

# IJGlobal Awards 2021 – Latin America Deal Winners

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We are delighted to announce the winners of the IJGlobal Awards 2021, giving recognition to a slew of fantastic greenfield financing and refi deals that reached financial close in Latin America over the last calendar year.

The winners were announced last night at Gotham Hall in New York where the energy and infrastructure community gathered to celebrate achievements from over the course of 2021 and commiserate with the runners-up.

Guests were entertained by Carole Montgomery, from showtime specials that she has both created and starred in, titled *Funny Women of a Certain Age*. Montgomery co-hosted the awards with IJGlobal editor Ila Patel.

In this piece we highlight the Latin American deal winners with the North American deal winners being reported in a separate story.

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



## Latin America Deal Winners

### IJGlobal Awards 2021 – Latin America Export Finance Deal of the Year

#### Metro de Lima Linea 2

The Lima Metro Line 2 Project is one of the most ambitious infrastructure projects launched in Latin America under a PPP structure with the financing backed by SACE, the Italian export credit agency, winning it export finance deal of the year.

Under the 35-year concession agreement, 35km of subway lines will be built, with a total investment of approximately \$5.5 billion. The deal had a unique financing mechanism – RPI-CAOs – which minimise construction risk and are government-backed milestone-linked receivables that represent the payment obligations of Peru's Ministry of Transport and Communications.

Each RPI-CAO makes available 60 quarterly payments for a period of 15 years to the project, once defined milestones have been reached to repay lenders under the facility. The syndicated loan was provided by a set of European banks to a special purpose vehicle.

The facility is one of the only RPI-CAO financings covered by an ECA and is the largest RPI-CAO deal ever financed under a loan format in Peru.

## **IJGlobal Awards 2021 – Latin America Oil & Gas Deal of the Year**

### **PetroBAL**

PetroBAL's development finance facility for 2 oil fields located in the Campeche Bay of the Mexican Gulf of Mexico (GOM) won Oil & Gas Deal of the Year. This is the first offshore development finance facility in Mexico GOM.

The development finance facility totals \$250 million with Societe Generale, ING, Banco Nacional de Comercio Exterior and Banco Nacional de Mexico acting as MLAs.

In September 2015, PetroBAL, in consortium with the company Fieldwood Energy (a part of the Riverstone Holdings private equity portfolio) won the Contractual Area 4 bid by the Mexican Government through the National Commission of Hydrocarbons (CNH) in the second tender of Round One during the Energy Reform.

This second tender is for the award of contracts for extraction of hydrocarbons in shallow waters. The Contract Area 4 has an area of 58km and consists of oil fields Ichalkil and Pokoch, which are located in the Campeche area, about 42km from the coast and at 30 to 45 meters depth. The fields contain 1P reserves of 41.4 million barrels of oil equivalent (MMBOE), 2P and 3P 85.4 MMBOE 190.6 MMBOE. PetroBAL and Fieldwood Energy expect to extract 50,000 barrels per day by the end of this year with first oil achieved in November 2021.

## **IJGlobal Awards 2021 – Alternative Deal of the Year**

### **Zona Azul**

Estarpar is the largest company in the parking lot segment in Brazil, with over 700 parking operations throughout 77 cities and more than 400,000 designated spots. As a pioneer in the segment, it became the only company responsible for the Zona Azul service in the city of São Paulo, winning it Alternative Deal of the Year.

The company issued non-convertible debentures, with real guarantee and with additional personal guarantee simple debentures, in two series of ZA Digital de São Paulo Sistema de Estacionamento Rotativo. The issuance of the debentures was subject to a public offering with restricted efforts with a firm guarantee for all debentures. The underwriters were Banco Bradesco BBI and Santander with Planner Trustee DTVM acting as trustee.

The net proceeds from ZA Digital Debentures issued will be used as payment to the Municipality of São Paulo for the onerous concession agreement to explore the rotating parking operation on public streets and areas in the Municipality of São Paulo (Zona Azul).

Zona Azul is a framework made by and utilised as a part of substantial Brazilian areas to support the rotation of vehicles in particularly active public places. The parking in these spots is charged and the user can pick the time they desire to stay, paying a sum in return. This service used to be 100% analog, using paper receipts until very recently.

The cutting-edge technology developed by Estapar is designed to bring comfort and practicality to the users, so they can check online the availability and location of parking spots. This is contributing to the urban transformation of São Paulo into a smart city, as the usage of data represents an innovation in urban mobility management, aiding the traffic flow and turnover of public parking.

## **IJGlobal Awards 2021 – Refinancing Deal of the Year**

### **GNA I Refinancing**

Gas Natural Acu (GNA) raised R\$1.8 billion (\$343.93 million) through an offering of debentures to refinance an IFC loan for a 1.3GW gas-fired power plant in Brazil, completing the transaction on 4 August 2021 and winning it the refinancing deal of the year. The debentures are due 2039 and are the largest-ever project (non-corporate and non-ECA-guaranteed) infrastructure debentures in Brazil.

After running a very competitive selection process, GNA I mandated a bank syndicate to fully underwrite the transaction, composed of 4 commercial banks with strong presence in the local debt capital markets. BTG Pactual acted as lead arranger on the bond issuance, with BNP Paribas, Bradesco and ABC Brasil acting as co-arrangers. Brazil's BNDES acted as a structuring bank and anchor investor on the 18-year deal, which will support the GNA I UTE power plant located in Porto do Açu, within São João da Barra, Rio de Janeiro state.

GNA I and the banks were able to negotiate a comprehensive and complex set of documents that included contracts under Brazilian, New York and UK law. The infra debentures documentation had innovative cure periods and standstill provisions, out of Brazilian market standards, providing GNA I, its sponsors and other lenders with the required confidence. GNA I also managed to have the documentation agreed and signed off by other GNA I creditors including BNDES, KfW-Ipex and Euler Hermes.

Additionally, GNA I successfully negotiated an innovative collateral package structure with the banks that allowed the financial completion definition to be linked to certain conditions that do not include minimum DSCR tests.

This kind of arrangement, in practice, allows GNA I to release the bank guarantees securing the infra debentures in a timeframe equivalent to COD + 3 months. The infra debentures terms and conditions were superior to the existing IFC A Loan with:

- maturity date extended to 4.5 years longer (from January 2034 to July 2038)
- financial coupon around 250bps lower (5.9% p.a from 8.4% p.a)
- minimum DSCRs: 1.40x vs. 1.10x

The transaction was circa 1.8x overbooked from 40+ investors, composed of institutional investors, infrastructure funds, asset managers, banks treasuries and wealthy individuals.

## **IJGlobal Awards 2021 – Mining Deal of the Year**

### **Mantoverde Sulphide Development Project**

The Mantoverde Sulphide Development Project represents the largest greenfield mining project finance transaction closed since the beginning of 2020 and resulted in it winning the Mining Deal of the Year.

The \$847 million debt package will finance the expansion of Mantoverde, located in the Atacama Region of Chile and comprises:

- 12-year \$520 million senior secured project debt facility
- Finnvera (Finland's Export Credit Agency) issuing a \$250 guarantee senior secured amortizing project debt facility covered by a raw materials guarantee
- 10-year commercial tranche of \$210 million
- 12-year ECA direct loan facility of \$60 million
- \$51.6 million bonding facility to

The \$520 million senior secured debt facility was provided by Banco de Crédito e Inversiones, BNP Paribas, Export Finance Australia, ING Capital, MUFG, Natixis and Société Générale.

Mantoverde raised \$275m through equity proceeds from a transaction allowing Mitsubishi Materials Corporation (MMC) to acquire a 30% interest in Mantoverde. MMC will also provide a \$60 million cost overrun facility in lieu of an additional

offtake of copper concentrate from the project. Mantoverde is 70% owned by Mantos Copper Holding, which is controlled by Orion Resources Partners and Audley Capital Advisors.

## **IJGlobal Awards 2021 – Petrochemicals Deal of the Year**

### **Braskem Idesa Refinancing**

Braskem Idesa refinanced in full the project finance debt for its \$5.2 billion petrochemical complex, Etileno XXI, in Veracruz Mexico, ensuring it scooped the Petrochemicals Deal of the Year award.

The refinancing consisted in a full prepayment of Braskem Idesa's US\$1.35 billion project finance loans with \$1.2 billion in aggregate principal amount of 6.990% senior secured sustainability-linked notes due 2032 and a \$150 million term loan facility.

Braskem Idesa is the largest Mexican producer of polyethylene. The complex began operations in 2016 and has a production capacity of 1.050 million tons of polyethylene per year.

The refinancing comes on the heels of an amendment to Braskem Idesa's ethane supply contract with Pemex that reduces the contractual volume for ethane, the complex's key feedstock. Following the amendment to the ethane supply contract and the refinancing, Braskem Idesa plans to develop an ethane import terminal to source its ethane requirements.

The deal took place in the midst of a changing regulatory environment in Mexico and uncertainty as to Pemex's and the Mexican government's ultimate position in respect of the ethane supply contract.

Additionally, the transaction was uniquely challenging and rewarding in 2 ways, firstly Braskem Idesa pursued a strategy to negotiate both a full refinancing alternative with a term loan facility, as well as a parallel partial refinancing alternative that included the restructuring of the project finance loans and amendments and restatements of the key project finance agreements. The offering memorandum for the notes issuance contemplated both alternatives. Braskem Idesa made the decision for a full refinancing only at pricing of the notes.

Secondly, with the prepayment in full of the project finance debt, which had been extended by a group of core agency lenders, Braskem Idesa had a much more flexible covenant package that permitted the investment in the ethane import terminal and potential expansions of other solutions for the import of ethane to the complex.

## **IJGlobal Awards 2021 – Social Infrastructure Deal of the Year**

### **Smart Luz Smart City Project**

Rio de Janeiro's public lighting PPP – the second-largest in the country so far – reached financial close in November 2021, financed using an innovative financing structure which combined a bond placement with a debenture issuance, unlocking tax benefits whilst providing enough cash to finance investments and resulting in winning Social Infrastructure Deal of the Year.

The Brazilian debentures were valued at \$165.5 million with an orphan special purpose vehicle (Rio Smart Lighting) that in turn placed pass-through international bonds. Goldman Sachs acted as global coordinator, bookrunner, and sustainability bond structuring agent, whilst Citibank acted as collateral agent. Total equity stood at \$89.5 million.

The local currency-denominated notes were guaranteed by the United States International Development Finance Corporation (DFC) up to a maximum guaranteed principal amount and were used to fund the acquisition of all of the infrastructure debentures issued by Smart RJ to finance its 20-year public lighting and smart city services sub-concession

from the municipality of Rio de Janeiro's energy and lighting concessionaire.

The Smart Luz consortium signed a 20-year PPP contract with the city of Rio de Janeiro to modernise, optimise, expand, maintain and manage around 34km of beach boardwalks, 101 parks, 23 historic buildings and 12 cultural and tourist spaces.

The PPP also involves the installation of traffic light sensors and waste sensors for storm drains, that measure solid waste clogging the entry to the storm drains. The concessionaire's revenues will come from the collection of a municipal tax for public lighting.

## **IJGlobal Awards 2021 – Telecoms Deal of the Year**

### **FiBrasil**

In March 2021, CDPQ and Telefónica group announced an agreement for the construction, development and operation of a neutral and independent optical fibre wholesale network in Brazil, with the creation of their joint-venture FiBrasil. Telefónica Group and CDPQ each hold 50% in FiBrasil under a co-control governance model. Telefónica Group's 50% participation is held through Telefônica Brasil and Telefónica Infra each holding a stake of 25%.

CDPQ invested a total of up to \$324.3 million in the joint venture, comprising both primary and secondary payments, while Telefônica Brasil contributed an operating fibre-to-the-home (FTTH) network capable of serving 1.6 million homes across 34 Brazilian cities.

Deployment plan was fully financed with equity contributions from CDPQ and new debt raised by FiBrasil. Only 2 months after the transaction was closed, FiBrasil was able to issue a market debenture for BRL 550 million. The deal was designed with an original structure that aligns incentives of all parties and preserves the neutrality of the joint venture.

## **IJGlobal Awards 2021 – Transport Deal of the Year**

### **Port of Antioquia**

This project involved the non-recourse project financing of a \$758 million greenfield port development in the region of Uraba, Department of Antioquia, Colombia and winning Transport Deal of the Year.

Puerto Bahía Colombia de Urabá will be in charge of the development and operation of the port, which has a 30-year concession contract with the National Infrastructure Agency (ANI). The main sponsors of the deal include CMA Terminals, the port operation arm of global shipping line CMA CGM, and Eiffage Concession and UPLI, the private equity arm of SURA, LatAm's most prominent institutional investor, which in aggregate provided \$235 million of equity.

The \$393 million senior financing closed on 30 December 2021, lead arranged by the Inter-American Development Bank (\$200m), in association with FDN (\$103m), Bancoldex (\$30m) and Davivienda (\$30m). Mezzanine debt of \$130 million was provided by credit funds managed by Global Infrastructure Partners.

The port will connect with 2 4G toll roads (Mar 1, Mar 2) to become the port on the Atlantic closest to 75% of the country's GDP. It will be the port terminal closest to the main production and consumption centres of the country, becoming a key infrastructure for strengthening Colombian foreign trade. Additionally, it will allow small and large farmers in Urabá to boost their competitiveness and expand their presence in international markets.

## **IJGlobal Awards 2021 – Water Deal of the Year**

## Debentures for Aegea and Iguá Saneamento's Concessions

Cedae's divestment of its entire portfolio of sanitation infrastructure, including distribution, collection and sewage assets across 34 municipalities of Rio de Janeiro state, was the largest-ever privatisation in Brazil's water industry, and the first to take place after a new regulatory framework took effect.

The majority of the state-owned company's assets were divided into 4 water distribution and sewer service areas, and companies presented bids for 35-year concessions. The objective, in addition to water distribution, was to achieve universal sewage collection and treatment for around 13 million people.

Sanitation company Aegea won the concession for 2 of the 4 blocks: the first, which contains assets that serve the south region of Rio de Janeiro and 18 other cities, including São Gonçalo and Maricá, and the second, which contains assets serving the centre and north regions of Rio and 8 other cities, including Duque de Caxias, Belford Roxo and Nilópolis.

A syndicate of eleven banks financed Aegea's wins headed by JP Morgan which provided \$1.56 billion to the special purpose vehicles incorporated for operating the 2 granted blocks. The facility, whose 1st tranche closed in July 2021, marked the greatest syndicated loan ever for the sanitation sector under a concession.

Iguá Saneamento took a third block, whose assets serve Rio's west region (including Barra da Tijuca and Jacarepaguá), in addition to the cities of Miguel Pereira and Paty do Alferes. The fourth block was not taken and will be offered again in a new auction.

CPPIB provided an investment of BRL 1.2 billion for Iguá's winning bid, followed by most of the company's shareholders, including Alberta Investment Management Corporation (AIMCo), which invested in Iguá in 2018) and BNDES (an investor since 2012). The investment involved both primary and secondary transactions.

## IJGlobal Awards 2021 – Power Deal of the Year

### Project Gatun

Project Gatun consists of the development, design, construction, operation, and maintenance of a 670 MW greenfield natural gas-powered, combined-cycle gas turbine power plant (CCGT) to be located at the inlet to the Panama Canal on the Caribbean Sea. The project includes the CCGT as well as the construction of 2 ancillary transmission lines measuring 700m and 15km, respectively and making it Power Deal of the Year.

The \$785 million non-recourse infrastructure financing package comprised a \$709 million senior-secured term loan facility and a \$79 million letter of credit. The financing was supported by 3 identical take-or-pay PPAs with the Panamanian distribution companies representing over 80% of Gatun's total capacity. Together, the offtakers serve 95% of the Panamanian market. Natixis acted as co-coordinated lead arranger, co-joint bookrunner (alongside SMBC) and admin agent.

The sponsors are AES Panama and InterEnergy and the deal closed in December 2021.

The project adds significant baseload generation to Panama's generation sector. The Panamanian government announced that the Gatun project is part of the Plan for the Comprehensive Development of the Electricity Sector.

Project Gatun is a critical step forward in Panama's efforts to reduce the carbon footprint of its generation mix while developing the firm capacity needed to support the country's large but unreliable hydropower network. After a 31-month construction period to reach COD, Project Gatun will be the most efficient thermal plant in the country to date with the lowest marginal cost, placing it at the top of the dispatch merit order. Its construction will allow for the retirement of older and dirtier coal and fuel-oil fired plants and provide much-needed installed firm capacity to support Panama's economic development ambitions, provide its people with an electricity system they can rely on, and allow the country to continue its energy transition path.

## IJGlobal Awards 2021 – Battery Storage Deal of the Year

### Neoen's BESS for Capella and Providencia solar plants

France's Neoen wrapped construction financing for 2 battery storage projects to be added to its existing solar parks in El Salvador, winning Battery Storage Deal of the Year.

IDB Invest provided the non-recourse financing through its Canadian Climate Fund for the Private Sector in the Americas – Phase II (C2FII). The transaction presents a flexible repayment scheme linked to the savings in operating costs of both solar plants, generated by the use of energy storage batteries as technology for the provision of regulated primary and secondary back-up services. Through this project, IDB Invest and C2F2 will be providing their largest financing to date for energy storage batteries in Latin America and the Caribbean.

The 11MW/8MWh battery units will be built adjacent to Neoen's 150MW (DC) Capella solar facility in Usulután and 101MW (DC) Providencia solar park in La Paz.

It is estimated that the batteries will reduce CO2 emissions by 5,000 metric tons per year, as they displace the service of plants that operate on fossil fuels to cover the primary and secondary back-up requirements of the Salvadoran electricity grid.

## IJGlobal Awards 2021 – Renewables Deal of the Year

### Matrix Renewables PMGD Portfolio

Matrix Renewables, a renewable energy platform created and backed by global alternative asset manager TPG and its \$12 billion impact investing platform TPG Rise, closed a \$290 million multi-tranche, dual-currency financing with the Inter-American Development Bank and Bancolombia for its Los Llanos solar PMGD portfolio.

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