

# IJGlobal Awards 2021 – European Deal Winners

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**Angus Leslie Melville**

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The great and the good of the European and African infrastructure finance community gathered yesterday evening to celebrate IJGlobal Awards 2021 – the first time these annual awards to celebrate greenfield financing and refis has been hosted at a physical event since 2019.

The winners were announced to a packed room of industry professionals at The Londoner in Leicester Square, taking a break from the usual IJ venue of the Natural History Museum... for obvious reasons.

Guests at the sumptuous awards night in central London were treated to a performance by established British entertainer Lucy Porter who hosted the event alongside IJGlobal editorial director Angus Leslie Melville.

In this piece we highlight the European winners with the African winners being reported in a separate story.

We would like to take this opportunity to thank those who attended the sumptuous evening and present our congratulations to all who submitted, were shortlisted and – most of all – the winners.



## IJGlobal European Deal Winners

### Battery Storage Deal of the Year

#### Maldon Battery Storage, UK

Macquarie's Green Investment Group (GIG) in June 2021 acquired 187MW portfolio of 7 late-stage development battery storage assets in the UK, with exclusivity over 250MW of assets, from Capbal Limited. The projects will provide a number of grid services, including frequency response, and will participate in energy trading through the wholesale markets and via National Grid's balancing mechanism. GIG wins the IJGlobal Battery Storage Deal of the Year for the first project – the 40MW [Maldon Battery Storage](#) project – that reached financial close in December and is scheduled to be operational by January 2023. GIG carried out late-stage development activities and ran a wide procurement process to deliver a competitive contractual structure for the project.

EDF will operate the battery under a route-to-market agreement, including an innovative long-term floor agreement

providing cash flow certainty to the project while enabling the capture of merchant upside. It also negotiated a fully-wrapped EPC contract with experienced counterparties – G2/Trina – and a Tier 1 battery supplier, CATL. Wood Group is providing construction and asset management to the project.

## **Export Finance Deal of the Year**

### **UKEF – Kalyon Enerji’s Karapinar Solar Project, Turkey**

This award is granted for the role UK Export Finance (UKEF) played in supporting the delivery of Kalyon Enerji’s 1.35GW Karapinar Solar Project in the Konya Karapinar province of Turkey. It is equipped with GE’s FLEXINVERTOR solar power station technology and the project saw GE Energy Financial Services (GE EFS) and JPMorgan work closely with UKEF on its guarantee of a \$291 million (£217m) buyer credit facility... the largest-ever guarantee provided for a solar project, which also helps to meet the UK’s COP26 commitments. Those are 2 strong reasons for this award being chosen to win the IJGlobal Export Finance Deal of the Year.

The solar power plant is Turkey’s largest solar facility at 11km long and 3km wide, equivalent to more than 4,600 football pitches. The project supports Turkey’s clean energy goals and is facilitating trade for UK suppliers. Up to some \$800 million of debt financing was involved in the overall capex of the project structured on a project finance basis, and the UKEF facility was raised through JP Morgan as acting lead arranger and lender supported by the UKEF guarantee. The remainder of the financing is provided by local Turkish banks.

The integration of GE’s FLEXINVERTER solar technology and the assembly of the solar power station will occur in the UK, supporting around 100 UK jobs directly and indirectly in the supply chain. As part of the localisation requirements, GE’s Grid Solutions site in Gebze, Turkey will be producing transformers for integration in the solar inverter system. In addition to GE’s solar technology, the export contract also covers design, engineering, project management, site management and commissioning.

Upon completion, expected by late 2022, the facility will deliver clean electricity to some 2 million Turkish households. The project is part of the first Turkish solar YEKA tender launched in 2017 by the Turkish Ministry of Energy under the Renewable Energy Resources Zones (YEKA) programme. The project also benefits from sovereign support for offtake at a fixed price of \$69.9/MWh for 15 years from signature of YEKA agreement.

## **Oil & Gas Deal of the Year**

### **Noreco RBL ESG-Linked Refinance, Norway**

The [Noreco Reserve-Based Lending](#) ESG-Linked Refinancing is the winner of the European Oil & Gas Deal of the Year based on its efforts to bring ESG into the O&G environment. This deal falls in line with Noreco’s (Norwegian Energy Company) commitment to ESG as the debt facility will include KPIs based on emissions intensity and renewable electricity generation that will progressively adjust the margin payable through the life of the facility. As the investment community and society at large increasingly focuses on ESG and the impact of O&G players, all efforts being made on this front are to be celebrated and encouraged.

This transaction enabled Noreco to attain financing for the development of the Tyra hub, one of its more promising assets, while also supporting the company in a major sustainability driven transition, with clear and tangible targets over electrification of operations and control over emissions per production unit.

BNP Paribas acted as MLA, underwriter, bookrunner, hedge provider and technical bank in the \$1.1 billion RBL Amend & Extend (100% debt), including sustainability KPIs for Noreco company – the second largest O&G producer in Denmark after the acquisition of Shell’s working interest in Danish Underground Consortium (DUC).

Euan Shirlaw, CFO at Noreco, said at the time of financial close: “I am pleased to announce that we now have in place an underwritten agreement to increase and extend our RBL facility, ensuring the company has a solid financial platform with significant liquidity, a robust capital structure and enhanced commercial flexibility. We continue to benefit from a strongly supportive RBL bank group, and today’s announcement demonstrates the long-term value proposition of Noreco’s participation in the DUC and further evidences the company’s proactive approach to enhancing this position.”

## **Oil & Gas Refinance Deal of the Year**

### **Star Refinery Refinance, Turkey**

The Star Refinery refi in Turkey is the winner of the European award for refinancing in the O&G sector given the importance of the asset in the local market. The project is one of the biggest refineries in Turkey – and in the region – and this restructuring represents a complex, multi-party deal in the sector.

Turkey currently has a significant deficit of certain refined products and demand in this space is expected to increase due to the nation’s strong economic development, driven by a growth in the industry and service sectors, as well as a growing population. STAR will focus on those products – diesel, jet fuel, naphtha – that are in deficit in Turkey with a tailored product slate maximising the middle distillate output and allowing STAR to benefit from the existing and projected widening diesel deficit in Turkey.

Due to Covid-19’s adverse effects on the oil sector and lockdowns, demand for the refined product decreased significantly and margins faced downward pressure. During this time, Star negotiated a new structure for its existing financing and reached a more optimised model for its financial needs.

The project company – STAR Rafineri AŞ – was established to develop, construct, own and operate a complex crude oil refinery with a processing capacity of 10 million tonnes of crude oil per annum in the west of Turkey. The refinery is located adjacent to PETKIM, the sole petrochemical producer in the Republic of Turkey and an entity majority owned by SOCAR, on the Aliğa industrial peninsula north of Izmir.

## **Power Restructure Deal of the Year**

### **Icanadolu CCGT Refinance, Turkey**

An interesting deal in Turkey (again) where the restructure of Gama Enerji’s key asset solidifies it’s place in the energy industry by creating environmental and financial value for society while sharing common sustainability targets with its employees and shareholders. This is a deal that ticks a lot of “interesting” boxes and is a worthy winner of the IJGlobal Power Restructure Deal of the Year for Europe.

Icanadolu Gas-Fired Power Plant (ICAN) is Gama Enerji’s biggest investment totalling 1.1GW installed power, making a significant contribution to Turkey producing 5.100 GWh annually, supplying 1.5% of the electricity consumed in the nation and more than 25% of the electricity consumed in Ankara. Due to the fluctuations in both domestic and international energy and financial markets after 2015, combined cycle gas turbine (CCGT) plants were unable to generate sufficient cash, thus ICAN needed to restructure its credit debt.

In the restructuring process for [Icanadolu CCGT Power Plant](#) – which started at the end of the 2017 – a total of 12 domestic and international financial institutions and multiple consultants were involved. All parties came to a sustainable agreement by maintaining part of the debt in Turkish Lira and agreeing tranches with 7- and 12-year term payment plans.

## **Infrastructure Deal of the Year**

## University of Birmingham, Pritchatts Park

PPP-style transactions in the UK are all the more impressive given the paucity of deal flow in a country that is renowned for having driven the single most ambitious pipeline of deals in the global social infrastructure sector. Given that the UK PPP market has been (largely) flat for many years, whenever deals with a hint of public-private partnership about them make it to financial close... that makes them stand out. Indeed, given the fall from favour of the financing mechanism in the UK (broadly speaking again), any deal that does make it over the line sends a signal to the wider market that this procurement model works and brings value.

In the case of the University of Birmingham [Pritchatts Park Village Student Accommodation](#) project, this is deemed to be a strategically-important development for the institution. The redeveloped of the halls of residence will offer students access to high-quality, affordable accommodation in the heart of the campus. The state-of-the-art living space will help the uni deliver its educational ambitions while meeting its sustainable investment strategy. Design input from student representatives has been incorporated and the provision of rooms for those with accessibility requirements will increase.

A key element in the design of the new facilities is energy efficiency. The overall scheme will be powered and heated entirely through electricity – with the refurbished buildings heated by air source heat pumps – 100% of which will come from renewable sources. The new car park will feature 24 electric vehicle charging points, with infrastructure in place for a further 72.

The project is the first university accommodation PPP to be structured around the consumer prices index (CPI) measure of inflation, rather than the retail prices index (RPI). The project's rents, operating costs and debt are indexed to CPI.

The announced 2030 reform of the RPI, under which the calculation methodology for RPI will be aligned with that of CPIH, has introduced a material uncertainty for many infrastructure projects whose contracts reference RPI. These projects are likely to need to undergo a contractual adjustment at the time of the reform. As such, the Pritchatts Park scheme is future proofed against this uncertainty by using CPI from day one, providing greater visibility and certainty for all parties.

## Telecoms Deal of the Year

### Unsere Grune Glasfaser, Germany

Telefónica Deutschland's project finance deal to support the [roll-out of its 5G network](#) across Germany is a landmark transaction in the German fibre space making it a shoo-in for the European Telecoms Deal of the Year. This transaction surpasses recent financings as the largest financing in Germany to-date, demonstrating the lenders' strong appetite and support for this type of telecom infra asset.

Through Societe Generale's combined 4 advisory and arranging mandates, the transaction raised strong interest from key relationship banks and active fibre banks, with commitments required from just 9 banks. The financing package exceeded the sponsors' expectations given strong demand, low pricing and high degree of flexibility afforded... which was exceptional given the greenfield aspect. The financing provides a platform for UGG to deliver on stated goals of passing more than 2 million homes, with the platform to raise up to €3.35 billion in total.

UGG is committed to accelerating Germany's social, economic and digital development by providing ultrafast broadband connectivity to underserved regions through a sustainable energy-efficient network. This project involves the installation of some 50,000km of fibre optic network in rural and semi-rural areas of Germany, which are currently underserved. To achieve this, an overall investment of up to €5 billion is planned, phased over the coming 6 years. This key investment by UGG supports the German government's plan to provide nationwide gigabit convergent internet infrastructure by 2025.

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## Transport Deal of the Year

### D4 Haje-Mirotice PPP, Czech Republic

It is always tempting to single out first-of-a-kind projects to win awards, and this was the case for the [D4 Motorway](#) in the Czech Republic, but for more reasons than that alone. However, it does warrant primary accolade for being the first-ever PPP infrastructure/road project in the country.

The delivery team had to overcome significant challenges arising from an untested – and sometimes incomplete – regulatory regime for PPP projects in the Czech Republic as well as the complexities arising from the situation when both greenfield and brownfield sections are within the scope of this pilot PPP project, not to mention difficult financial market conditions as a result of the pandemic before closing of multicurrency financing.

It was no mean feat to get this deal over the line as it required the cooperation of several public entities (never an easy thing to achieve), with their respective approval procedures... as well as government and parliamentary approvals that had to be obtained in the turmoil of an election year.

The Vinci/Meridiam team worked hard to get this deal to a successful conclusion and it stands testament to the quality of advisers involved and the commitment of the lenders.

## EV Charging Deal of the Year

### Carrefour EV Charging Stations

There is so much to celebrate in this transaction – the [Carrefour French EV Charging Stations Portfolio](#) – that is billed as a world premier in the infrastructure space and a boost-deal in the energy transition space.

This transaction stands testament to the willingness of the market to move faster towards energy transition and to help build a sustainable future. With battery electric vehicle (BEV) sales growing at an accelerated pace, economies of scale leading to price reductions, strong public incentives and a re-targeting of the offering of auto OEMs towards e-mobility, range anxiety is one of the only remaining obstacles to mass adoption of BEVs – an obstacle that can be overcome by the widespread deployment of an efficient charging infrastructure.

Project EV Cars – as it is known to the sponsors, Carrefour and Meridiam – seeks to tackle this issue, providing state-of-the-art, competitively-priced charging solution to millions of people for whom Carrefour is a trusted name for shopping and services (including service stations).

This deal serves as a milestone transaction in infrastructure PF as it is the first greenfield EV charging infrastructure financing structured as a full-volume risk project financing. As such, this trailblazing deal paves the way for a whole new infra finance asset class... in the same way that renewable power or fibre network projects grew as infra asset classes over the last 2 decades.

Thanks to this transaction, EV charging infrastructure is now a prime candidate for project finance.

## Transport Refinance Deal of the Year

### Thameslink Rolling Stock PPP Refinance

The £1.7 billion [Cross London Trains \(XLT\) refinancing](#) closed in December with significant oversubscription, having overcome several complex and challenging obstacles justifying its accolade as European Transport Refinance Deal of the Year.

While IJGlobal largely ignored the impact of Covid-19 and how it impacted deal progress in this process, the pandemic had a significant impact on the usage of the asset. Passenger travel on XLT plummeted and – while the fleet revenues were protected until 2036 – analysis was required on passenger demand to give lenders comfort on the continued usage of the fleet for the entire tenor of their debt. In addition, lenders had concerns over their existing transport exposure and reduced appetite for new transactions. Ultimately the strength of XLT gathered significant oversubscription from lenders.

With a combined £1.7 billion multi-sourced financing total, this refi was a large transaction in the GBP market. Retaining and competing this level of liquidity on highly-competitive financing terms, including around £1 billion of demand from uncovered PP lenders, through the Covid pandemic was a significant challenge.

Funders were segregated into different pools of risk on the transaction, namely a shorter-term bank tranche with protection from a government underpin and a longer-term institutional tranche which takes risk on the continued usage of the fleet post-2036. Negotiating the sharing of risk between the tranches throughout the life of the asset was an important dynamic to the documentation.

XLT had around £300 million out of the money position from the legacy swaps established in 2013. DC Advisory explored several options on how to optimise the hedge portfolio, resulting in retaining, resculpting and optimising the hedge book for the benefit of XLT.

Given the Section 54 Agreement and contractual structure of the transaction, there was heavy involvement from the Department for Transport. Its permission was required for financing to proceed, resulting in many long, protracted, and detailed negotiations.

The existing financing was based upon precedents around 10 years old and were in lenders' favour. As part of the refinance, controls were streamlined in the documentation to ease future investment into the fleet and improve the passenger offering. XLT has a pipeline of investment planned for the fleet which will benefit passengers.

All of these factors were successfully overcome, with the new financing introducing new liquidity pools to XLT, increasing the tenor of their facilities by 10 years and optimising the structure for shareholders.

## **Waste to Energy Deal of the Year**

### **Enfinium Waste-to-Energy, UK**

The £1.9 billion debt raise – incorporating bank and long-term institutional debt – by enfinium won it the European Waste to Energy Deal of the Year. The company is the largest pure play waste-to-energy business in the UK with 4 operational plants (with 3 more in development) and a current processing capacity of 2.3 million tonnes per annum. enfinium is an industry leader in the conversion of non-recyclable residential and business waste into heat and partially renewable power.

[This refinancing](#) follows the acquisition of Wheelabrator UK and Multifuel Energy Limited earlier in the year by First Sentier Investors, which have since been integrated into a single operating group – rebranded as enfinium. The transaction closed in December 2021.

Key Highlights for the deal involved the successful transformation of the incumbent bank financing to a multi-creditor platform with long-term institutional investors, while also extending maturities in the capital structure by incorporating 26-year debt. This was deemed to have achieved market-leading tenor.

This transaction also wins the award based on its versatile funding capability with a single financing platform to fund further investments and growth alongside a platform that allows the business to incorporate further facilities in a seamless manner.

It also allows for diversifying funding sources for the future. New lenders entered the relationship on the bank side as

well as institutional side. The diverse list of investors included sizable contributors from both the US and Europe. With an oversubscribed book, this leaves appetite remaining for future funding needs.

## Water Deal of the Year

### Affinity Water Green Bond Facility, UK

Affinity Water – the UK’s largest water-only utility – wins the European Water Deal of the Year for having brought to financial close its first green bond issuance, a Class A £130 million 0.01% CPI-linked private placement due September 2038. Barclays and Lloyds acted as placing agents on this interesting transaction. The proceeds are being used to finance key investments outlined in Affinity’s Green Finance Framework.

The framework, as with other green bond issuances, supports subscription by investors with green investment criteria. In addition, the framework is fundamental to Affinity’s sustainability strategy and also supports the UN’s Sustainable Development Goals. It covers areas including sustainable water and wastewater management, pollution prevention, aquatic biodiversity conservation and energy efficiency. This green bond issuance also sits within the company’s whole business securitisation.

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