10 Project Bonds To Change Your Preconceptions

Crédit Agricole CIB, a leader in the global Project Bond market, is authoring a series of articles covering key topics for issuers to consider.

The Global Project Bond Market

The Capital Markets are an established source of funding for project financing.

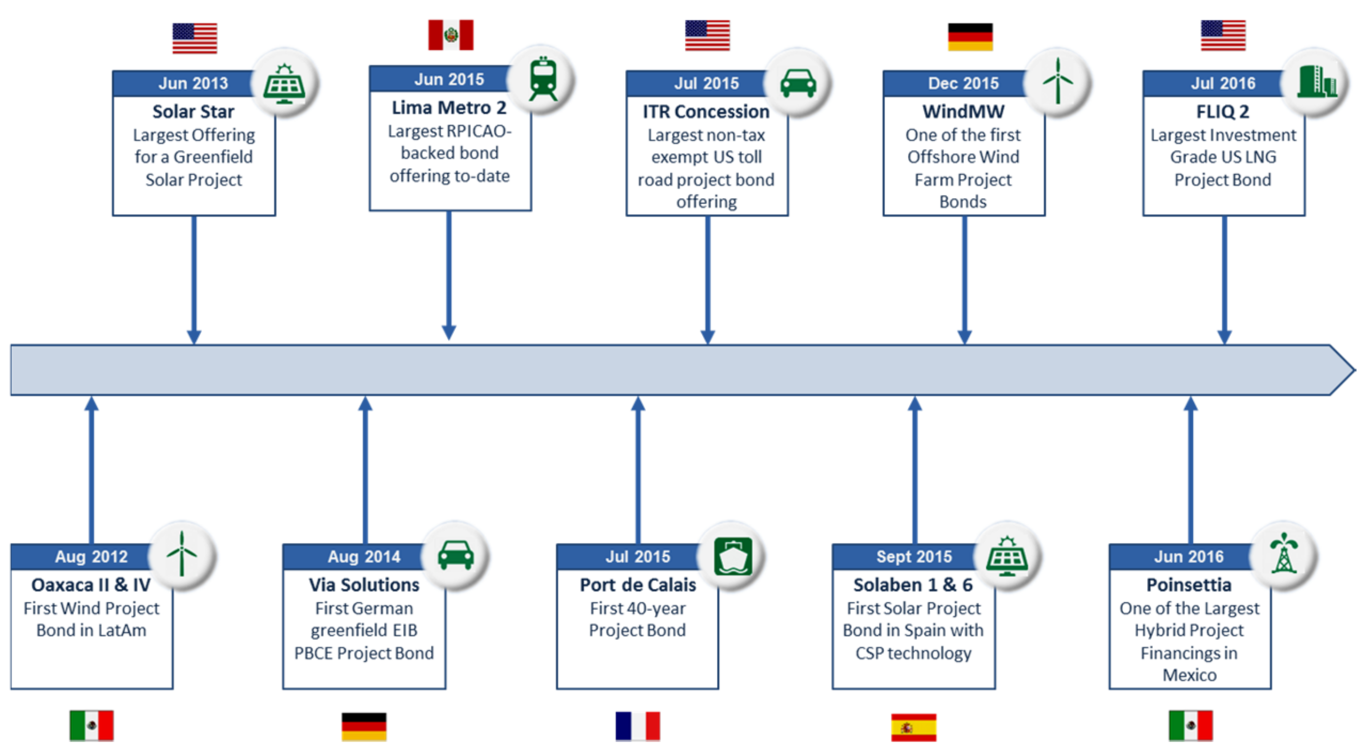
Project Bonds offer distinct advantages to issuers such as long tenor typically matching the underlying offtake agreements, fixed pricing, quick-to-market execution, and deep market for investment. Tapping the Capital Markets has also proved beneficial for investors, allowing them to diversify their investment portfolio.

Throughout the years, the Project Bond market has advanced with the issuance of ground-breaking transactions. Issuances backing new asset classes, new geographies, and innovative structures have developed this market, allowing it to become a reliable source of financing for issuers developing complex infrastructure and energy projects.

In 2015 and 2016 alone, Project Bonds were used to finance user-pay traffic risk toll roads in the US, offshore wind farms in Europe, and oil & gas asset portfolios in Latin America. These are just a few transactions that demonstrate the new frontiers that Project Bonds have reached.

In this article, we review select noteworthy transactions that have shaped the Project Bond market. Below we present an overview of the transactions covered in this article. This list represents only a small sample of some of the transactions that have transformed the market.

Timeline Illustration of 10 Noteworthy Project Bond Transactions



Sources: Crédit Agricole CIB, Project Finance International, IJGlobal, Private Placement Monitor, Moody's, Fitch, Standard & Poor's, and select transaction / offering documents.

FLNG Liquefaction 2, LLC

The FLNG Liquefaction 2, LLC (FLIQ2) bond offering is notable because it was the largest investment grade transaction for a LNG asset located in the United States.

The sponsors of the project are Freeport LNG Development, LP (FLNG) and IFM Global Infrastructure Fund (IFM). FLNG operates a LNG regasification terminal near Freeport, Texas, that is currently being expanded to add natural gas liquefaction and LNG export facilities. The expansion consists of three liquefaction trains that are separately owned by individual entities. The FLIQ2 issuance supports the development of the second train of the facility (Train 2). Under the expansion, each train is independently financed and each train is contracted with different offtakers with varying credit qualities. Train 2 has a 20-year use-or-pay tolling agreement with BP Energy Company, which is guaranteed by its US parent company, BP Corporation North America.

In November 2014, FLIQ2 raised approximately $3.9BN in senior secured construction financing. After the initial bank loan project financing, FLIQ2 sought to raise capital from the Project Bond market to commence the refinancing program for the bank loan facility.

In July 2016, FLIQ2 issued $1.25BN 144A / Reg S senior secured notes at 4.125%. The proceeds from the offering were used to refinance a portion of the existing bank facility and pay swap breakage costs and fees related to the issuance. The notes are fully amortizing with a tenor of 22 years and a 14-year average life. The notes are rated BBB by S&P and Fitch. The offering was marketed broadly to asset managers and insurance companies and was significantly upsized.

In November 2016, FLIQ2 issued an additional $600MM in 4(a)(2) / Reg D senior secured notes to continue the bank facility refinancing program. The transaction was marketed to a select group of insurance companies and asset managers.

LNG Facility in the United States

Transaction Highlights

Issuer:	FLNG Liquefaction 2, LLC
Date of Issuance:	July 2016
Issuance Amount:	$1.25BN
Use of Proceeds:	Refinance portion of existing bank debt; pay swap breakage costs & fees & expenses
Credit Ratings:	BBB (S&P); BBB (Fitch)
Coupon Rate:	4.125%
Final Maturity:	2038
Country:	United States
Project Type:	Energy; LNG
Project Sponsor:	IFM Global Infrastructure Fund & Freeport LNG Development
Source of Payment:	Tolling agreement revenue

Transaction Highlights

Issuer:	FLNG Liquefaction 2, LLC
Date of Issuance:	November 2016
Issuance Amount:	$600MM
Use of Proceeds:	Refinance portion of existing bank debt; pay swap breakage costs & fees and expenses
Credit Ratings:	NAIC-2 (BBB)
Coupon Rate:	Private
Final Maturity:	2038
Country:	United States
Project Type:	Energy; LNG
Project Sponsor:	IFM Global Infrastructure Fund & Freeport LNG Development
Source of Payment:	Tolling agreement revenue

Why Significant?

The $1.25BN Project Bond was the first investment grade bond offering for a LNG plant in the United States. Prior issuances in the LNG space were either non-investment grade or for assets located in the Middle East. This offering is a part of a repeat issuance program in order to finance approximately $3.9BN in bank facilities.

Poinsettia Finance Limited

The Poinsettia Finance Limited (Poinsettia) offering was a hybrid project financing inclusive of a Project Bond tranche as well as a bank loan tranche related to a sale & leaseback of a portfolio of oil & gas assets in Mexico. This issuance is one of the largest bank/bond hybrid project financings in Mexico.

In June 2016, Petroleos Mexicanos (Pemex) – a public petroleum company owned by the Mexican government – entered into a sale-leaseback agreement with KKR – a private equity firm – for certain oil and gas assets. Under the agreement, Pemex agreed to sell these assets to KKR while maintaining responsibility for operating the assets. In return, Pemex agreed to make unconditional and irrevocable, USD-denominated lease payments to KKR during the 15-year term of the agreement. The lease payments back the repayment of the debt issued by Poinsettia. The transaction was seen as a way for Pemex to monetize its assets as part of a company-wide asset/liability management strategy in light of the effects of low oil prices on the company.

In order to finance the transaction, Poinsettia received bank loan financing and issued bonds in the Capital Markets, which rank *pari passu* to the bank loan debt. The transaction included a $100MM 12-year term loan, a $235MM 10-year term loan, a $115MM five-year term loan, and a $50MM five-year revolver. The bonds (closed in June 2016) were issued for $530.8MM as 15-year 144A / Reg S senior secured notes. Priced at 6.625%, the notes have an 11.4-year average life and are rated Baa3 (Moody's); and BBB+ (Standard & Poor's, or S&P).

The order book was largely comprised of Insurance Companies, with Asset Managers filling up the remainder of the book. This transaction was priced at a modest premium to the underlying Pemex curve.

Portfolio of Oil & Gas Assets in Mexico

Transaction Highlights

Issuer:	Poinsettia Finance Limited
Date of Issuance:	June 2016
Issuance Amount:	$530.8MM
Use of Proceeds:	Finance the purchase price of a portfolio of operating oil & gas assets and cover transaction-related costs
Credit Ratings:	Baa3 (Moody's); BBB+ (S&P)
Coupon Rate:	6.625%
Final Maturity:	June 2031
Country:	Mexico
Project Type:	Energy; Oil & Gas
Project Sponsor:	KKR
Source of Payment:	Hell-or-high-water lease payments

Why Significant?

The significance of this issuance is that it featured one of the largest bank/bond hybrid project financings in Mexico. The transaction is the first in Mexico to include a private equity firm investing in Pemex oil & gas assets, which may lead to other private equity firms to invest in similar assets in the country.

WindMW GmbH

WindMW GmbH (WindMW) was the first offshore wind Project Bond offering. The issuance supports the 288MW Meerwind offshore wind farm located in the German North Sea consisting of 80 wind-turbine generators that were fully operational by February 2015. The equity sponsors of Meerwind are The Blackstone Group (Blackstone, 80%) and Windland Energleerzeugungs (Windland, 20%). Construction was initially financed with bank loan facilities.

Under the German Renewable Energy Laws, the project benefits from a feed-in tariff (FiT) and the grid operator is responsible for the grid connection both to and at shore. The project receives an initial guaranteed FiT for all power it produces until 2027. Between 2028 and 2034, the project can elect to receive a lower fixed FiT or sell its production at market price.

In December 2015, WindMW issued €978MM in senior secured notes. The notes were issued across several EUR and USD tranches: €426MM in 6-year notes, €146MM in 11.5-year notes, and $439MM in 11.5-year notes. The €426MM 6-year notes were priced at 2.125% and have a 3-year average life. The €146MM 11.5-year notes were priced at 3.59% with a 9-year average life. The USD-denominated notes were priced at 5.02% and have a 9-year average life. Tranches were issued under multiple formats, including a German Shuldschein, in order to accommodate different investor bases. Of note, the 11.5-year maturity of the notes was co-terminus with the initial FiT period but investors are exposed to refinancing risk since the structure is not fully amortizing. The full issuance was rated Baa3 (Moody's); BBB- (S&P); and BBB- (Fitch).

To reduce exposure to merchant risk, a reserve was structured to partially collateralize the balloon payment at maturity. During the final years of the transaction, the level of funding of the reserve is, in part, indexed to spot and forward energy prices. If spot prices decrease below certain thresholds, funding of the reserve from project cash flows is required. For the USD tranche, a currency swap was structured to cover the entire debt term including the outstanding balloon.

Offshore Wind Farm in Germany

Transaction Highlights

Issuer:	WindMW GmbH
Date of Issuance:	December 2015
Issuance Amount:	$439MM
Use of Proceeds:	Refinance existing construction facilities; pay transaction costs
Credit Ratings:	Baa3 (Moody's); BBB- (S&P); BBB- (Fitch)
Coupon Rate:	5.02%
Final Maturity:	2027
Country:	Germany
Project Type:	Energy; Offshore Wind
Project Sponsor:	The Blackstone Group and Windland Energleerzeugungs
Source of Payment:	Feed-In-Tariff

Transaction Highlights

Issuer:	WindMW GmbH
Date of Issuance:	December 2015
Issuance Amount:	€572MM
Use of Proceeds:	Refinance existing construction facilities; pay transaction costs
Credit Ratings:	Baa3 (Moody's); BBB- (S&P); BBB- (Fitch)
Coupon Rate:	2.125%; 3.59%
Final Maturity:	2021; 2027
Country:	Germany
Project Type:	Energy; Offshore Wind
Project Sponsor:	The Blackstone Group and Windland Energleerzeugungs
Source of Payment:	Feed-In-Tariff

Why Significant?

The WindMW issuance is significant as it was the first offshore wind farm Project Bond to tap the Capital Markets. The structure is also notable, with 8 different tranches denominated in two different currencies with a currency swap to hedge the foreign exchange risk. The inclusion of a reserve in the last years of the transaction was also innovative and mitigated refinancing risk.

Solaben Luxembourg S.A.

The Solaben Luxembourg S.A. (Solaben) issuance was the first solar Project Bond issued in Spain.

The Solaben 1 & 6 projects are two 50MW solar thermal plants located in the Extremadura region of Spain. The two concentrating solar power (CSP) plants use parabolic trough technology and began operations in the summer of 2013. A CSP project collects and concentrates heat from the sun using highly reflective mirror panels and focuses the heat onto a receiver filled with a highly conductive fluid, such as synthetic oil. This fluid is then used to create steam and power a conventional steam turbine to generate electricity.

The projects receive subsidies until 2038 under a Spanish payment regime. The new pool-plus-premium regime allows the projects to benefit from a stable payment framework, which outlines that 70% of the projects' revenues are unrelated to demand or production. The regime also includes a mechanism that guarantees a rate of return and removes all risk of pool price discrepancies. The projects benefit from technology that has a long track record. The transaction boasts a conservative (55/45) debt to equity ratio and strong coverage ratios.

In late August 2015, Abengoa SA was struggling as its share price fell approximately 25% after concerns surrounding the leverage of the company. As part of its strategy to raise cash and shore up its capital structure, it agreed to sell the Solaben 1 & 6 projects to its US-listed yieldco (at the time, Abengoa Yield) for €277MM.

In September 2015, Solaben issued €285MM in fixed-rate senior secured bonds. The issuance has a maturity of 19 years and an average life of 10 years. The fully amortizing bonds featured a coupon of 3.758% and were rated BBB by S&P. The bond issuance was fully subscribed by insurance companies.

CSP Solar Farms in Spain

Transaction Highlights

Issuer:	**Solaben Luxembourg S.A.**
Date of Issuance:	September 2015
Issuance Amount:	€285MM
Use of Proceeds:	Refinance construction costs related to projects and cover transaction & other costs
Credit Ratings:	BBB (S&P)
Coupon Rate:	3.758%
Final Maturity:	2034
Country:	Spain
Project Type:	Power; Solar
Project Sponsor:	Atlantica Yield
Source of Payment:	Spain's pool-plus-premium regime

Why Significant?

The Solaben issuance is significant most notably as the first Project Bond for a Spanish solar project. Solaben was also the first solar Project Bond transaction in Europe backed by parabolic trough technology.

ITR Concession Company, LLC

ITR Concession Company LLC (ITRCC) is not only the largest non-tax exempt US toll-road Capital Markets financing to-date, but this transaction also ushered the introduction of infrastructure debt funds to the US Project Bond market.

The Indiana Toll Road, a roadway spanning 157 miles, connects the City of Chicago to the Midwest and the Eastern United States. The toll road serves a diverse base of commuters as well as a mix of heavy and light vehicle traffic. The Indiana Finance Authority and the Indiana Toll Road Concession Company entered into a concession agreement granting ITRCC a 75-year concession for the toll road. In 2014, the company and its parents filed for relief with the United States Bankruptcy Court under Chapter 11. As a result, the parent companies agreed to pursue a sale of ITRCC and its assets. IFM Investors, on behalf of IFM Global Infrastructure Fund, emerged as the successful bidder, acquiring ITRCC and its assets for approximately $5.7BN in May 2015.

There are two Project Bonds related to this acquisition, both significant for different reasons. The first Project Bond was $700MM in 4(a)(2) privately placed senior secured notes issued alongside a $551MM bridge loan facility, $329MM capex term loan facility, and a $1.3BN term loan facility for the initial acquisition financing closed in May 2015. The $700MM senior secured notes offering was placed entirely with one investor.

After the initial financing of the acquisition, in July 2015 ITRCC once again tapped into the Project Bond market, this time with $1.05BN in 144A / Reg S senior secured notes. The notes were issued in three tranches: $300MM in 10-year notes at 4.197%, $500MM in 20-year notes at 5.183%, and $250MM in 25-year notes at 5.283%. The Project Bonds and the bank facilities rank *pari passu* with each other. The notes were rated BBB by S&P and Fitch. The notes have a bullet repayment profile and the proceeds were used to partially refinance the facilities associated with the acquisition.

Despite being the first toll road transaction exposed to traffic risk in many years, investors expressed strong interest and the offering was upsized.

Toll Road in the United States

Transaction Highlights

Issuer:	**ITR Concession Company, LLC**
Date of Issuance:	May 2015
Issuance Amount:	$700MM
Use of Proceeds:	Finance a portion of the purchase price of the acquisition and cover transaction costs
Credit Ratings:	BBB (S&P); BBB (Fitch)
Coupon Rate:	Private
Final Maturity:	Private
Country:	United States
Project Type:	Transportation, Toll road
Project Sponsor:	IFM Investors
Source of Payment:	Toll revenues

Transaction Highlights

Issuer:	**ITR Concession Company, LLC**
Date of Issuance:	July 2015
Issuance Amount:	$1.05BN
Use of Proceeds:	Partially refinance bank facilities associated with the acquisition and cover transaction costs
Credit Ratings:	BBB (S&P); BBB (Fitch)
Coupon Rate:	4.197%; 5.183%; 5.283%
Final Maturity:	2025; 2035; 2040
Country:	United States
Project Type:	Transportation, Toll road
Project Sponsor:	IFM Investors
Source of Payment:	Toll revenues

Why Significant?

ITRCC's Project Bond issuances are significant because they were the first non-tax exempt US toll-road bond financing in many years. In addition, the 4(a)(2) private placement offering marked one of the largest hybrid project financing approaches in the Project Bond market, with the bond tranche in the original acquisition financing placed entirely with one investor.

Société des Ports du Détroit

The Société des Ports du Détroit issuance (Port de Calais) marked the first 40-year Project Bond.

The offering backed the expansion project to create a deep-water basin next to the existing port in Calais, alongside new berths, a railway, and multi-modal links. The construction is to be performed under a fixed-price EPC contract with a consortium inclusive of Bouyges, Spie Batignolles, and Jan de Nul. The project is expected to reach commercial operations at the end of 2020 and benefits from an underlying concession agreement with the region of Nord-Pas-de-Calais (the Grantor) for a total of 50 years. The concession has a dual structure in which the concessionaire and project company are distinct entities. The port concession is inclusive of merchant risk based on passenger and freight tariffs, but the project company is shielded from such risks as it has a revenue structure most similar to a PPP-style availability-based payment regime. The majority of the project financing was provided at the project company level, funding the construction/expansion efforts rather than the concession operation.

In July 2015, Port de Calais issued €504MM in 40-year senior secured notes. The privately-placed notes have a structure in which pricing increases after the construction is completed. The notes have a coupon of 3.70% during construction which increases to approximately 4.50% three years after the initiation of the operation phase. The private placement offering was entirely placed with one investor. It should also be noted that the notes are fully amortizing (i.e. there is no balloon payment due at the end of the 40-year term).

The offering benefits from support from the EIB through the PBCE program. The PBCE kicks in only after construction and backs approximately 10% of the notes. It acts as a first-loss cover and as an additional source of liquidity during the project's initial years of operation. The transaction is believed to be investment grade, even without the additional EIB enhancement product.

The structure also includes a liquidity facility to be drawn in case of cash shortfalls. The Grantor guarantees the debt service of the senior secured notes and agrees to refill the liquidity facility, if needed.

Port in France

Transaction Highlights

Issuer:	Société des Ports du Détroit
Date of Issuance:	July 2015
Issuance Amount:	EUR €504MM
Use of Proceeds:	Finance the expansion of a port in France
Credit Ratings:	--
Coupon Rate:	3.70% (construction phase); 4.50% (operation phase)
Final Maturity:	2055
Country:	France
Project Type:	Infrastructure; Port
Project Sponsors:	Meridiam, CDC, the Cambre de commerce et d'industrie Cote D'Opale, the Chambre de commerce et d'industrie Nord de France
Source of Payment:	Availability-based payments as defined under the concession agreement

Why Significant?

The Port du Calais issuance is significant because of its long-term issuance backed by the concession granted. The 50-year concession granted by Nord-Pas de Calais opened the door for the first 40-year Project Bond. The bond's uncommon structure is also noteworthy, as the bond features increased pricing and strong guarantees after construction is completed. This pricing flexibility was facilitated by the presence of only one investor.

Lima Metro Line 2 Finance Limited

Lima Metro Line 2 Finance Limited (Lima Metro 2) is one of the largest infrastructure Project Bond offerings in Latin America and the largest RPI-CAO-backed offering to-date. RPI-CAOs ("Retribucion por Inversion – Certificado de Avance de Obras") are a milestone payment, government-sponsored mechanism characteristic of the Peruvian infrastructure financing program. We further detail this compensation regime below.

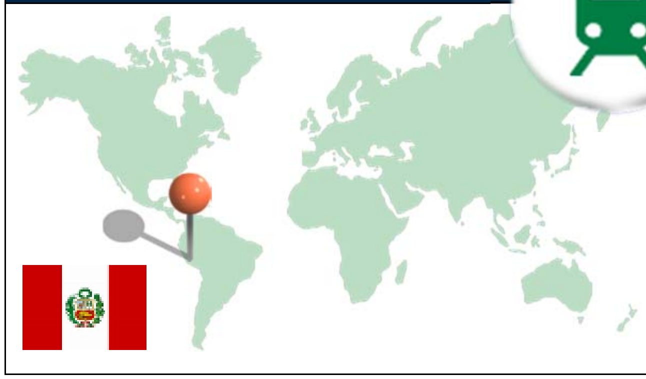
The bonds were issued to finance the construction of two routes of the subway system in the city of Lima, Peru, along with the related electromechanical equipment. The project involves the construction of 35 subway stations and approximately 35 kilometers of tunnels and courtyards.

In April 2014, the Peruvian Ministry of Transport and Communications (the Ministry) entered into a concession agreement with Metro de Lima Linea S.A. (a consortium comprised of ACS Iridium, Vialia (FCC), Salini Impregilo, AnsaldoBreda, Ansaldo STS, and COSAPI, and the ultimate equity sponsors of the project) for the construction and operation of two underground railway lines. Through the concession agreement, Metro de Lima Linea S.A. (the concessionaire) will be compensated by the Ministry under an RPI-CAO payment regime.

The RPI-CAO regime is a payment mechanism typical in Peruvian infrastructure transactions under which the concessionaire obtains the right to receive systematic payments as compensation for construction costs incurred for a project. RPI-CAOs are obtained after construction milestones are achieved and progress reports are submitted to and approved by the Ministry. These USD-denominated compensation rights are due and payable following a specified installment schedule and represent an irrevocable and unconditional payment guarantee of the Ministry to the concessionaire. RPI-CAOs are not direct sovereign obligations, but the Peruvian government is obligated to honor their payment if the Ministry fails to make due payments.

In June 2015, Lima Metro 2 issued $1.15BN in 144A / Reg S senior secured notes at 5.875%. The 19.1-year notes had an average life at issuance of 12.8 years and are rated Baa1 (Moody's); BBB (S&P); and BBB (Fitch). The notes drew significant interest from Asset Managers and Local Peruvian Investors, with these investor bases comprising the majority of the final order book.

Metro Line in Peru



Transaction Highlights

Issuer:	Lima Metro Line 2 Finance Limited
Date of Issuance:	June 2015
Issuance Amount:	$1.15BN
Use of Proceeds:	Finance construction of a metro line project in the city of Lima
Credit Ratings:	Baa1 (Moody's); BBB (S&P); BBB (Fitch)
Coupon Rate:	5.875%
Final Maturity:	July 2034
Country:	Peru
Project Type:	Transportation, Rail
Project Sponsor:	A consortium comprised of ACS Iridium, Vialia (FCC), Salini Impregilo, AnsaldoBreda, Ansaldo STS, and COSAPI
Source of Payment:	RPI-CAO payment regime

Why Significant?

The Lima Metro Line 2 issuance is significant due to its size and structure. The issuance amount reached $1.15BN, making it one of the largest Project Bond offerings in Latin America to-date. The offering also featured a distinct structure, being the largest RPI-CAO-backed Project Bond, shedding light on this Peru-specific payment regime. Participation from local Peruvian investors was significant with this investor pool accounting for approximately 30% of total allocations.

Via Solutions Nord GmbH & Co.KG

Via Solutions Nord GmbH & Co. KG (Via Solutions) marked the first greenfield Project Bond Credit Enhancement (PBCE)-backed bonds in the Capital Markets.

The underlying A7 project is the 65km stretch of road north of Hamburg, serving as the main motorway connecting Germany and Denmark. The project consists of the expansion of the A7 from 2x2 lanes to 2x3 and 2x4 lanes. The project is being developed and operated by a consortium of sponsors comprised of Hochtief, DIF, and Kemna. The consortium entered into a standard German PPP contract with the Deutsche Einheit Fernstraßenplanungs - und - bau GmbH, representing the Federal Republic of Germany (the Grantor). The duration of the contract agreement is 30 years from financial close. Construction began in September 2014 and is expected to reach completion in 2018. The construction risk is low compared to similar projects because the construction involves simple upgrades. The contract also includes the maintenance of another stretch of road. The project was procured on a full 100% availability basis, carrying no traffic risk and receiving payments backed by the Federal Republic of Germany rated Aaa, improving the project's credit quality.

In August 2014, Via Solutions issued €429MM in 29-year senior secured notes. The fixed-rate notes have an average life of 16 years and is rated A3 by Moody's. The structure is inclusive of a monthly delayed draw mechanism throughout the 4.5-year construction period and the issuance benefits from the PBCE initiative, backed by the European Investment Bank (EIB). The PBCE backs 20%, or €90MM, of the issuance in the form of an unconditional and irrevocable revolving letter of credit. The PBCE is only available during the construction phase to provide additional liquidity. It serves as a first-loss support if the senior debt is accelerated and will terminate once the project is in operation. The PBCE facility led to a one-and-a-half notch rating uplift on the bonds, which would have had a rating of Baa2, according to Moody's.

The issuance was privately-placed with seven investors and the notes were not listed. The Grantor required that the consortium provide committed offers prior to bidding. Due to this requirement, investors provided commitments several months before close at a fixed spread over mid-swaps.

Tollroad in Germany

Transaction Highlights

Issuer:	**Via Solutions Nord GmbH & Co**
Date of Issuance:	August 2014
Issuance Amount:	€429MM
Use of Proceeds:	Fund the design, construction, operation and management of the project
Credit Ratings:	A3 (Moody's)
Coupon Rate:	Private
Final Maturity:	2043
Country:	Germany
Project Type:	Transportation, Road
Project Sponsor:	Consortium comprised of Hochtief PPP Solutions GmBH (49%), DIF INFRA 3 PPP Luxembourg (41%), and Kemna BAU Andrea GmbH (10%)
Source of Payment:	Availability payments as defined under the PPP contract

Why Significant?

The Via Solutions issuance is significant for several reasons. It was the first German greenfield EIB PBCE Project Bond financing in the Capital Markets. The letter of credit enhanced the construction phase by providing additional liquidity which would become subordinated debt if drawn. The transaction was also notable because it was not listed as the issuance was privately-placed with investors that committed prior to the bidding process.

Solar Star Funding, LLC

Solar Star Funding, LLC (Solar Star) is the largest Project Bond offering to date for a greenfield solar project.

The Project Bond issuance backs the aggregate 579MW photovoltaic (PV) generating facilities in Kern and Los Angeles counties in California. The underlying project consists of two separate facilities, the 309MW Solar Star California XIX facility and the 270MW Solar Star California XX facility. The project was initially developed by SunPower Corporation and was later acquired by MidAmerican Energy (MidAmerican) in December 2012. Solar Star, a subsidiary under the sponsor MidAmerican, was formed to own the two facilities. At the time of the transaction, the underlying facilities were under construction in the Mojave Desert. The two facilities were constructed and are now operated by the original developer, SunPower Corporation. Both facilities are contracted under 20-year fixed price Power Purchase Agreements for 100% of their output with Southern California Edison Company rated A2 (Moody's); BBB+ (S&P); and A- (Fitch).

In June 2013, Solar Star issued $1,000MM in 22-year senior secured notes at 5.375%. The 144A / Reg S offering had a 14.7-year average life and was rated Baa3 (Moody's); BBB- (S&P); and BBB- (Fitch). The proceeds were used to finance the construction of the two facilities and to lower the equity commitment by MidAmerican.

This issuance was the first part of a two-part Project Bond transaction to finance the construction of the two facilities. Solar Star initially intended to issue about $1.275BN in two separate series. The issuance on June 2013 was the initial series and was expected to be approximately $700MM. Solar Star had anticipated to issue again in 2014 with approximately $575MM in senior secured notes. However, the initial transaction in 2013 was significantly upsized to $1,000MM from $700MM.

In March 2015, Solar Star issued another $325MM in 20-year senior secured notes. The notes were priced at 3.95% and have an average life of 12.5 years. The new issuance was assigned a Baa3 (Moody's); BBB (S&P); and BBB- (Fitch) ratings. S&P up-notched its rating with this add-on issuance. The proceeds from the issuance allowed MidAmerican to reduce its equity contribution to reach a capital structure of 48% debt and 52% equity. The transaction was upsized from $315MM to $325MM.

PV Solar Farm in the United States

Transaction Highlights

Issuer:	Solar Star Funding, LLC
Date of Issuance:	June 2013
Issuance Amount:	$1,000MM
Use of Proceeds:	Fund construction costs & financing fees; cover interest during construction; and reduce equity commitment
Credit Ratings:	Baa3 (Moody's); BBB- (S&P); BBB- (Fitch)
Coupon Rate:	5.375%
Final Maturity:	2035
Country:	United States
Project Type:	Energy; Solar
Project Sponsor:	MidAmerican Energy
Source of Payment:	Power Purchase Agreement with Southern California Edison

Transaction Highlights

Issuer:	Solar Star Funding, LLC
Date of Issuance:	March 2015
Issuance Amount:	$325MM
Use of Proceeds:	Fund construction costs & financing fees; cover interest during construction; and reduce equity commitment
Credit Ratings:	Baa3 (Moody's); BBB (S&P); BBB- (Fitch)
Coupon Rate:	3.950%
Final Maturity:	2035
Country:	United States
Project Type:	Energy; Solar
Project Sponsor:	MidAmerican Energy
Source of Payment:	Power Purchase Agreement with Southern California Edison

Why Significant?

The Solar Star inaugural issuance is significant due to the size of the offering. With its upsizing to $1,000MM, it became the largest Project Bond issuance for a greenfield solar project. It is also notable that this issuance was a part of a repeat issuance program, with Solar Star issuing $325MM in senior secured notes again in March 2015.

CE Oaxaca Dos, S de RL de CV & CE Oaxaca Cuatro, S de RL de CV

The CE Oaxaca Dos, S de RL de CV & CE Oaxaca Cuatro, S de RL de CV (Oaxaca II and Oaxaca IV) issuances supported the refinancing of two wind farm projects, each with 102MW of total installed capacity, located in the Oaxaca region of Mexico. These wind farm transactions were collectively the first-ever Latin American wind projects to tap into the Capital Markets. Prior to these transactions, the majority of wind Project Bond issuances were concentrated in the United States and Europe (See "Project Bond Focus – Issue 3 – New Energies – Wind" for more information). These two transactions highlighted the expansion of wind Project Bond financings into new geographies.

In late 2009, Comisión Federal de Electricidad (CFE), Mexico's state power company and the largest electric utility in Latin America, launched a tender for the construction and operation of three wind projects (Oaxaca II, Oaxaca III, and Oaxaca IV) to ramp up Mexico's wind generation capacity. In March 2010, the three projects were awarded to Acciona Energia SA. Acciona Energia SA was granted an agreement with CFE to operate the wind projects for 20 years in exchange for payments in USD from CFE pursuant to Power Purchase Agreements. The construction of the II and IV projects was partially financed by a bank facility. The projects reached commercial operation in early 2012.

In August 2012, Oaxaca II issued $148.5MM in 19-year 144A / Reg S notes to refinance the original bank facility. The senior secured notes priced at 7.25% and had an average life at issuance of 13 years. The offering was rated BBB- by S&P and Fitch. Concurrently, Oaxaca IV issued $150.2MM in 19-year senior secured notes that also priced at 7.25%. Project III was not included in the 144A / Reg S issuances. The final book for the two offerings included international institutional investors, as well as local investors (Afores, or Mexican pension funds).

Another interesting takeaway of these two bond offerings is that this offering came to market when commercial banks were unprepared to lend to the refinancings of the projects. The sponsor was able to tap the Capital Markets as an alternative and move forward with its refinancing plan.

Wind Farms in Mexico

Transaction Highlights

Issuer:	CE Oaxaca Dos, S de RL
Date of Issuance:	August 2012
Issuance Amount:	$148.5MM
Use of Proceeds:	Refinance construction financing
Credit Ratings:	BBB- (S&P); BBB- (Fitch)
Coupon Rate:	7.250%
Final Maturity:	2031
Country:	Mexico
Project Type:	Energy; Wind
Project Sponsor:	Acciona Energia SA
Source of Payment:	Power Purchase Agreement with CFE

Transaction Highlights

Issuer:	CE Oaxaca Cuatro, S de RL de CV
Date of Issuance:	August 2012
Issuance Amount:	$150.2MM
Use of Proceeds:	Refinance construction financing
Credit Ratings:	BBB- (S&P); BBB- (Fitch)
Coupon Rate:	7.250%
Final Maturity:	2031
Country:	Mexico
Project Type:	Energy; Wind
Project Sponsor:	Acciona Energia SA
Source of Payment:	Power Purchase Agreement with CFE

Why Significant?

With a rating of BBB-, Oaxaca II and Oaxaca IV were the first Latin American wind projects to achieve investment grade ratings and tap the Capital Markets. With the inclusion of local investors in the final order book, Oaxaca II & IV also became the first international Project Bonds to significantly tap local Mexican institutional investors (Afores). The transactions also became the first USD-denominated wind Project Bonds outside of the United States.

PROJECT BOND CONTACTS

New York
Crédit Agricole Securities
1301 Avenue of the Americas
New York, NY 10019

Emeka Ngwube
Managing Director
+1 (212) 261-7889
emeka.ngwube@ca-cib.com

Sergio Figueroa-Sanz
Vice President
+1 (212) 261-7305
sergio.figueroa-sanze@ca-cib.com

Thibault Webanck
Vice President
+1 (212) 261-7885
thibault.webanck@ca-cib.com

Katie Princisvalle
Associate
+1 (212) 261-7344
katherine.princisvalle@ca-cib.com

Paris
Crédit Agricole CIB
12 place des Etats-Unis
92547 Montrouge Cedex

Laurent Haik
Managing Director
+33 1 41 89 68 08
laurent.haik@ca-cib.com

Stephanie Passet
Executive Director
+33 1 41 89 09 28
stephanie.passet@ca-cib.com

Benjamin Clay
Director
+33 1 41 89 06 93
benjamin.clay@ca-cib.com

DISCLAIMER

Crédit Agricole Corporate and Investment Bank (Global Investment Banking)
12 place des Etats-Unis
92547 Montrouge Cedex
Tel. +33 1 4189 8500

Crédit Agricole CIB (or Credit Agricole Securities (USA) Inc.)
1301 Avenue of the Americas
New York, NY 10019
Tel. (212) 261-7000
www.ca-cib.com

This report was prepared exclusively for your benefit and internal use in order to indicate, on a preliminary basis, the feasibility of a possible transaction or transactions and does not carry any right of publication or disclosure to any other party. Any discussion of a possible transaction considered as a result of this report should be viewed solely in conjunction with all oral briefings provided by Crédit Agricole Securities (USA) Inc. and Crédit Agricole Corporate and Investment Bank (together with any affiliates, "Crédit Agricole CIB") related thereto and any additional written materials intended as a supplement hereto or thereto. The contents of this report are confidential and are the sole property of Crédit Agricole. You may not reproduce this clause or distribute this report to any third party other than the directors, employees and professional advisors of your company without the prior written consent of Crédit Agricole CIB.

The information in this report reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. In preparing this report, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. The information in this report does not take into account the effects of a possible transaction or transactions involving an actual or potential change of control, which may have significant valuation and other effects. This report is furnished for discussion purposes only, and does not constitute an offer or solicitation to buy or sell securities or services, or advise to engage in a particular strategy. This does not purport to specify all of the terms and conditions of any transaction proposed herein. This is not intended to be, and should not be construed as, a commitment to provide financing or buy risks. Crédit Agricole CIB does not make hereby any representations or warranties as to the outcome, financial or otherwise, of any proposed transaction or strategy.

Crédit Agricole Corporate and Investment Bank is a worldwide commercial and investment banking organization. Any reference within this report to commercial banking in the United States refers to the U.S. banking branches of the Crédit Agricole CIB. Any reference within this report to investment banking, or the offering of securities, in the United States refers to Crédit Agricole Securities (USA) Inc., the broker-dealer affiliate and wholly owned subsidiary of Crédit Agricole CIB and a member of the Financial Industry Regulatory Authority (FINRA).

This report is a "commercial communication" as defined in article 6 of the Directive 2000/31/CE of 8 June 2000. For the avoidance of doubt, it is not a "communication à caractère promotionnel" within the meaning of the Règlement General AMF. It is provided for information purposes only. Nothing in this report should be considered to constitute investment, legal, accounting or taxation advice and you are advised to contact independent advisors in order to evaluate this report. It is not intended, and should not be considered, as an offer, invitation, solicitation or personal recommendation to buy, subscribe for or sell any of the financial instruments described herein, nor is it intended to form the basis for any credit, advice, personal recommendation or other evaluation with respect to such financial instruments and is intended for use only by those professional investors to whom it is made available by Crédit Agricole CIB. Crédit Agricole CIB does not act in a fiduciary capacity to you in respect of this report. Crédit Agricole CIB may at any time stop producing or updating this report. Not all strategies are appropriate at all times. Past performance is not necessarily a guide to future performance. The price, value of and income from any of the financial instruments mentioned in this report can fall as well as rise and you may make losses if you invest in them. Independent advice should be sought. In any case, investors are invited to make their own independent decision as to whether a financial instrument or whether investment in the financial instruments described herein is proper, suitable or appropriate based on their own judgement and upon the advice of any relevant advisors they have consulted. Crédit Agricole CIB has not taken any steps to ensure that any financial instruments referred to in this report are suitable for any investor. Crédit Agricole CIB will not treat recipients of this report as its customers by virtue of their receiving this report.

Crédit Agricole CIB, its directors, officers and employees may effect transactions (whether long or short) in the financial instruments described herein for their own accounts or for the account of others, may have positions relating to other financial instruments of the issuer thereof, or any of its affiliates, or may perform or seek to perform securities, investment banking or other services for such issuer or its affiliates. Crédit Agricole CIB may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Crédit Agricole CIB is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. Crédit Agricole CIB has established a "Policy for Managing Conflicts of Interest in relation to Investment Research" which is available upon request. A summary of this Policy is published on the Crédit Agricole CIB website: http://www.ca-cib.com/sitegenic/medias/DOC/91928/2011-politique-gestion-conflits-interets-ca-cib-va.pdf. This Policy applies to its investment research activity. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior express written permission of Crédit Agricole CIB. To the extent permitted by applicable securities laws and regulations, Crédit Agricole CIB accepts no liability whatsoever for any direct or consequential loss arising from the use of this document or its contents.