The Banker

DEALS OF THE YEAR 2021

Despite, as well as in large part because of, the effects of the Covid-19 pandemic, it has been a standout year for investment banking and capital markets activity. We have witnessed several record-breaking quarters of activity across debt capital markets, equity capital markets, and mergers and acquisitions (M&A). The Banker's *2021 Deals of the Year Awards highlight the issuers and banks that have really excelled in this unusual year, often in the most challenging of circumstances.*

»

AFRICA

BONDS: CORPORATE
LIQUID INTELLIGENT TECHNOLOGIES' $620M ISSUANCE
Joint bookrunners: JPMorgan, Standard Chartered and Standard Bank

Liquid Intelligent Technologies, previously known as Liquid Telecom, is a pan-African communications solutions provider, with a presence across 13 countries including South Africa, which contributes the greatest share of the group's revenue. For instance, it has built Africa's largest independent fibre network, stretching 73,000km across sub-Saharan Africa and it has customers in some of the region's fastest growing markets, including metropolitan locations.

Prompted by $730m worth of debt maturing in 2022, the business required a refinancing solution. To meet these needs, it issued a $620m 5.5-year non-call two fixed rate bond in February 2021, the first time it had accessed the capital markets since 2017. Investors proved keen to engage with the deal, with price tightening from initial price talk by more than 60 basis points, to 5.5%. The order book was also more than five times oversubscribed, enabling the planned $600m issuance to be upsized by $20m.

The bond attracted investors including anchor orders from the International Finance Corporation (IFC), Deutsche Investitions-und Entwicklungsgesellschaft (DEG) and the Emerging Africa Infrastructure Fund.

It was the first high-yield Eurobond issuance out of sub-Saharan Africa in 2021, and its strong performance is a positive sign for both Liquid Intelligent Technologies and African credits more broadly.

To bolster the financing raised via the Eurobond, Liquid Telecom also accessed a R3.25bn ($228m) term loan and a $60m revolving credit facility. The features of the entire financing package have created a natural currency hedge for the group.

In addition to refinancing existing debts, the group also plans to use the funds to support its growth strategy. This includes a greater focus on cloud and digital services, as well as data centres, in addition to the group's more traditional sources of revenue.

BONDS: SSA
GHANA'S $3BN TRIPLE-TRANCHE ISSUANCE
Bookrunners: Bank of America, JPMorgan, Morgan Stanley, Standard Bank and Standard Chartered

In February 2020, Ghana printed a mega $3bn triple-tranche issuance of six-year, 14-year and 40-year bonds worth $1.25bn, $1bn and $750m, respectively. Following a number of investor meetings in London, the bumper issuance attracted orders of almost three times its value, enabling price tightening across all three tranches of 37.5 basis points (bps), 50bps and 50bps, respectively, with short-, medium- and long-date tranches pricing at 6.375%, 8% and 8.875%, respectively.

The 40-year tranche is the longest tenor ever printed by a sub-Saharan Africa issuer, testament to the strong international investor demand, including from Europe and the US, for Ghanaian bonds.

Ghana has long been one of the leading African sovereigns when it comes to accessing the international capital markets, with it being the first sub-Saharan African sovereign (outside of South Africa and the Seychelles) to issue bonds in the international markets. It has also enjoyed continued success in its issuance programme with it becoming the first sub-Saharan sovereign to issue a US dollar-denominated bond post-pandemic in 2021.

Proceeds from the bonds will be used to finance a range of budgetary needs including energy sector debts.

EQUITIES
ARADEI CAPITAL'S Dh600M IPO
International placement adviser: Renaissance Capital

The December 2020 initial public offering (IPO) of real estate company Aradei Capital marked a major moment for northern Africa's capital markets. It was the first IPO in Morocco since 2018 and the country's biggest since 2016.

The real estate platform, which holds a portfolio of 29 commercial property assets in 15 cities across Morocco, raised Dh600m ($63m), through its sale of 1.5 million shares via its listing on the Casablanca Stock Exchange. Specifically, 1.25 million of the shares sold were newly issued and a further 250,000 were sold by existing stakeholders. It also marks the achievement of the goal to go public, which has been a clear objective for the company since its formation in 2014.

The successful listing followed a broad marketing exercise, engaging 110 investors in discussion about the company's long-term growth and plans to develop a portfolio of quality property assets. The order book was multiple times oversubscribed and included a substantial proportion of international buyers, such as investors from the UK, Switzerland and South Africa.

For international placement adviser Renaissance Capital it was also a landmark deal, as it was the bank's first IPO transaction in northern Africa. »

FIG FINANCING
FIRST BANK OF NIGERIA'S $350M ISSUANCE
Bookrunners: Citi, Renaissance Capital and Standard Chartered

First Bank of Nigeria (FBN) returned to the international bond markets in October 2020, to offer the first Eurobonds from an African bank that year. Its $350m five-year offering was also the first Eurobond issuance by a Nigerian bank since 2017.

The virtual roadshow efforts for the issue took in conversations with 75 investors, generating significant interest and allowing FBN to proceed with the announcement despite market volatility and a difficult macroeconomic backdrop. The issuance took place against a backdrop of domestic protests against police brutality, which attracted considerable international attention. A number of other Eurobond issuers put their plans on hold at this time.

Following strong demand on launch day, the issue was upsized by $50m to $350m, as well as some price tightening. Investor interest came from Europe, the UK and the US, as well as considerable orders from African investors, with the offer 1.7 times oversubscribed. The strong performance of this benchmark issuance was all the more impressive given the difficult political backdrop.

INFRASTRUCTURE AND PROJECT FINANCE
MOZAMBIQUE LNG 1 PROJECT'S $15.4BN FINANCING
Financial adviser: Société Générale
Mandated lead arrangers and bookrunners: Absa, Standard Bank, SMBC, IDC, ICBC
Mandated lead arrangers: MUFG, Mizuho Bank, Standard Chartered, Société Générale, CDP
Lenders: DBSA, Nedbank, Rand Merchant Bank, Nippon Life, Shinsei, SMTB, Crédit Agricole, JPMorgan, Afreximbank
DFI/ECA direct loans and covered providers: AfDB, UKEF, US Exim, Kexim, SACE, Atradius, NEXI, JBIC, ECIC

In spite of the Covid-19 pandemic leading to unprecedented economic shocks and a historic market collapse in oil prices, Total, one of the world's seven largest oil and gas companies, secured $15.4bn in project financing for the construction of a vast Liquefied Natural Gas (LNG) plant in northern Mozambique.

The Mozambique LNG 1 project is the single largest direct investment into Africa and the largest natural resource development in Africa's history. The project financing includes direct and covered loans from nine export credit agencies (ECAs), 19 commercial banks and a $400m loan from the African Development Bank (AfDB). The ECAs and the AfDB provided the lion's share of the funding, accounting for nearly $14bn of the total loans and guarantees, which carry an 18-year tenor.

The development of Mozambique's Golfinho-Atum natural gas fields will involve the construction of a two-train liquefaction plant, with a total capacity of 13.1 million tonnes per annum (mtpa) of LNG. In the future, the plant's production capacity may be further expanded to 50mtpa, which could position Mozambique among the world's top five global LNG suppliers.

Alongside the Covid-19 pandemic, the project continues to face numerous challenges, including vulnerability to severe weather events that frequently affect the country's northern coast and a deteriorating security situation across the broader region.

Mozambique LNG 1 has the potential to transform the country by providing thousands of jobs for local Mozambicans, while significantly boosting its gross domestic product and export earnings, as well as providing diversity in LNG supply and more competitive pricing to global markets.

ISLAMIC FINANCE
AL-MARASEM INTERNATIONAL FOR DEVELOPMENT'S E£1.5BN FINANCING
Bookrunners and mandated lead arrangers: Banque du Caire and Banque Misr

Efforts to construct a new capital city for Egypt, around 35km to the east of the historic capital Cairo, have been underway for the past five years, with the aim of creating thousands of new homes and more than a million new jobs. The New Administrative Capital is set to be a 270-square-mile hub, with 21 residential districts to accommodate up to five million people, as well as new churches and mosques, schools, colleges, a conference centre, medical facilities and a large park, along with new government buildings.

In June 2020, Al-Marasem International for Development accessed a sharia-compliant E£1.5bn ($95m) syndicated facility to finance the development of the R5 district of the city, which will be a "new garden city" built in an "old French" architectural style, similar to that of Cairo's Garden City. The estimated total cost of the development, which will include 23,000 residential apartments and villas as well as other facilities, is E£9.7bn.

This facility was one of several sharia-compliant facilities which Al-Marasem International for Development Company accessed during 2020 to fund the development of the New Administrative Capital. »

LEVERAGED FINANCE

PEREGRINE'S LEVERAGED BUYOUT

Participating Institutions: Absa, Investec, Nedbank and Standard Bank

Peregrine is a South African-based provider of investment management solutions, and until October 2020 had been listed on the Johannesburg Stock Exchange.

In October 2020, private equity firm, Capitalworks, acquired the business after securing syndicated leveraged buyout funding and a share-backed facility based on Peregrine's equity value. The structure of the funding package was designed to provide maximum protection for funders, while also minimising implementation risks associated with the acquisition.

Peregrine shareholders were offered R21 ($1.5) per share in cash and/or the option to retain unlisted stock in one of the buyout vehicles which was set up in order to complete the transaction. It was important for the completion of the transaction that the right balance of shareholders opted to cash in their shares, as well as to remain invested in the company. This was one of the complexities that which needed to be managed in the deal.

Syndication for the funding package was launched in June 2020 to invited funders, several months after the buyout offer had been announced to the market. This was a deliberate strategy, as at the time the buyout offer was announced in March 2020, there was considerable concern around the Covid-19 pandemic in the region and national lockdown measures were beginning to be implemented in South Africa.

The additional period allowed the business to demonstrate its continued trading performance throughout the disruption of the pandemic, the lockdown measures and market volatility. Following a concerted effort of communication and investor engagement over those months, the funding package was successfully syndicated and oversubscribed.

The transaction represents one of the most significant leveraged public-to-private transactions in the South African market in the past decade, and was executed against a highly challenging market backdrop.

LOANS

BANK OF INDUSTRY'S $1BN LOAN

Mandated lead arrangers and bookrunners: Credit Suisse and Afreximbank

Bank of Industry (BOI) is the largest development financial institution (DFI) operating in Nigeria, with a mandate to create jobs and alleviate poverty by supporting domestic corporates. In 2019, for instance, it helped to create more than one million jobs, both directly and indirectly.

BOI, fully owned by the Nigerian government, previously primarily relied on government funding and DFI lending (from institutions such as the African Development Bank). However, during 2020, Credit Suisse led on two loans for BOI, including the $1bn facility in December 2020, which was underwritten jointly with Afreximbank. The loan, which was upsized from $750m, was one of the largest in sub-Saharan Africa during 2020 and received strong interest from a diverse range of investors. At the time of closing, more than 20 investors had joined the loan, including regional banks as well as several European and North American asset managers.

The proceeds from the loan will be used by BOI to finance local corporates in key sectors of the economy, boost local trade and support job creation. Any unutilised funds will be invested by BOI with the central bank.

The US dollar facility follows on from the success of a €1bn euro-denominated loan which was closed in the first quarter of 2020, pre-Covid 19.

M&A

ASSORE'S R7.8BN SHARE BUYBACK

Sole financial adviser and sponsor: Standard Bank

Assore is a company operating within the mining industry, with a complete 'mine-to-market' business model, comprising of mining, smelting and marketing of iron ore, chrome ore and manganese alloys.

In March 2020, Assore bought back 17.4% of its issued share capital and subsequently delisted from the Johannesburg Stock Exchange (JSE). This was a significant event, as the company had been listed on the JSE since 1950.

However, despite its public listing, it was majority owned by the Sacco Family Trust and Sumitomo Corporation, which held 52.4% via Oresteel Investments, and 26.1% was held by black economic empowerment shareholders. A further 4.1% of shares were owned by members of the Sacco family, effectively leaving only 17.4% as a free float.

The transaction brought benefits to both management and shareholders. From a management and strategic shareholder perspective the public listing was not providing significant benefits, therefore the buyback and delisting would allow more consolidated control and fewer reporting obligations. For the minority shareholders, the low liquidity of the shares meant that they could not easily trade out of the shares.

The minority shareholders were offered R320 ($22) per share from internal cash resources. According to Assore, this represented an 80% premium to the closing price on the last trading day prior to the announcement, a 51% premium to the 30-day volume-weighted average price, and a 36% premium to the 60-day volume-weighted average price.

Ensuring the transaction proceeded smoothly required careful management. This included securing irrevocable commitments from key minority shareholders to vote in favour of the scheme ahead of the general shareholder meeting. It was reported that following the deal the stakes held by Oresteel, the black economic empowerment shareholders and the Sacco family in Assore would be increased pro rata to 63.4%, 31.6% and 5%, respectively.

SECURITISATION

NEW URBAN COMMUNITIES AUTHORITY'S E£10BN SECURITISATION RECEIVABLES ISSUANCE

Lead arrangers and issuance managers: National Bank of Egypt, Commercial International Bank, Arab African International Bank and the Housing and Development Bank

The New Urban Communities Authority (NUCA) is an economic authority responsible for developing Egyptian real estate resources in urban communities. It has ambitious investment and development plans in more than 20 cities across Egypt to accommodate the country's growing population and economic growth.

In general, it has financed its activities via internally generated cash flows (mainly from land sales), as well as bank loans. This transaction, executed in July 2020, saw NUCA replace existing bridge facilities with longer-term funding by securitising receivables. The authority issued E£10bn ($637m) worth of securitised bonds via its special purpose vehicle, El Taamir, with multiple tranches and maturities ranging from three to seven years. The bond offering has allowed NUCA to restructure its balance sheet, free up resources for further investment in its plans and diversify its funding sources.

Following the 2011 revolution in Egypt, securitised lending activity had ceased within the public sector. NUCA's bond programme marks a significant step in the revival of this market and is an important alternative to bank finance. It is also the largest issuance ever seen in Egypt's debt capital markets.

The European Bank for Reconstruction and Development is a strong supporter of the programme and the deepening of the local debt capital markets more generally, and invested E£1.5bn, as the sole international financial institution participant.

It is hoped that this issuance will demonstrate the viability of this method of financing and encourage other local borrowers to pursue similar transactions.

SUSTAINABLE FINANCE

EGYPT'S $750M INAUGURAL GREEN BONDS

Global coordinators, joint lead managers and bookrunners: Citigroup, Crédit Agricole, Deutsche Bank and HSBC

In September 2020 Egypt became the first sovereign in the Middle East and north Africa region to issue a green bond, establishing a market precedent in the region, which, it is hoped, will encourage other issuers in the region to follow its lead.

Not only was the $750m transaction a symbolic success but it also achieved impressive pricing with a 5.25% coupon, significantly lower than initial price talk and comparable with a standard bond issuance. Following considerable demand, which hit more than $3.7bn at the peak, the issuance was also upsized from the initially planned $500m.

In total, 220 investors placed orders including several that were primarily attracted to the deal because of its green credentials, including some investing in an Egyptian issuance for the first time. By investor type, asset managers took the bulk of the issue, with 77%, followed by pension funds and insurance (9%) and banks (8%).

Egypt will use the proceeds of the bond to finance a wide range of green projects such as sustainable transportation, water desalination plants and renewable energy infrastructure. Envisaged landmark projects include the construction of the Cairo monorail and a 250-megawatt wind project in the Gulf of Suez. »

AMERICAS

BONDS: CORPORATE
BOEING'S $25BN SEVEN-TRANCHE ISSUANCE
Bookrunners: Bank of America, Citi, JPMorgan and Wells Fargo

The aviation industry has been one of the hardest hit by the Covid-19 pandemic. In March 2020, almost overnight, international travel largely ground to a halt and is yet to really recover. On April 30, 2020, at the height of uncertainty about how long the disruption would last, Boeing issued a mega seven-tranche bond offering worth $25bn, to shore up its cash position. The offering was spread across three-, five-, seven-, 10-, 20-, 30- and 40-year maturities, each sized between $2bn and $5.5bn.

This was an important transaction for Boeing not only due to the challenges imposed on it by the coronavirus outbreak but also following a difficult year, with the grounding of its 737 Max model in March 2019 taking a heavy financial toll on the company. On April 29, just one day prior to the transaction, the company had announced a quarterly net loss of $641m and that it would be reducing production and staffing levels.

Despite the challenging circumstances facing the company, substantial investor demand enabled it to significantly upsize the transaction. The larger issuance enabled the company to avoid seeking government funding, something it had previously said it was exploring.

Boeing did have to pay a new issue premium across the tranches, however given its liquidity needs it opted to prioritise securing the funding it needed. The company also included provisions for coupons to increase in the event of its credit rating being downgraded to junk status – on April 29, S&P had downgraded the company to BBB-, its lowest investment grade rating.

The jumbo transaction, issued during extraordinary circumstances, was the sixth largest investment grade bond offering of all time and the largest issuance during 2020.

BONDS: SSA
PERU'S $4BN TRIPLE-TRANCHE ISSUANCE
Bookrunners: BBVA, Citi, Goldman Sachs, Itaú BBA and Morgan Stanley

In November 2020, Peru issued a groundbreaking bond offering in several respects. The $4bn triple-tranche offering was its largest ever transaction. And despite coming amid a highly unstable political backdrop, just days after president Martin Vizcarra was impeached under charges of corruption and mishandling the Covid-19 pandemic, the offering attracted $14bn of demand from 600 investors.

The deal consisted of a $1bn 12-year tranche, a $2bn 40-year tranche and a $1bn 100-year tranche – marking Peru's entry into the select club of sovereigns to issue a century bond. The issuance came off the back of multiple reverse enquiries about longer-dated securities from the sovereign. The high level of interest enabled significant price tightening of 100 basis points or more for each of the three tranches, with the 12-year, 40-year and 100-year pricing at 1.862%, 2.828% and 3.278%, respectively.

The deal was a clear success, with the country able to achieve the lowest-ever 12-year coupon for a Latin America issuer and the lowest-ever 100-year US dollar coupon for an emerging markets issuer. It was also the largest and longest-dated bond transaction of a South American sovereign in 2020.

Peru will use the proceeds to finance Covid-19 related measures and to boost its economy.

EQUITIES
PETZ'S 3BN REAIS IPO
Bookrunners: Itaú BBA, Santander, Bank of America, JPMorgan and BTG Pactual

Petz is a leading Brazilian retailer and healthcare provider for pets, with more than 100 stores and almost 100 veterinary centres across the country. The company has also been able to develop a strong omnichannel strategy, with a well-established digital platform – its digital sales increased by a third, year-on-year, between 2019 and 2020. In addition, it has a well-subscribed loyalty programme, encouraging repeat custom, with 80% of its sales made via the scheme. It also reported strong financial results and growth for the first half of 2020, despite the Covid-19 pandemic. All of this provided the company with a strong foundation before its listing on September 9, 2020 on the Novo Mercado segment of the B3 stock exchange.

There was strong demand for the offering, which saw 195.92 million shares sold at a price of 13.75 reais ($2.48), with the offering almost seven times oversubscribed. The company also exercised its greenshoe over-allotment option, offering a further 24.5 million shares. In total, the whole offering raised $3.031m reais, which the company will use to invest in opening new stores and healthcare facilities, as well as further development of its digital channels. »

FIG FINANCING
CHARLES SCHWAB'S $2.5BN PREFERRED STOCK ISSUANCE

Lead bookrunner: Credit Suisse
Additional bookrunners: Bank of America, Citi, Goldman Sachs, JPMorgan and Morgan Stanley

Charles Schwab is a leading investment services provider, which in recent years has consolidated its position via the acquisition of TD Ameritrade as well as the brokerage and wealth management operations of USAA.

In April 2020, the company issued $2.5bn of perpetual non-call five-year fixed rate preferred stock aimed at institutional investors, marking the largest ever preferred stock offering not issued by a global systemically important bank.

The deal was Schwab's first regulatory capital raise following its $26bn acquisition of TD Ameritrade in November 2019, and provided it with capital to support significant growth, building on a significant increase in client cash deposits. The deal also reopened the preferred stock primary markets following several weeks of severe market dislocation.

The company took advantage of a positive market on the morning of April 27, 2020 to announce the offering, its first regulatory capital issuance since 2017. It included an investor-friendly, fixed-reset structure with the back-end dividend reset rate benchmarked to the five-year "Constant Maturity Treasury" yield and optional redemption dates matching dividend reset dates every five years.

The announcement was very well received, with the order books more than eight times oversubscribed based on the initial allocation size, enabling Schwab to both increase the size of the offering and to significantly tighten pricing to 5.375%.

INFRASTRUCTURE AND PROJECT FINANCE
CASCADE POWER PROJECT'S FINANCING

Financial adviser: Macquarie Capital
Funding financial institutions: ING, ATB Financial, MUFG, National Bank Financial, Nomura, Siemens Financial Services, Natixis, Canadian Western Bank, Fiera Private Debt Fund

The C$1.5bn ($1.2bn) Cascade Power Project will finance Canadian asset manager Kineticor in its construction of a 900-megawatt combined-cycle gas power plant in the country's province of Alberta. The Cascade site is strategically situated in proximity to significant gas production and pipeline infrastructure, as well as high-voltage electrical transmission lines, an important competitive advantage for the facility.

The project aims to accelerate Alberta's transition to clean energy. More than half of the Canadian electricity generation sector's greenhouse gas emissions are currently produced by the province's power plants. Cascade's combined-cycle gas turbines emit 62% less carbon dioxide per megawatt hour when compared with traditional coal fired plants. The plant is expected to begin commercial operation in 2023 and will provide one of the largest emission reduction opportunities for Canada's energy sector.

Macquarie Capital, in partnership with Ontario-based pension fund OPTrust, secured and closed the deal in August 2020. Macquarie served as the exclusive financial adviser and debt arranger to the partnership, raising $629m in debt from a consortium of 10 financial institutions, as well as taking an equity stake in the project. The project will provide protection from revenue uncertainty through gas netbacks: a 10-year gas hedge, which links the cost of gas to Cascade's ahead-one-day power price.

With an estimated service life of 30 years, Cascade will generate enough electricity to power 900,0000 homes, meeting 8% of Alberta's total electricity supply needs. The new plant will strongly benefit the local community, creating an estimated 600 jobs during peak construction, as well as 25 long-term jobs during its operation.

LEVERAGED FINANCE
ZAYO'S $8.1BN LEVERAGED BUYOUT DEBT FINANCING

Joint lead managers: Citi, Credit Suisse, Deutsche Bank, SunTrust, TD Bank
Co-managers: BNP Paribas, Citizens Bank, CoBank, Fifth Third, ING, MUFG, Natixis, Nomura, Scotiabank
Financial advisers to Digital Colony Partners and EQT: Morgan Stanley and Deutsche Bank

Zayo is one of the world's largest independent providers of fibre optic cables and other telecommunications infrastructure, active across North America and Europe. In March 2020, the company, which had been publicly listed since 2014, was acquired and taken private by leading private equity firms EQT and Digital Colony Partners at a value of $14.3bn. It was one of the largest leveraged buyouts since the global financial crisis in 2007-09, a reflection of the core role which digital infrastructure is expected to play in the global economy into the future.

To fund the takeover, a financing package comprised of $4.57bn and €750m of first lien term loans, $1.5bn seven-year senior secured bonds and $1.08bn eight-year senior unsecured bonds was put together. Despite Zayo's single B rating with S&P, many investors regarded the company favourably with strong prospects for the future, allowing the first lien loan facility to be upsized across by $500m.

Interest was also strong for the bonds with demand reported to have topped $10bn, and the secured notes tranche was upsized by $500m. The upsize in both the loans and the secured bonds enabled the higher yielding unsecured tranche of bonds to be downsized by $1bn, cutting costs for the issuer.

The transaction was also notable for the unusually short one-year non-call period attached to the seven-year secured notes. A one-year non-call period is closer to the norm for leveraged loans than high yield bonds, and this will provide the issuer with greater flexibility to refinance this part of its debt package more quickly than would typically have been the case.

LOANS
LD CELULOSE'S DEBT FINANCING
Lead arrangers: IDB/IDB Invest, IFC, Finnvera
Participating banks: Santander, BNP Paribas, Commerzbank, Erste Group, HSBC, KfW IPEX Bank and Raiffeisen

LD Celulose is a joint venture owned by Austrian firm Lenzing, a market leader in speciality fibres used in the textiles industry and other sectors, and Brazilian company Duratex, the largest producer of wooden panels in the southern hemisphere.

It's plan is to construct a plant with the capacity to produce 450,000 tonnes a year of dissolving wood pulp (DWP), a material used in the manufacture of textiles and nonwoven fabrics, in the Brazilian state of Minas Gerais. DWP can be used to replace both synthetic and cotton-based fibres in manufacturing processes, and the production of this plant, which is expected to be the most modern and efficient DWP plant in Brazil, will have a positive environmental impact.

There are also clear benefits for both Lenzing, with the project enabling backward integration in its supply chain and providing a growth opportunity, and for Duratex, with it providing an opportunity to diversify its income stream and expand into an area of growing international demand.

The complete project has been costed at $1.8bn, with the Inter-American Development Bank (IDB), IDB Invest (the private sector arm of the IDB) and International Finance Corporation (IFC) providing a comprehensive debt financing package for its funding.

The package consists of a $130m IDB Invest A loan (a loan funded via its own resources), a $70m IDB A loan, a $250m IDB Invest B loan (a syndicated loan), and $50m funding from the China Co-financing Fund for Latin America and the Caribbean Region (an IDB administered fund). On the IFC side, it is providing a $200m A loan, a $50 loan through its Managed Co-Lending Portfolio Programme, and a $250 B loan.

A further $147m loan financing is being provided from financial institutions, backed by Finnish export credit agency, Finnvera.

M&A
ALSTOM'S ACQUISITION OF BOMBARDIER TRANSPORTATION
Financial advisers to Alstom: Rothschild & Co and Société Générale
Financial advisers to Bombardier Transportation: Citi and UBS

The acquisition of Bombardier Transportation by Alstom has created a worldwide leader in the rail rolling stock and rail services industry, second in size only to China's CRRC.

According to Alstom, the combined group has a pro forma revenue of €15.7bn with a workforce of 75,000 people and operations in 70 different countries worldwide. For parent company Bombardier, the divestment will enable it to refocus on its world-leading aviation business.

The transaction closed on January 29, 2021, at a value of €5.5bn, after almost a year of preparations, following a memorandum of understanding which had been signed in February 2020. The final sale price was €300m lower than the initial indicative price range of €5.8bn–€6.2bn announced in February 2020, with Alstom renegotiating its offer as a result of difficult market conditions and Bombardier Transportation's lower than expected financial performance.

An additional complexity in the transaction was that pension fund, Caisse de dépôt et placement du Québec (CDPQ), owned a 32.5% minority stake in Bombardier Transportation. As part of the deal, CDPQ reinvested its stake (worth around €2bn) into the merged business along with additional capital of around €700m, becoming a 17.5% shareholder in Alstom.

The proceeds from the sale were €4.4bn after a €1.1bn deduction, which took into account the application of a cash adjustment mechanism, based on Bombardier Transportation's negative net cash position as of December 31, 2020, and other contractual obligations. Bombardier received net proceeds of $3.6bn, including €500m worth of Alstom shares.

The acquisition was financed through a rights issue of around €2bn in December 2020, and part of a €750m senior bond issuance in January 2021, along with the shares issued to Bombardier and CDPQ as part of the sale.

RESTRUCTURING
PACIFIC GAS & ELECTRIC'S RESTRUCTURING
Financial adviser: Lazard

In July 2020, California's largest utilities company, Pacific Gas & Electric (PG&E) emerged from its second Chapter 11 bankruptcy after collapsing under an estimated $30bn in liabilities from several devastating wildfires caused by its own power lines.

Its bankruptcy ranks as one of the three largest in US history by liabilities settled ($55.5bn) and as a landmark case on account of its complexity and capital raised. Its successful conclusion involved reaching a consensual resolution with multiple disparate parties, such as wildfire claimants, insurance companies, creditors, government stakeholders, regulators and utilities bill payers.

To fund its emergence from Chapter 11, PG&E raised $37bn in capital, which included $21.7bn in debt financing and the largest single issuance of investment grade notes ($8.9bn) by a US utility company.

Lazard coordinated with PG&E's underwriting banks to structure a $9bn equity offering to fund the company's plan of reorganisation (POR). In addition, negotiations were held in parallel with more than 60 institutional investors to arrange a $12bn equity backstop commitment to ensure the certainty of available capital for PG&E to emerge successfully from Chapter 11.

An innovative $7.5bn off balance sheet securitisation structure was engineered by Lazard to enable PG&E to monetise the tax attributes of its wildfire settlements. It provided cost-effective financing while remaining rate-neutral to the company's customers, and enabled PG&E to accelerate and disburse its final payment of $1.35bn to the wildfire victims.

In January 2020, a restructuring agreement with PG&E's pre-petition creditors settled $21.5bn of pre-existing debt and prevented the noteholders from pursuing a competing POR. By June, PG&E had pleaded guilty to 84 counts of manslaughter. The wildfire claims were eventually settled for $25.5bn, including a combined $6.75bn in cash and $6.75bn in equity for the wildfire victims, $11bn for insurance companies and a further $1bn for municipal entities. »

SECURITISATION
GOLUB CAPITAL'S $678M MIDDLE MARKET CLO

Sole arranger: Société Générale

Middle-market collateralised loan obligations (MM CLOs), a segment of the US CLO market based on secured loans to mid-market corporates, have seen significant growth in recent years with the category accounting for 14% of total outstanding US CLOs.

Golub Capital is an established operator within the middle market as both a loan originator and CLO manager. It has issued 40 MM CLOs since 2005, and, as of December 2020, was the largest MM CLO manager in the market, with more than $16bn of assets under management across 24 outstanding MM CLOs.

Following the outbreak of Covid-19, and the subsequent economic disruption, there was significant concern about ensuring both consumers and businesses could access credit. In March 2020, the US Federal Reserve launched a revamped version of its Term Asset-backed Securities Loan Facility (TALF), a programme first created during the financial crisis in 2008, which aimed to boost consumer spending by financing investors willing to invest in certain categories of securitisation, in turn boosting market liquidity and enabling banks to lend more to corporate and retail customers. The new programme was expanded to include CLOs backed by leveraged loans as eligible collateral for the TALF programme.

In October 2020, Golub Capital Partners' $677.53m TALF 2020-1 LP MM CLO became the first CLO to issue under the TALF programme, as well as being the largest CLO issued in 2020 following the onset of Covid-19.

A key element for the success of the deal was that arranger Société Générale and Golub consulted with the Federal Reserve on modifications to the TALF programme to make it viable for CLOs to comply as eligible collateral. Société Générale also worked closely with rating agencies to design an appropriate structure for the CLO during a period of extreme market volatility.

SUSTAINABLE FINANCE
MERCADO LIBRE'S $400M SUSTAINABILITY BOND ISSUANCE

Joint bookrunners: BNP Paribas, Bank of America, Citi, Goldman Sachs, JPMorgan

Mercado Libre is the biggest e-commerce platform in Latin America, comparable to China's Alibaba. It serves as an integrated provider of online tools allowing businesses and individuals to trade products and services in the region.

In January 2021, this regional titan debuted in the international bond markets, following a year where its chief executive estimated the pandemic accelerated its growth by three to five years. In addition to a $700m 10-year tranche issued for general corporate purposes, it also issued a $400m five-year sustainability bond (a bond to fund both environmental and social objectives).

Commenting on the inclusion of the sustainability tranche, Mercado Libre's chief financial officer, Pedro Arnt, said: "The growth of our platform demands us to contribute more to the societies where we operate, to be efficient in our energy consumption, to move towards increasingly cleaner mobility, and to innovate in our strategies to mitigate our social and environmental impact throughout the entire value chain."

It intends to invest the proceeds from the sustainability tranche in three main areas: increasing access to financial services for small and medium-sized enterprises and entrepreneurs; improving the organisation's energy efficiency and reducing emissions and waste within its operations; and social development and empowerment via promoting greater digital inclusion and improving job prospects for young people.

The deal attracted significant interest globally, with the company receiving $14bn worth of orders from 330 investors from 30 different countries within two hours of its launch. This allowed the company to tighten pricing in both the five- and 10-year tranches, settling at 2.375% and 3.125%, respectively. This result puts the company in line with international peers and ahead of many local competitors.

ASIA-PACIFIC

BONDS: CORPORATE

ALIBABA'S $5BN FOUR-TRANCHE ISSUANCE

Bookrunners: Citi, Credit Suisse, Morgan Stanley, JPMorgan and China International Capital Corporation

Co-managers: ANZ, Bank of China, BNP Paribas, DBS Bank, HSBC, ING, Mizuho and Wells Fargo

In February, Chinese megabrand Alibaba, a major, force in the country's huge e-commerce sector, grabbed attention with a $5bn bond offering. The four-tranche deal, split across 10-, 20-, 30- and 40-year maturities, was Asia's largest bond offering in eight months. The 20-year tranche, comprised of $1bn of sustainability bonds, was also the group's debut issuance under its newly published sustainable finance framework. It was all the more noteworthy as it came just months after Chinese regulators pulled the plug on the planned initial public offering of Ant Group, an affiliate company of Alibaba Group, in November 2020. The regulator then launched an antitrust investigation into Alibaba in December 2020.

Alibaba's offering received strong demand, and was more than six times oversubscribed, suggesting investors remain confident in the brand's longer-term outlook.

The company raised $1.5bn in 10-year bonds, $1bn in the 20-year tranche, $1.5bn in 30-year paper and $1bn in 40-year notes, at 2.125%, 2.700%, 3.150% and 3.250%, respectively. Due to the high level of demand, it was able to tighten pricing by 30-40 basis points for all four tranches.

Excluding the sustainability notes, the group will use the proceeds for general corporate purposes such as working capital and repayment of offshore debts. The sustainability tranche will be used to finance eligible projects within its framework, such as increasing energy efficiency, responding to the Covid-19 pandemic or contributing to the circular economy.

BONDS: SSA

INDONESIA'S $4.3BN TRIPLE TRANCHE ISSUANCE

Joint bookrunners: Citi, Deutsche Bank, Goldman Sachs, HSBC and Standard Chartered

Amid market conditions that may have given many issuers pause for thought, in early April 2020 Indonesia issued a mega $4.3bn triple-tranche offering. The deal comprised $1.65bn 10.5-year, $1.65bn 30.5-year, and $1bn 50-year senior unsecured fixed rate notes.

It was the first emerging market, Asian Sovereign offering since the Covid-19 outbreak, re-opening this market at a moment of high uncertainty.

Despite ongoing market volatility, the transaction was very well received, with orders peaking at an aggregate size of more than $11bn, with investor interest spread across Asia, Europe and the US. The high demand enabled substantive price tightening of all three tranches, with final coupons of 3.9%, 4.25% and 4.5% across the 10.5-, 30.5- and 50-year tranches, respectively. A highly impressive result given the market circumstances.

The deal was also notable as it was the first time Indonesia had ever issued a 50-year bond, its longest ever tenor. It was also the first sovereign in the region to issue an offering with this time to maturity.

Indonesia used the proceeds from the bonds for general budgetary needs, as well as contributing towards Covid-19 relief and recovery programmes.

EQUITIES

JD.COM'S $4BN SECONDARY LISTING

Joint sponsors: Bank of America, CLSA, UBS

Joint global coordinators: Bank of America, BOCI, CCBI, China Renaissance, CLSA, ICBCI, Jefferies and UBS

JD.com, a major Chinese e-commerce firm and rival to Alibaba, has joined a growing number of Chinese firms with a primary listing in the US to add a secondary listing in Hong Kong.

In June 2020, it offered 133 million shares for sale via the Hong Kong Stock Exchange, at HK$226 ($29) per share, worth approximately $3.87bn. There was strong demand from both retail and institutional investors for the shares, with the retail investor tranche around 180 times oversubscribed. The institutional tranche was also heavily oversubscribed, allowing the company to prioritise orders from high quality accounts.

The market responded positively to the listing, with share prices increasing during initial trading and then gradually over the following weeks. Due to the offering's positive reception, the company also subsequently opted to exercise almost the full 19.95m shares over-allotment option, boosting the final offering size to approximately $4.46bn.

The transaction's success was all the more impressive given its timing during ongoing geopolitical tension between the US and China, as well as uncertainty around Covid-19.

The listing was not only the largest Chinese equity capital markets transaction in 2020, it was also the largest listing globally for that year too.

The company said it plans to use the capital raised to "invest in key supply chain based technology initiatives to further enhance customer experience while improving operating efficiency".

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FIG FINANCING

OCBC'S $1BN T2 NOTES

Joint lead managers and joint bookrunners: Bank of America, Citi, JPMorgan, OCBC

OCBC is one of Singapore's longest-established banks, formed in 1932 in a merger of three local banks, the oldest of which had existed since 1912. It is also the second largest financial services group in southeast Asia by assets.

In September 2020, this large regional player issued $1bn 10-year, non-call five, fixed rate subordinated notes under its $30bn global medium-term note programme, with the bonds counting towards its Tier 2 regulatory capital. The deal represented the first Tier 2 subordinated bond deal from Singapore in more than a year.

Demand for the notes was strong, even without high profile marketing, particularly from Asian investors, with orderbooks peaking at more than $6bn. Even at final pricing of 1.832% fixed until September 2025 (the call date), representing a 42 basis points (bps) tightening from initial price guidance, the issuance remained 5.8 times oversubscribed. The final results represented a negative new issue concession of 5 to 7bps and, according to Dealogic, the lowest ever coupon for a Tier 2 transaction in Asia-Pacific. The bank will use the proceeds from the bonds for general corporate purposes.

INFRASTRUCTURE AND PROJECT FINANCE

STAR ENERGY GEOTHERMAL'S $1.1BN DUAL-TRANCHE GREEN PROJECT BONDS

Joint global coordinators: Credit Suisse, DBS Bank, Deutsche Bank
Joint bookrunner: Barclays
Co-manager: BPI Capital

In October 2020, Star Energy Geothermal Group priced the largest green bond issuance by any southeast Asian corporate to date. It was a $1.1bn senior secured project bond split across two tranches: a $320m tranche due in April 2029 priced at 3.25%, and a $790m tranche priced at 4.25%, with a longer term of 18 years.

There was huge demand for the offering. By September, the order book stood oversubscribed at $2.8bn, while strong momentum from institutional investors allowed pricing to be tightened by 27.4 basis points.

In terms of geographical distribution, 42% of the notes went to US accounts, 39% to Asia and 19% to Europe, the Middle East and Africa. Asset managers secured the largest share with 82% of the total notes, while 8% went to insurers and pension funds, 8% to hedge funds and 2% to private banks.

The bonds are rated Baa3 stable by Moody's and BBB- by Fitch. The green bond frameworks the bonds were issued under are aligned with the International Capital Market Association's Green Bond Principles and the Asean Green Bond Standards initiative.

Star Energy will use the bonds' proceeds for the repayment of its existing loans, as well as to invest in technologies to help reduce carbon emissions, increase sustainable energy and promote circular economies in Indonesia. Star Energy is the country's largest geothermal producer, with a total installed capacity of 875 megawatts.

The $1.1bn issuance is the energy group's second green framework offering. In April 2018, Star Energy issued $580m of senior secured green bonds with a term of 15 years.

ISLAMIC FINANCE

INDONESIA'S $2.5BN TRIPLE TRANCHE SUKUK

Joint lead managers and joint bookrunners: BNP Paribas, Dubai Islamic Bank, HSBC, Maybank and Standard Chartered
Joint green structuring advisers: BNP Paribas and HSBC

Indonesia's debt management office had a busy 2020, beginning with a $4.3bn multi-tranche bond issuance in April, at a time when Covid-19 uncertainty was at a high and later on, in July, issuing a ¥100bn ($943m) Samurai bond.

Between these two notable transactions was another significant deal, a $2.5bn triple-tranche sukuk issuance, including a $750m green tranche. This was the country's first sukuk issuance since February 2019 and consisted of a five-year, $750m green sukuk, a 10-year $1bn sukuk and a 30-year $750m sukuk.

Following the April issuance, the sovereign was waiting for the most opportune window to launch the sukuk. In June, finding highly favourable market conditions following news from the US Federal Reserve about its plans for corporate bond purchases, it acted and was able to price the deal intraday. It was not alone in capitalising on the favourable market conditions, yet despite seven other deals in Asia ex-Japan G3 primary markets on the same day, demand across the three tranches peaked at more than eight times its total size.

The strong demand enabled Indonesia to tighten pricing by 70 basis points compared to initial guidance, with yields of 2.30%, 2.80%, and 3.80%, respectively, for the five-, 10- and 30-year tranches. Even with the aggressive tightening the offering maintained much of its demand, including from quality investors.

The deal achieved a number of firsts for both the issuer and the wider region. This includes it having the lowest-ever US dollar five-year and 10-year coupon/profit rate achieved by Indonesia across both the conventional bond and sukuk format. It was also the first US dollar 30-year sukuk issued by Indonesia and the largest US dollar 30-year sukuk ever issued out of Asia.

LEVERAGED FINANCE
SJM HOLDINGS' $1BN DUAL TRANCHE ISSUANCE

Bookrunners: Banco Nacional Ultramarino, Bank of East Asia, Bank of China, Bank of Communications, BNP Paribas, CCB International, China International Capital Corporation, ICBC, OCBC, Tai Fung Bank, Yue Xiu Securities

SJM Holdings, the largest operator of casinos and resorts in Macau, made an impressive bond market debut in January 2021, with a $1bn dual-tranche offering across $500m five-year non-call three notes and $500 seven-year non-call four notes. Despite being in an industry hard hit by Covid-19, the brand's strong heritage, along with concerted investor engagement, made for a highly effective transaction.

A comprehensive marketing process was undertaken throughout December 2020 and January 2021. This included initial sessions with more than 50 Asia and Europe-based investors during December. A so-called wall-crossing exercise, where there is in-depth engagement with selected investors before a public launch, was also undertaken, attracting $1.5bn in orders.

Further engagement with more than 100 investors was also undertaken after the public announcement of the bond on January 18. These efforts really paid off with the offering more than two times covered two hours after launch on January 20, and peaking at more than $10bn at close. The book even continued to grow after prices were tightened by 50 basis points or more across both tranches. Final pricing of 4.5% and 4.85%, respectively, was achieved.

It was a blockbuster deal in several respects including being the largest-ever debut bond offering for a high yield issuer in Asia and the lowest yields ever achieved on five-year and seven-year bonds for a debut issue in Asia.

The transaction helped the company diversify its funding sources, expand its investor base and extend its debt maturity profile.

LOANS
CP GROUP'S $7.2BN BRIDGE FINANCING FOR ACQUISITION OF TESCO'S THAILAND AND MALAYSIA OPERATIONS

Joint underwriters: JPMorgan, Siam Commercial Bank and UBS

In early March 2020, Charoen Pokphand Group (CP) announced that it had entered into a definitive agreement to acquire Tesco's Thailand and Malaysia retail and mall operations for $10.6bn, in what was to be the largest-ever merger and acquisition (M&A) transaction on record within southeast Asia. The acquisition was completed at the end of 2020, and to enable the deal to go ahead a $7.2bn bridge financing package was put together for CP.

Syndication of the package was complicated by the spread of the Covid-19 pandemic, which was causing major market and operational disruption internationally by late March 2020. At this stage, there were significant questions about whether it would be possible to attract the necessary financing.

With a highly challenging market backdrop, and operational obstacles, getting the deal over the line required a significant effort by the banks involved, with, for instance, market volatility having a severe impact on credit spreads.

Nonetheless, by June the senior syndication (where commitments of $1bn were sought) had been completed with 12 banks signed up (including the three underwriters). General syndication, launched in June 2020 and completed in September 2020, attracted a further 24 lenders.

Despite the challenges the deal was successfully executed attracting 36 lenders based across southeast Asia, east Asia, Europe and the Americas; a resounding success, even without the testing circumstances.

The financing was the first M&A loan from Thailand's retail sector since March 2016, the largest Asia-Pacific, ex-Japan and Australia, acquisition loan during 2020 and the second largest Asia-Pacific, ex-Japan and Australia, loan for any purpose in 2020.

M&A
ASAHI'S A$16BN ACQUISITION OF CARLTON & UNITED BREWERIES

Lead adviser to Asahi: Rothschild & Co
Adviser to Asahi: Nomura
Adviser to AB InBev (Carlton & United Breweries): Lazard

Carlton & United Breweries (CUB) is one of Australia's longest-established brewing companies, with a heritage stretching back to 1832. It has existed in various incarnations throughout its history, including as Fosters Group between 1990 and 2004. In 2016, CUB was acquired by AB InBev, the world's largest brewing company, which took over the brand as part of its purchase of SABMiller (CUB's then owner).

However, since its acquisition of SABMiller, AB InBev has struggled with its level of leveraging and has made a number of strategic divestments. In July 2019, it announced that it had agreed to sell CUB to Japanese brewing company, Asahi, for A$16bn ($12.3bn). Shortly after, it put plans for an initial public offering of Budweiser APAC (which would have included CUB) on ice.

For AB InBev the attraction of the deal was being able to further deleverage its balance sheet and strengthen its position for future growth opportunities. For Asahi, which is now the third largest brewer in the world, after AB InBev and Heineken, and continues to build its global presence, the transaction represented a rare opportunity to quickly establish scale and broaden its markets. It also follows Asahi's acquisition of a number of former SABMiller European businesses in 2016 and 2017.

The deal had to overcome a number of regulatory hurdles, namely satisfying conditions from the Australian Competition and Consumer Commission and passing a review by Australia's Foreign Investment Review Board, but was successfully completed in June 2020.

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RESTRUCTURING
PACIFIC INTERNATIONAL LINES' $3.3BN DEBT RESTRUCTURING
Financial adviser: Evercore

Headquartered in Singapore and operating across 500 global locations in more than 90 countries, Pacific International Lines (PIL) is the largest container shipping group in southeast Asia and the 12th largest globally.

In early 2020, the Covid-19 pandemic sent shockwaves through global supply chains which led to a contraction in cargo volumes. PIL had posted a net loss of $795m in 2019, following a loss of $254m in 2018, and therefore, was in a particularly vulnerable position.

In an effort to buoy the company's struggling finances, PIL had unsuccessfully engaged with various financial institutions throughout 2018 and 2019 to raise both debt and equity. By June 2020, PIL's liabilities stood at more than $3bn, which included bank loans of $1.12bn due to mature within a year. Facing the pressure of an over-leveraged capital structure, the company's liquidation seemed inevitable.

In December 2019, PIL turned to Evercore to evaluate its strategic options and take steps to salvage the company. Evercore identified Heliconia Capital Management, a subsidiary of the Singapore government's investment company Temasek, as a potential investor. A $112m emergency credit facility from Heliconia was secured in July 2020.

The emergency credit facility provided a much-needed liquidity boost for PIL, allowing it to continue critical operations, while the terms of a broader comprehensive financing package and debt restructuring scheme were being finalised with PIL's stakeholders.

The debt restructuring scheme involved complex negotiations with more than 125 competing creditors to reprofile PIL's repayment of its liabilities. Between 74% and 100% of PIL's creditors from each class voted in favour of the scheme, allowing Heliconia to make a subsequent investment of $600m into PIL, a mix of debt and equity, and acquire a significant majority interest in the company.

The transaction concluded as Singapore's largest comprehensive debt restructuring exercise to date, positioning PIL for future growth and protecting more than 9000 jobs throughout the company and its subsidiaries.

SECURITISATION
EXSIM'S SHARIA-COMPLIANT SECURITISATION PROGRAMME
Financial adviser and deal structurer: New Paradigm Capital Markets
Lead arranger: United Overseas Bank

In February 2020, Exsim, a Malaysian property development company particularly well-known for commercial and industrial developments, broke new ground in the Islamic finance and securitisation markets with a sharia-compliant securitisation linked to the progress billings of a commercial development project. Progress billings are invoices submitted for work completed on long-term projects.

This transaction marked the first time that a sharia-compliant structured transaction involving progress billings for a commercial project has been undertaken, globally. The overall securitisation programme combines two different structured programmes: an Islamic medium-term notes programme based on securitised progress billings from development projects for issuance of up to RM2bn ($486m); and an Islamic commercial paper programme established to cover cost overruns and bridge any timing mismatches between progress billing receipts and ongoing constructions costs for issuance of up to RM1bn.

Under these sukuk programmes, Exsim Development or any of its developer subsidiaries will, as required, sell their beneficial rights related to specific property development projects to the Issuer, Exsim Ventures Berhad (the special purpose vehicle established for the sukuk programmes), with the objective that future receipts under these agreements will be used to fund construction costs relating to the relevant development. In essence, the arrangement enables Exsim to monetise future income from the sale of yet-to-be-completed developments and allows it to more efficiently manage project development cash flows.

As this was the first structured transaction in Malaysia to monetise progress billings involving a commercial project, it posed additionally complexity to be skilfully managed in terms of creating appropriate risk management structures in the absence of prior examples and regulatory oversight.

SUSTAINABLE FINANCE
GOODMAN INTERLINK'S HK$590M GREEN INTEREST RATE SWAPS
Sole arranger: Crédit Agricole

Compared to its cousins in the bonds markets, the sustainability-linked derivatives markets is at a relatively early stage in its development. However, it is also an area that has the potential to make a big impact as companies seek to transition to more sustainable financing and ways of operating. Compared to traditional derivatives, sustainability-linked derivatives incorporate a so-called 'sustainability premium' into their pricing, where the borrower must hit certain pre-agreed key performance indicators related to sustainability, or face higher costs.

In October 2020, Goodman Interlink, a joint venture between Goodman Group (a global logistics property group) and Goodman Hong Kong Logistics Partnership, engaged in a landmark deal in the development of this market in Asia-Pacific.

The company agreed a HK$590m ($76m) green interest rate swaps deal, the first deal of its kind in the region. It had previously agreed green loan facilities with Crédit Agricole, secured against a prime logistics building in Hong Kong. The green interest rate swaps were agreed as its interest rate hedge against this facility, and is linked to the green credentials of the logistics building.

Goodman Interlink will incur a penalty on the fixed rate it pays on its side of the swap if it fails to meet the so-called 'green condition', specifically the building must continue to have a silver certificate from US LEED (Leadership in Energy and Environmental Design) and a gold certificate from Hong Kong BEAM (Building Environmental Assessment Method).

EUROPE

BONDS: CORPORATE

LAFARGEHOLCIM'S €850M SUSTAINABILITY-LINKED BOND

Structuring advisors and bookrunners: ING, Société Générale

Active bookrunners: BNP Paribas, HSBC, Santander

There is widespread acceptance that in order to hit global targets for reducing greenhouse gas emissions set out in the Paris climate agreement, high emitting industries will have to transition to far more sustainable ways of operating. Construction is one such example of a high-emitting sector, with the industry accounting for an estimated 10% of global carbon dioxide emissions, according to the Global Alliance for Buildings and Construction.

LafargeHolcim is one of the world's largest manufacturers of building materials, including cement, which has a particularly carbon-intensive manufacturing process. The company has been at the forefront of efforts to reduce emissions within the industry. This includes innovative solutions, such as manufacturing its concrete and cement products using circular economy principles and with reduced carbon emissions.

To further underline its climate commitment, LafargeHolcim launched its first sustainability-linked bond for €850m in November 2020. The bond commits the company to achieving targets on its carbon dioxide emissions; specifically no more than 475 kg of net carbon dioxide emissions per tonne of cementitious material manufactured by 2030. If it does not meet the target, it will pay an additional 75 basis points (bps) interest on maturity of the bond.

The 10-year offering was launched on Tuesday November 17 and was multiple times oversubscribed, enabling pricing to be tightened from initial guidance of midswap plus 110bps to midswap plus 77bps, with a final orderbook of €2.6bn.

The deal provides a positive example of how issuers within carbon-intensive sectors can access financing that will enable them to adapt their business models and clears a pathway for further issuers to print similar bonds.

BONDS: SSA

GERMANY'S €6.5BN INAUGURAL GREEN BOND

Joint lead managers: Barclays, Commerzbank, Crédit Agricole, Deutsche Bank, JPMorgan and UniCredit

Sole structuring advisor: Crédit Agricole

Germany, the eurozone's benchmark issuer, is a big borrower, typically printing circa $200bn in bonds each year, and its development bank, KfW, is a sustainable finance pioneer. So, its debut into the sovereign green bond markets has long been anticipated, and it did not disappoint.

In September 2020, its Finance Agency sold €6.5bn of 10-year notes with a 0% coupon, after accumulating €30bn of demand less than two hours after launching. A stellar result by any measure.

Although the timing of the debut transaction seemed strongly correlated to strong market conditions post-summer, and following recent government announcements committing the country to climate neutrality by 2050, it was also the result of 18 months of planning. The debut deal is the first of an ambitious plan to build up an entire yield curve of green securities of up to 30-year maturities.

The sovereign was also keen to introduce new innovations to the green bond market, something which it achieved with its 'twin bond' issuance approach. This method means each green bond Germany issues will have the same maturity and coupon as an earlier issued conventional bond, providing an easily referenceable benchmark rate for its green notes and vice versa, as well as for other issuance across the eurozone.

The deal was launched on September 2, 2020 and was five times oversubscribed, ultimately priced at 1 basis point tighter than its conventional twin.

Germany will use the proceeds from the bond to finance projects across green transport, international co-operation (assisting emerging market and developing countries in their transition towards a more environmentally friendly economy), research innovation and awareness raising, renewable energy transition and the promotion of biodiversity, natural landscapes and sustainable agriculture.

EQUITIES

OZON'S $1.4BN IPO

Bookrunners: Citi, Morgan Stanley, Goldman Sachs, Renaissance Capital, Sberbank, UBS, VTB Capital

E-commerce company Ozon, sometimes referred to as the "Amazon of Russia", launched its $1.4bn initial public offering (IPO) in November 2020, marking the largest IPO out of the Commonwealth of Independent States since 2017. Ozon was able to capitalise on strong market conditions for tech IPOs, as well as an operating environment during the pandemic months resulting in its sales volumes increasing considerably.

Its shares were listed on Nasdaq in New York via American depositary receipt, as well as via a secondary listing on the Moscow Exchange (MoEx). Thirty-three million American depositary shares were floated at $30 per share, above price guidance of $22.50-$27.50 due to significant investor interest ahead of launch. The company also reportedly upsized the transaction from an initial planned listing worth $500m based on expected high demand.

Ozon opted to include a secondary listing on MoEx to enable it to tap additional pockets of investor demand from local retail and institutional investors. Trading on the MoEx tranche launched simultaneously with trading on Nasdaq – the first time that the trading of a Russian company's shares has opened simultaneously on the two exchanges.

Following a positive market response – on the first day of trading the price increased by 40% – Ozon also opted to take advantage of its 15% overallotment (greenshoe), issuing a further 4.95 million shares. This led to the total offering of 37.95 million shares, worth around $1.139bn being listed, representing a free float of 18%.

Alongside the main IPO, an additional private placement of $135m was also executed, with existing major shareholders BVCP and Sistema each subscribing for $67.5m worth of stock at the same pricing as the IPO. »

FIG FINANCING
ALLIANZ'S DUAL-TRANCHE €1.25BN AND $1.25BN INAUGURAL RT1 ISSUANCE

Joint lead managers: Deutsche Bank, Bank of America, BNP Paribas, Citi, HSBC

The concept of loss-absorbing capital is probably most associated with the banking sector in the shape of Additional Tier 1 bonds, which are written down or convert to equity if the issuing bank's capital drops below a certain level.

But insurers, too, are required to hold loss-absorbing capital. In Europe, under the Solvency II directive, insurers must issue convertible debt known as Restricted Tier 1 (RT1). But since the first transactions in 2017, this market has been slow to develop.

However, in November 2020 Europe's biggest insurer made waves when it issued its first RT1 deal: a perpetual non-call 5.4-year $1.25bn and perpetual non-call 10.4-year €1.25bn dual-tranche offering. The way was cleared for the issuance when the German Ministry of Finance clarified long-debated rules over whether RT1 issuances counted as equity or debt for German tax purposes, with it confirming it would count as debt in October.

Demand for the deal was exceptional, with orders quickly building throughout November 10 after its launch. The orders on the US dollar tranche and euro tranche peaked at almost $10bn and more than €6bn respectively, with orders received from more than 1400 investors across both tranches.

Even after final pricing was announced, with substantive tightening of more than 60 basis points on both tranches, both books remained multiple times oversubscribed. The $1.25bn tranche priced at 3.5% and the €1.25bn at 2.625%

The deal was a blockbuster in several respects, not only was it the first RT1 deal out of Germany, it was also the largest Tier 1 issuance of 2020 and the only dual currency regulatory capital issuance of 2020.

INFRASTRUCTURE AND PROJECT FINANCE
NORTHVOLT'S $1.6BN PROJECT FINANCING

Mandated lead arrangers: APG, BNP Paribas, Danske Bank, Danica Pension, IMI - Intesa Sanpaolo, ING, KfW IPEX Bank, PFA Pension, SEB, Siemens Bank, SMBC, Société Générale, Nordic Investment Bank, Export-Import Bank of Korea

Financial advisers: BNP Paribas, Morgan Stanley

Northvolt, a Swedish developer and manufacturer of lithium-ion vehicle battery cells, was founded in 2016 with the aim of accelerating Europe's transition to a low-carbon economy. The company is targeting a 25% market share in Europe by 2030, which equates to an estimated 150 gigawatt-hours (GWh) of annual production capacity.

In July 2020, Northvolt secured a major cash injection of $1.6bn in debt financing from a consortium of commercial banks, pension funds, as well as the European Investment Bank, the Nordic Investment Bank and the Export-Import Bank of Korea.

Northvolt's new funding more than doubled its capital and will be used to complete production of its first gigafactory, Northvolt Ett, in northern Sweden. The issuance is the world's first project financing of its kind for a greenfield lithium-ion battery manufacturing plant.

Northvolt Ett is expected to begin producing batteries in 2022, starting with an annual production capacity of 16GWh, with the potential to scale to 40GWh. A second plant, Northvolt Zwei, planned for construction in Germany, is projected to begin its commercial operations in 2024.

Among Northvolt's industrial partners and customers are ABB, BMW Group, Scania, Siemens, Vattenfall, Vestas and the Volkswagen Group, which recently announced a $14bn contract with Northvolt to supply it with batteries for the next 10 years. Volkswagen's agreement with Northvolt brings the company's total order book to $27bn.

The $1.6bn transaction is set to create the foundation of a new European battery supply chain, establishing the region as a major global player in battery production and, notably, reducing Europe's dependence on imports from China.

ISLAMIC FINANCE
ZORLU ENERJI'S TL50 MILLION SUSTAINABLE SUKUK ISSUANCE

Sole arranger: Industrial Development Bank of Turkey (TSKB)

Zorlu Enerji is one of Turkey's largest energy providers and it has ambitious plans to increase its provision of renewable energy. In June 2020, the company established a sustainable sukuk programme, allowing for issuance of up to Tl450m ($55m) to fund its investment in this area. The first sukuk offering under the programme of Tl50m was printed on June 3. As of the end of February 2021, four further issuances had been made under the programme, with total issuance reaching Tl250m. The programme represents a new financing opportunity for Zorlu Enerji, a frequent issuer of conventional bonds.

It was the first sustainable sukuk issuance in Turkey and a key aim of the programme from the standpoint of arranger, TSKB, was to increase awareness of sustainability issues within the Turkish capital markets. It believes it has been successful in this objective, with a similar transaction already completed later in 2020 and more underway and due to be finalised in the second quarter of 2021.

The programme, which will fund investments in renewable energy, clean transportation, sustainable energy supply and sustainable infrastructure, has also moved the sustainable sukuk asset category forward more broadly, at a global level, as previous sustainable sukuk issuances have often been solely linked to renewable energy projects.

LEVERAGED FINANCE
THYSSENKRUPP ELEVATOR'S JUMBO LEVERAGED BUYOUT FINANCING

Bookrunners: Barclays, Credit Suisse, Deutsche Bank, Goldman Sachs, RBC and UBS

The eagerly anticipated €17.2bn acquisition of Thyssenkrupp Elevator by private equity firms Advent International and Cinven in July 2020 was Europe's largest leveraged buyout (LBO) in more than a decade and Germany's largest-ever LBO.

An equally impressive financing package was put together to support the purchase worth the equivalent of €10.25bn in total, comprised of 10 different issuances and credit facilities: a €1.15bn term loan B, a $2.875bn term loan B, €1.1bn senior secured notes, $1.56bn senior secured notes, €500m senior secured floating rate notes, a €2bn revolving credit facility and guarantee facility, €650m senior unsecured notes, $445m senior unsecured notes, €50m privately-placed floating rate senior unsecured notes and €600m-eqvivalent (in US dollars) privately-placed floating rate senior unsecured notes. In addition, the sponsors made an equity contribution of €8.4bn, including a €2bn equivalent payment in kind issuance bond across euro and US dollars.

Achieving success in the financing, and subsequent acquisition, became a bellwether moment for the health of the high yield, leveraged loan and merger and acquisition markets following the outbreak of Covid-19. The deal was originally structured and underwritten in February 2020, but market activity largely ground to halt in March 2020. The financing activity for the deal restarted in June, closely watched by other market participants who knew the success, or not, of this deal would indicate the likelihood of others following.

Despite the difficult market backdrop, fundamentally the deal remained attractive to investors.

Although the exact structure and makeup of the financing was adjusted to reflect current market appetite, a largely similar financing was secured as planned in February.

The financing successfully wrapped on June 30, 2020, with every tranche pricing at or tighter than guidance following a one-week marketing process and with orderbooks peaking at approximately $23bn.

LOANS
DENIZBANK'S $435M DIVERSIFIED PAYMENTS RIGHTS DEBT FINANCING

Joint mandated lead arrangers: Credit Suisse and Emirates NBD

DenizBank is one of Turkey's largest private banks. Recently acquired by Emirates NBD, it had been owned by Russia's Sberbank between 2012 and 2019. DenizBank has a stated goal of supporting projects with both social and environmental objectives.

In February 2021, the bank secured a sustainability-linked $435m equivalent debt facility based on diversified payments rights (DPR). DPR financing is based on receiving future flows from offshore payment sources, such as personal remittances or export payments.

Proceeds from the facility will be used for a range of sustainability-linked objectives such as energy efficiency and renewable energy projects, and to support businesses and sectors with limited access to funds, such as farmers and female entrepreneurs.

The deal attracted a broad investor base, with 13 investors including multilaterals, commercial banks and institutional investors from Europe, Asia and the US participating. This included anchor investment from the International Finance Corporation and European Bank for Reconstruction and Development, which contributed $150m and $100m, respectively.

The deal was DenizBank's first DPR issuance in the past seven years, an area it was previously active in, and historically an important method by which Turkish banks more broadly can raise liquidity. It is hoped that this deal will pave the way for similar transactions in the future.

M&A
LONDON STOCK EXCHANGE'S $27BN ACQUISITION OF REFINITIV

Advisers to the London Stock Exchange Group: Goldman Sachs, Morgan Stanley, Robey Warshaw, Barclays and RBC Capital Markets.

Advisers to Refinitiv: Evercore, Canson Capital Partners and Jefferies

In January 2021, London Stock Exchange Group (LSEG) completed its much-anticipated acquisition of Refinitiv, a global provider of financial market data and infrastructure, in an all-share $27bn transaction. This marked the culmination of more than a year and a half of complex negotiations, tackling regulatory hurdles and other complications from when the planned takeover was first reported in the press in July 2019.

Refinitiv had only been operating as an independent entity since October 2018; prior to this it had been a part of Thomson Reuters, which had spun off the unit. For LSEG, acquiring Refinitiv presented a ready-to-go opportunity to expand its data services, an area with significant long-term growth potential, particularly when packaged up with LSEG's other offerings. For Refinitiv, too, the potential synergies between the two businesses made for a compelling transaction.

The market also seemed to agree on the deal's potential merits, with LESG's share price jumping 15% when the deal leaked to the press on July 21, 2019, followed by an additional 7% jump when the deal was formally announced on August 1.

An unexpected challenge to the acquisition came in September 2019, when Hong Kong Exchanges publicly announced an offer to acquire LSEG for £31.6bn ($44bn), which was conditional on LSEG dropping its plans to acquire Refinitiv. LSEG's board unanimously rejected the offer within a matter of days and Hong Kong Exchanges dropped its bid in October 2019.

However, the path still was not entirely clear for the deal to proceed, with LSEG needing to undertake a number of measures to ensure any potential antitrust concerns were mitigated, given the overlapping nature of the two businesses. This included LSEG agreeing to divest of Borsa Italiana to rival Euronext, with this deal agreed in principle in late 2020. »

RESTRUCTURING
SWISSPORT'S €2.4BN DEBT RESTRUCTURING
Financial adviser: Houlihan Lokey

Swissport International is the market leader in airport ground handling and cargo services, boasting historical revenue figures of nearly double that of its closest competitors and employing more than 45,000 staff across 47 countries worldwide.

In March 2020, the Covid-19 pandemic severely impacted the global aviation industry, resulting in ground handling business volumes falling by as much as 90%. Despite holding in excess of €300m in cash reserves, Swissport's financial position rapidly deteriorated as revenues took a nosedive and significant strain was placed on the company's liquidity.

Initial projections indicated a funding need of €700m, but due to cost-mitigation efforts and an additional $170m in funding secured from the US Treasury under the Coronavirus Aid, Relief, and Economic Security Act, the figure was revised down to €450-570m.

One month after the onset of the Covid-19 pandemic, Houlihan Lokey was appointed by Swissport to engage in negotiations for a comprehensive restructuring plan with the company's multiple stakeholder groups.

By August, Swissport and its stakeholders had agreed to a €300m interim facility to provide the company with ample liquidity to trade through the remainder of 2020. A debt-for-equity swap extinguished €1.9bn of the company's liabilities, while an additional €500m long-term facility was secured to refinance the €300m interim facility and give Swissport the resources to invest in its business.

After nine months of complex negotiations, the restructuring plan was finally concluded. Swissport became one of the first global companies to agree to a comprehensive restructuring following the impact of the Covid-19 pandemic. The transaction achieved a significant deleveraging of the company's balance sheet, placing Swissport in a strong financial position to win new business and take advantage of opportunities brought on by the disruption of the aviation industry.

SECURITISATION
SAGE HOUSING GROUP'S £220M SECURITISATION
Sole arranger, bookrunner and ESG structuring adviser: Deutsche Bank

Sage Housing Group is a registered provider of affordable housing across England, providing housing eligible for shared ownership and low-cost rental schemes.

Increasing the availability of high quality and affordable housing is a key issue within the UK market. Within this context, in October 2020, Sage, which is majority owned by Blackstone group, engaged in the UK's first social housing securitisation transaction, to support its growth ambitions. The inaugural Sage AR Funding No 1 Plc transaction raised £220m ($308m) for the housing provider, across 5.1 year notes issued in seven tranches.

The deal also has wider significance, providing a funding template and approach for other entrants into the social housing sector, particularly from the private sector, on how to raise capital for investment in business goals while operating within the parameters of social housing requirements. It was also linked to International Capital Market Association's 2020 Social Bond Principles – the first transaction with alignment to the updated principles.

The transaction was structured based on a hybrid of commercial mortgage-backed securities (CMBS) and secured corporate issuance, a novel structure within the securitisation markets. It creates an alternative and flexible source of funding for UK social housing providers, who are typically financed via longer-term fixed rate debt.

Demand for the issuance, which had tranches rated from AAA down to B, came from a broad range of international investors, including many that would not typically invest in the UK social housing sector. Pricing for the senior tranche in particular was tight, at 45 basis points lower than the last UK CMBS deal. It was also priced in a particularly rapid timeframe of two weeks, marketing and investor education for the new asset class.

SUSTAINABLE FINANCE
AB INBEV'S $10.1BN INAUGURAL SUSTAINABILITY-LINKED LOAN
Sustainability coordinators: ING, Santander
Bookrunners and mandated lead arrangers: Barclays, BNP Paribas, Citi, Deutsche Bank, JPMorgan, Mizuho, MUFG, SMBC, Société Générale
Mandated lead arrangers: Intesa Sanpaolo, NatWest, Rabobank, Toronto Dominion, Wells Fargo

AB InBev is the world's largest brewing company by some considerable margin, with a presence in 150 countries and sales of $52.3bn globally in 2019. Therefore, when it acts it has a big impact.

In February 2021, it successfully closed a $10.1bn sustainability linked revolving credit facility (RCF), to replace a previous conventional RCF.

This milestone facility is the largest ever sustainability-linked RCF and the first arrangement of its kind among publicly-listed companies in the alcohol beverage sector.

The pricing structure of the loan incorporates key performance indicator targets in four broad areas: improving water efficiency during production; reducing its greenhouse gas emissions; increasing its use of recycled plastic in its packaging; and souring electricity from renewable sources. These are aligned to the company's broader 2025 sustainability goals. AB InBev needs to hit the goals otherwise it will pay a higher rate of interest on the loan. The facility has an initial five-year term, which may be extended by an additional two years.

The jumbo transaction was supported by a total of 26 lenders, testament to the attractive structuring of the deal and AB InBev's appeal and position in the syndicated loan market more broadly.

MIDDLE EAST

BONDS: CORPORATE
SABIC'S $1BN DUAL-TRANCHE ISSUANCE
Bookrunners: BNP Paribas, Citi, HSBC, Mizuho, MUFG and SMBC

There has been a difficult market backdrop over the past 12 months for the petrochemicals industry as demand for oil has slumped, as well as the broader economic effects of Covid-19, intensifying funding needs.

Against this context, Saudi Basic Industries Corporation (Sabic), the world's fourth largest petrochemicals firm, raised $1bn in a dual-tranche issuance in September 2020, taking advantage of a resurgence in market activity following the end of the northern hemisphere summer.

The company, 70% owned by Saudi Aramco, following its investment in the company in June 2020, and with a further 30% floated on the Tadawul stock exchange, issued $500m of 10-year bonds and $500m of 30-year Formosa bonds. Formosa bonds are sold in Taiwan by foreign issuers and denominated in non-Taiwanese currency.

There was considerable demand for the bonds, with the total orderbook eight times oversubscribed. Final pricing for the 10-year bonds was completed at 155 basis points over midswaps (2.150%) and 3% for the 30-year notes, with the strong demand allowing for substantive tightening of the pricing for the 10-year notes.

The offering established Sabic's curve in the long end, with its first ever 30-year tranche. The transaction enjoyed strong interest from the international investor community, attracting sizeable triple-digit orders from high quality institutional accounts from Europe and Asia.

BONDS: SSA
MUBADALA'S $4BN TRIPLE TRANCHE ISSUANCE
Bookrunners: Bank of America, Banca IMI, BNP Paribas, First Abu Dhabi Bank, HSBC, Natixis and Société Générale

Mubadala Investment Company, one of the UAE's largest sovereign wealth funds, was created in 2017 in a merger between the International Petroleum Investment Company (IPIC) and Mubadala Development Company in 2017. It aims to invest in opportunities, globally, promoting growth and innovation, ultimately supporting the UAE's economic development.

The state-owned entity has a number of aims via its funding strategy: to diversify its funding sources and issue funding at a low cost, while also extending and smoothing out its debt maturity profile.

In May, Mamoura Diversified Global Holding, Mubadala's debt issuing entity, priced a $4bn, triple-tranche bond offering. It was comprised of a $1.0bn six-year tranche, a $1.0bn 10-year tranche and a $2.0bn 30-year Formosa tranche. Formosa bonds are sold in Taiwan by foreign issuers and denominated in non-Taiwanese currency.

There was strong demand for the bonds, driven by institutional investor interest from across Asia, the Middle East and Europe, with order books peaking in excess of $24bn. Final terms were set at midswaps plus 210 basis points (bps) for the $1.0bn six-year, midswaps plus 235bps for the $1.0bn 10-year, and 3.95% for the $2.0bn 30-year Formosa. This represented substantive price tightening from initial guidance.

The offering played an important role in reopening capital markets activity for the region, with it the first government-related entity or corporate bond offering post the Covid-19 pandemic.

EQUITIES
BINDAWOOD HOLDING'S $585M IPO
Special adviser: Moelis
Joint financial advisers: Goldman Sachs, JPMorgan
Bookrunners: GIB Capital, NCB Capital

The global groceries market is one sector that remained in good health throughout the Covid-19 pandemic. With many populations confined to their homes at various points throughout the last 12 months, demand for groceries has been high.

Saudi grocery chain BinDawood is one such retailer that has benefitted from increased demand, with its profits increasing by 32% and revenue increasing by 11.6% in the first nine months of 2020. It also proved an opportune time for the company to publicly list its shares for the first time.

In October 2020, the company listed 20% of its shares on Saudi Arabia's Tadawul stock exchange. Shares were priced at SR96 ($25), the top of price guidance, with a total offering of SR2.2bn. At the time of listing the company had a market capitalisation of SR11bn. The listing was the region's largest since the outbreak of Covid-19.

The offering was a significant success, with the institutional tranche of shares more than 48 times oversubscribed, including substantial interest from UK and US investors. Buyers included private funds, public funds and government institutions. Its share price jumped 10% when trading began on October 21.

The company has 73 stores across its two brands – BinDawood and Danube – and plans to open an average of six stores a year to reach 100 outlets by 2024. »

FIG FINANCING
NBK'S $700M PERPETUAL SECURITIES
Bookrunners: Citi, HSBC, JPMorgan, NBK Capital, Standard Chartered, UBS

National Bank of Kuwait (NBK), the country's largest bank, returned to the bond markets in February 2021 with a refinancing deal, as the end of the non-call period for $700m of outstanding perpetual non-call six-year (NC6) Additional Tier 1 (AT1) bonds, which it issued in April 2015, fast approached.

It opted to issue a new tranche of securities with the same perpetual NC6 structure, as the previous notes and executed the call option on the prior tranche on April 9, 2021.

The new tranche of bonds was priced with a coupon of 3.625%, reflecting a price tightening of 37.5 basis points from initial guidance. The issuance received healthy demand, and was multiple times oversubscribed with orders from 169 investors.

It was the lowest coupon ever achieved for a conventional US dollar denominated AT1 issuance from a bank in the Middle East and north Africa region.

INFRASTRUCTURE AND PROJECT FINANCE
ADNOC'S 49% STAKE SALE IN GAS PIPELINES
Financial advisers to Adnoc: Bank of America, First Abu Dhabi Bank, Mizuho
Independent financial adviser: Moelis & Co
Senior mandated lead arrangers: Abu Dhabi Commercial Bank, Banco Santander, BNP Paribas, First Abu Dhabi Bank, HSBC, Mizuho, MUFG, Standard Chartered Bank, SMBC
Mandated lead arrangers: Citi, Crédit Agricole, Natixis, Société Générale, Emirates NBD, Samba
Arrangers: CaixaBank, DBS Bank

In one of 2020's largest global energy infrastructure transactions, a consortium of the world's leading infrastructure investors and operators, sovereign wealth and pension funds have acquired a 49% stake in Adnoc Gas Pipelines, a newly created subsidiary of state-owned energy firm Abu Dhabi National Oil Company (Adnoc).

The consortium – consisting of Global Infrastructure Partners, Brookfield Asset Management, Singapore's sovereign wealth fund GIC, Ontario Teachers' Pension Plan Board, NH Investment & Securities, and Italian energy infrastructure company Snam – invested a total of $10.1bn, valuing the company at $20.7bn. A $7.96bn two-year commercial loan was signed by the consortium to back their investment. Adnoc will retain the 51% majority stake.

Adnoc Gas Pipelines holds a 20-year concession to 38 gas pipelines covering a total of 982 kilometres. The pipelines are a key component of the UAE's energy ecosystem, transporting sales of gas from Adnoc's onshore plants to its delivery network and domestic end-customers.

The transaction structure allows Adnoc to tap new pools of low cost international investment capital, while maintaining full operating control over the assets included within the consortium's investment. The transaction will result in upfront proceeds of more than $10bn to Adnoc. In return, Adnoc will pay Adnoc Gas Pipelines a volume-based tariff for use of the pipelines, backed by minimum volume commitments – offering a low-risk profile and stable cash flows to the consortium's investors.

ISLAMIC FINANCE AND SUSTAINABLE FINANCE
(WINNER IN BOTH CATEGORIES)
ISDB'S $1.5BN SUSTAINABLE COVID 19 SUKUK
Joint lead managers and joint bookrunners: Citi, Crédit Agricole, Emirates NBD, GIB Capital, HSBC, Islamic Corporation for the Development of the Private Sector, Natixis, Société Générale and Standard Chartered
Co-manager: Kuwait International Bank

The Islamic Development Bank (IsDB) has adopted a wide-ranging approach to funding programmes to tackle to consequences of the Covid-19 pandemic. Its five-year $1.5bn sustainable Covid-19 sukuk in June 2020 was a key transaction as part of its efforts around three pillars of "Respond, Restore and Restart".

IsDB was the first body to issue an Islamic instrument to finance efforts to combat the effects of Covid-19. The sukuk, the second issuance under the bank's sustainable bond framework, was rated AAA – the first ever AAA-rated Sustainability Sukuk in the global capital markets.

The proceeds from the sukuk will be directed towards "access to essential services" and "small and medium-sized enterprise financing and employment generation" programmes across its 57 member countries.

Bookbuilding for the sukuk began on June 17, with initial price thoughts set at the midswaps plus 70 basis points (bps) area. Following strong demand from investors, the deal was eventually priced at midswaps plus 55bps, tightening by 15bps. This is the lowest profit rate ever that the bank has achieved for a US dollar-denominated public sukuk.

The distribution of investors was well diversified, with 53% allocated to Middle East and north Africa, 37% to Asia, 8% to Europe, and 2% to others including US offshore.

LOANS

QNB'S $3.5BN TERM LOAN

Bookrunners, mandated lead arrangers and underwriters: Bank of America, Barclays, HSBC, Maybank, Mizuho, MUFG, SMBC, Standard Chartered and UOB

Mandated lead arrangers: Intesa Sanpaolo and JPMorgan

Qatar National Bank (QNB) is the largest bank in the Middle East region. In October 2020, it opened syndication on refinancing of a $3.5bn term loan facility, which had first been written in 2018.

The loan included a $2bn three-year tranche and a $1.5bn five-year tranche and will be used for general corporate purposes.

The syndication closed in mid-November. In addition to the nine underwriters, a total of 25 institutions from around the world committed to the financing, underscoring the success of the transaction despite challenging market dynamics at the time. There was significant international investor interest in the loan, allowing QNB to broaden its investor base.

Notably, it was the first widely syndicated five-year term facility for a bank financial institution since the financial crisis and the largest five-year dual-tranche syndication ever issued by a bank in the Middle East.

M&A

ADPOWER AND TAQA'S MERGER

Advisers to ADPower: Citi, Rothschild & Co

In July 2020, Abu Dhabi National Energy Company (Taqa) and Abu Dhabi Power Corporation (ADPower) completed a merger which created one of the largest power companies in the Middle East, with total assets worth around Dh200bn ($54bn) and around Dh42bn in revenue.

As part of the deal, ADPower transferred the majority of its power and water generation, transmission and distribution assets to Taqa in exchange for more than 106.3 billion new shares.

This landmark transaction will accelerate the transformation of the power and water industry in the UAE, and is widely regarded as a positive development. For instance, following the deal, Moody's upgraded Taqa's issuer rating to Aa3 from A3, with the agency commenting that the new assets had had a significant positive impact on Taqa's business and financial profiles.

Prior to the transaction, ADPower was a 74.1% shareholder of Taqa; following the merger that has increased to 98.6%. Taqa remains listed on the Abu Dhabi Securities Exchange and it intends to increase the size of its free float through a public offering in the future.