11x level to around 8x level as a result of transferring the € tranche to holding level. Thus, the project will reach the self-sustainable structure going forward. The base case model shows that sufficient funds could be generated to fulfil the debt service payments within proposed maturity and it benefits from a long tail period

- **Aslancık Hydroelectric Power Plant** – for a couple of years, Aslancık HEPP had been underperforming due to lack of rainfall, leading to a bottleneck in its free cash flow from operations. The project was restructured with a consortium of 5 banks rather than the existing club of 4. Due to financial indebtedness, the project company was over-burdened with fixed interest rates loans that the lending club had to reprice switching it to a floating rate. Further support of \$24 million was made available by the sponsors in the shape of equity to decrease existing risks to a comfortable level so that the lenders were able to facilitate the restructure. The repayment plan has been amended accordingly for each of the 5 banks. Refinancing was included as part of the restructuring, which can be exercised in December 2022. In the event that the base case model demonstrates a minimum 1.1x DSCR criteria with technical adviser's generation estimate and market adviser's price projections. At this time, the USD project finance loan will be refinanced with a 10-year tenor loan

Oil & Gas:

- **Constellation Oil Group** – late in December 2019 Constellation Oil Group brought to a conclusion its US\$1.5 billion global restructuring, ending more than 2 years of court proceedings in Brazil, the US and the British Virgin Islands. The Constellation Group experienced financial difficulties due to O&G crises and, for this reason, requested for Judicial Reorganization in Brazil under Brazilian Bankruptcy Law and commenced Chapter 15 under US Bankruptcy Code. The restructuring of Constellation Group's indebtedness will help the group to continue activities and end the insolvency proceedings. Its pre-pack deal with creditors restructured New York law bonds, project finance loans and working capital facilities, auctioned off assets and saw shareholders and creditors provide more than \$100 million in new money
- **Weatherford Restructuring** – one of the world's largest O&G service companies, Weatherford went into Chapter 11 to restructure more than US\$8.6 billion in debt with collateral spanning the globe, widely regarded to be the largest US O&G bankruptcy by liabilities in 2019. This was a challenging process as Weatherford had 255 direct and indirect subsidiaries, of which 41 subsidiaries were liable on their debt obligations in 25 different foreign jurisdictions. An added challenge was that many of these jurisdictions lack sympathetic restructuring laws, instead focusing on liquidations. It was also faced with the maturity of more than \$2 billion of debt in 2020. Because of public filing requirements and Weatherford's international footprint, it needed to develop business and restructuring plans while also engaging with multiple groups of debtholders. The restructuring was arranged through a two-month pre-packaged insolvency filed in Houston, followed by proceedings in Ireland and Bermuda. A deal was structured so that only Weatherford's parent entities filed in Delaware, Ireland, and Bermuda, leaving all other entities in the client's corporate structure unaffected with operations around the world running smoothly. The reorganization plan eliminated about \$5.85 billion in debt, allowing bondholders to recover about 63% of what they were owed
- **CGN** – a MIRA-managed consortium on 30 September 2019 acquired an additional 50.04% stake in Innogy Grid Holding (IGH), a regulated gas distribution network covering 64,922km of the Czech Republic with 2.3 million connection points and covering some 80% of the country. This stake in IGH was acquired via Czech Gas Networks (CGN) via exercise of contractual pre-emption rights. CGN originally acquired a 35% stake in 2013 and subsequently increased its stake to 49.96% in 2015. Following the acquisition, Czech Gas Networks (CGN) owns a 100% stake in Czech Grid Holding (CGH). Once the MIRA-led team had total control of the asset, it facilitated a reset of the debt and equity capital structure. CGN simultaneously refinanced its existing minority HoldCo bank debt facilities. MIRA completed syndication of the underwritten bank debt that was used to partially fund the transaction and recapitalize the existing 49.96% stake. Subsequently in July 2020, this bank debt was refinanced into the bond market with a €600 million 7-year Eurobond and a €250 million equivalent 6-year Czech Koruna bond, resulting in a

maturity extension and reduction in interest costs. The Eurobond was issued with a 1% coupon, understood to be the lowest coupon for a Czech corporate issue outside of the Czech Republic. The Eurobond was 6x oversubscribed. In addition, MIRA also completed a complex interest-rate hedging programme, reducing exposure to interest-rate volatility on favourable terms

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