

## DEALS OF THE YEAR 2012

European Offshore Wind  
Deal of the Year 2012

## Northwind: Counter culture

The latest bout of weakness in European bank markets may be more fruitful than the last. This year's winner in the offshore category, the 216MW Northwind offshore project, marries two recent trends – strong multilateral and export credit agency support, and the search for institutions that can replace constrained bank finance – to produce an influential and bankable template.

The Northwind transaction should serve as a template for multi-sourced financings for future projects in the offshore sector. Given the range of participants on the deal, comprising the European Investment Bank, several ECAs and institutional investors, in both the senior and subordinated debt, the speed in which the transaction reached financial close is even more impressive – less than eight weeks after the sponsors approached the bank market.

"We were very fast in closing Northwind, we did that in roughly seven weeks. It was only possible because of three criteria that were in place" says Francois van Leeuw, chief financial officer at Northwind. "On the one hand we had a lot of preparation before the negotiations started and all the participants were able of the structure that we were coming from."

"The second thing is that we managed to get all of the equity in place before financial close and we were able to secure the financing by having enough verbal commitments that financial close could be reached. Third, we have a unique position of being able to bring such a project to financial close on our own. We can give lenders comfort that we understand the project and are able to operate it for 15 years, which is the length of the tenor."

The Belgian authorities granted a concession to Northwind, originally known as the Eldepasco project, on 15 May 2006 before a change of ownership prompted a renaming in February 2011. Depret and Electrawind sold their shares to the project's other shareholders, Colruyt, through its subsidiary Parkwind, and Aspiravi, which increased those companies' holdings to 66.7% and 33.3% respectively.

The project is located in the North Sea, around 37km off the Belgian coast. It will cover an area of 14.5km<sup>2</sup> and will use 72 Vestas V112 3MW turbines, with the manufacturer also providing 15 years of service and maintenance. The sponsors have also signed a long-term power purchase agreement with Electrabel, a subsidiary of GDF Suez. Construction is due to start this year and will be completed by the end of the following year.

The financing closed in June last year through Eu596 million in non-recourse debt, which has a tenor of 15 years plus construction, in addition to Eu37 million of contingent facilities and a Eu10 million working capital facility. The financing is then rounded off with Eu80.6 million in equity – plus Eu16 million of contingent equity – and Eu174.4 million in subordinated debt from PMV, DG-Infra, Korys and Autofinancing.

The deal was heavily oversubscribed and closed through the support of six banks – ASN Bank, Belfius, BNP Paribas Fortis, ING, KfW-IPEX and Rabobank, three export credit agencies in the form of counter-guarantors, EKF, GIEK and ONDD plus one pension fund, PensionDanmark, one multilateral, the EIB, and one government agency, the Norwegian Ministry of Trade and Industry.

# ProjectFinance Deals of the Year 2012

For the six banks, the ticket sizes are mostly uniform and are roughly Eu34 million each, with the exception of KfW-IPEX, which is providing Eu60 million, counter-guaranteed by EKF. EKF and ONDD are each counter-guaranteeing Eu100 million loans from the EIB, in addition to a further Eu133 million from the EIB, which is a direct and uncovered loan.

Finally, GIEK is counter-guaranteeing a Eu35 million loan from Norway's Ministry of Trade and Industry, and EKF is providing a third guarantee for a direct loan from PensionDanmark of Eu35 million. The latter is something of a milestone since it is the first offshore wind project to benefit from co-operation agreement between PensionDanmark and EKF.

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PensionDanmark is probably one of the more sophisticated institutional investors in Europe and had been steadily buying up equity stakes in a number of wind projects before DNB approached the pension fund and EKF on the Jaetraas onshore deal. Northwind benefits from the earlier experience, as well as EKF's knowledge of the offshore sector.

PensionDanmark certainly provided additional liquidity, although future developers may not have as much luck persuading other institutional investors to follow suit. But Northwind's sponsors were able to incorporate the product into a wider lender package including commercial banks, ECAs and the EIB.

This was especially tricky given that the EIB, supported by some of the ECAs, imposed a minimum rating requirement on participating banks during construction and introduced restrictions on the transfer of bank participations during the operational phase. Faced with this backdrop, seven weeks to reach financial close is even more impressive. PF

Northwind	
<b>STATUS</b>	<b>SPONSORS' FINANCIAL ADVISERS</b>
Financial close 27 June 2012	BNP Paribas Fortis, Green Giraffe Energy Bankers
<b>DESCRIPTION</b>	<b>SPONSORS' LEGAL ADVISER</b>
Development of a 216MW wind farm off the coast of Belgium	Loyens & Loeff
<b>SPONSORS</b>	<b>SPONSORS' TAX ADVISER</b>
Colruyt (66.7%), Aspiravi (33.3%)	KPMG
<b>SIZE</b>	<b>SPONSORS' TECHNICAL CONSULTANT</b>
Eu914 million	Poyry
<b>MANDATED LEAD ARRANGERS</b>	<b>LENDERS' LEGAL ADVISER</b>
ASN Bank, Belfius, BNP Paribas Fortis, ING, KfW-IPEX, Rabobank	White & Case
<b>OTHER LENDERS</b>	<b>EIB'S LEGAL ADVISER</b>
EIB, Norwegian Ministry of Trade and Industry, PensionDanmark	Freshfields Bruckhaus Deringer
<b>COUNTER-GUARANTORS</b>	<b>EKF'S LEGAL ADVISER</b>
EKF, GIEK, ONDD	Kromann Reumert
<b>SUBORDINATED LENDERS</b>	<b>NORWEGIAN MINISTRY OF TRADE'S LEGAL ADVISER</b>
DG-Infra, PMV, Korys, Autofinancing	Norton Rose
	<b>SUBORDINATED LENDERS' AND ONDD'S LEGAL ADVISER</b>
	Linklaters
	<b>INSURANCE ADVISERS</b>
	Profin, Marsh, JLT, Codan, HDI Gerling, Axis, Axa