



How many OW projects financed in a year?

WINDFORCE – Bremen – 9 June 2016

Jérôme Guillet

A specialist advisory boutique focused on renewable energy

We get deals done

Deep roots in renewable energy finance

- Launched in 2010 by experienced finance specialists with a **strong and proven track record** in renewable energy
- 50+ professionals with offices in Hamburg (Germany), London (UK), Paris (France) and Utrecht (the Netherlands)
- Multi-disciplinary skill set including **project & structured finance, contract management, M&A, legal & tax** expertise



More than **EUR 11 billion** funding raised for renewable energy projects in **6 years**

High quality, specialised advisory services

- Focus on projects where we can actually add value
- We can provide a holistic approach and are able to include sector-specific tasks in addition to traditional debt or equity advisory (such as contracting, strategic advisory and development services)
- Widening geographical reach with a burgeoning presence in the Americas and Africa in addition to Europe
- Priority given to **getting the deal done!**



50+ professionals in **4 countries**



Involved in over **75 renewable energy projects** with a capacity of more than **15 GW**

How projects are financed

“Balance sheet” (equity) vs “non-recourse” (debt)

Large projects are typically developed through a stand alone project company:

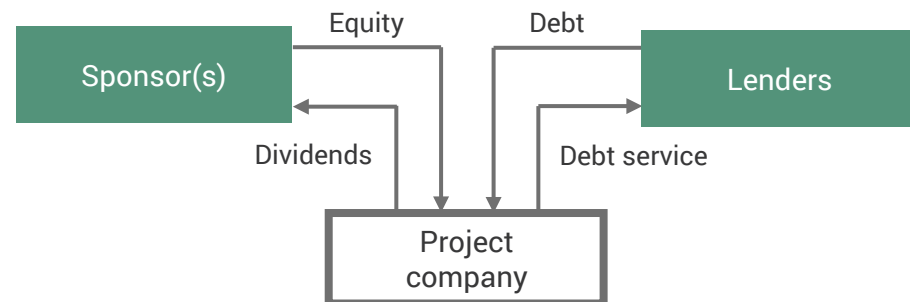
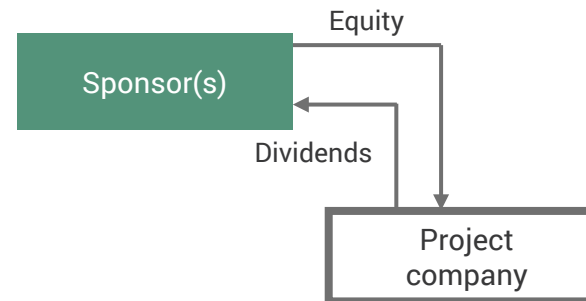
- Owned by the project investors
- With its own revenues & balance sheet and thus the ability to raise debt on its own merits

There are only two discrete sources of funding:

- By the owners (directly via equity or shareholder loans, or indirectly via guarantees)
- By banks without recourse to the equity investors – this is “project finance”

The way a project is funded will have a material impact on how it deals with contractors:

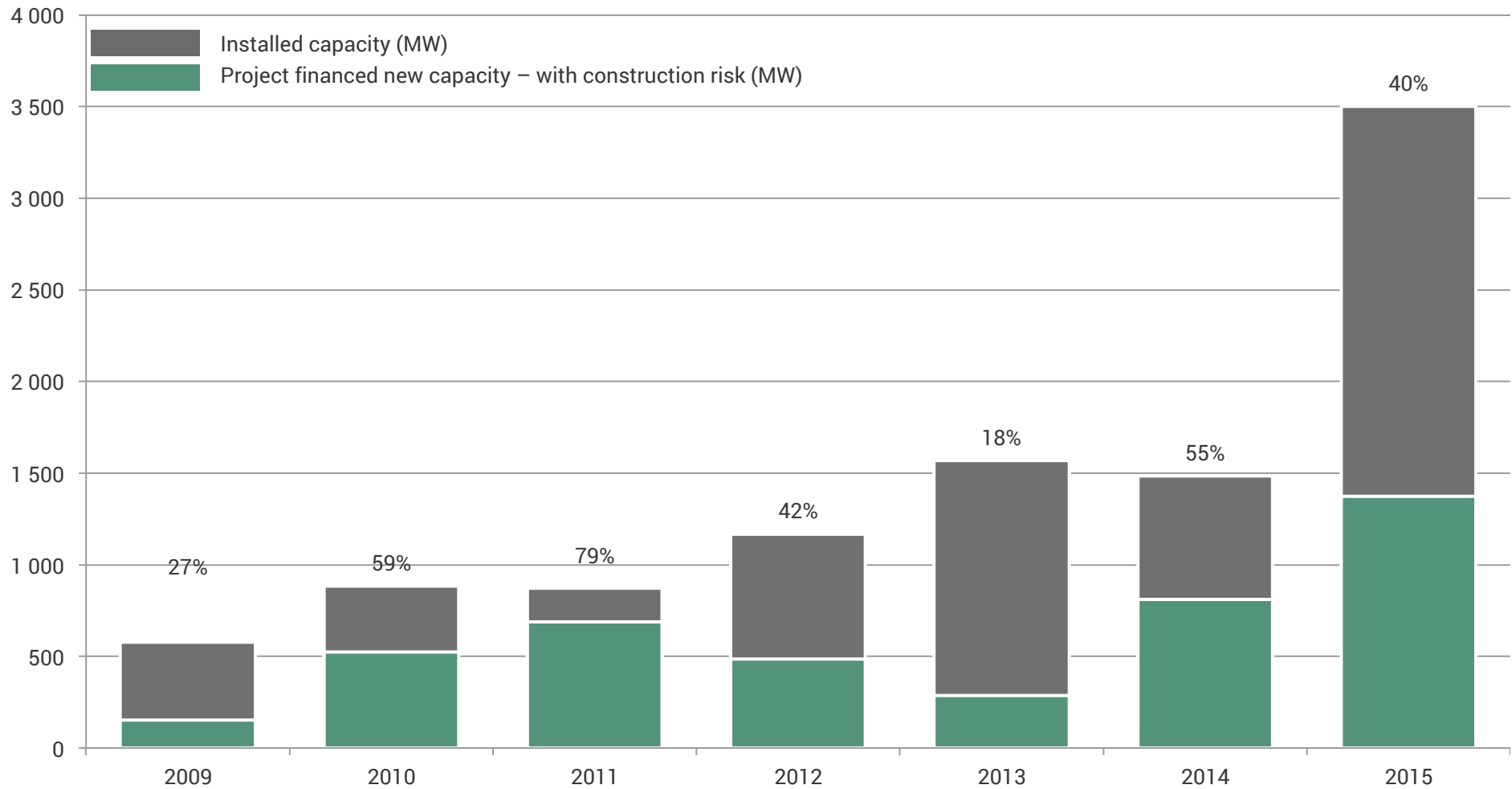
- In a project finance deal, you need to deal with the requirements the banks have!
- Tax, accounting, consolidation and rating issues



All parties have a direct incentive to understand who will be funding the project

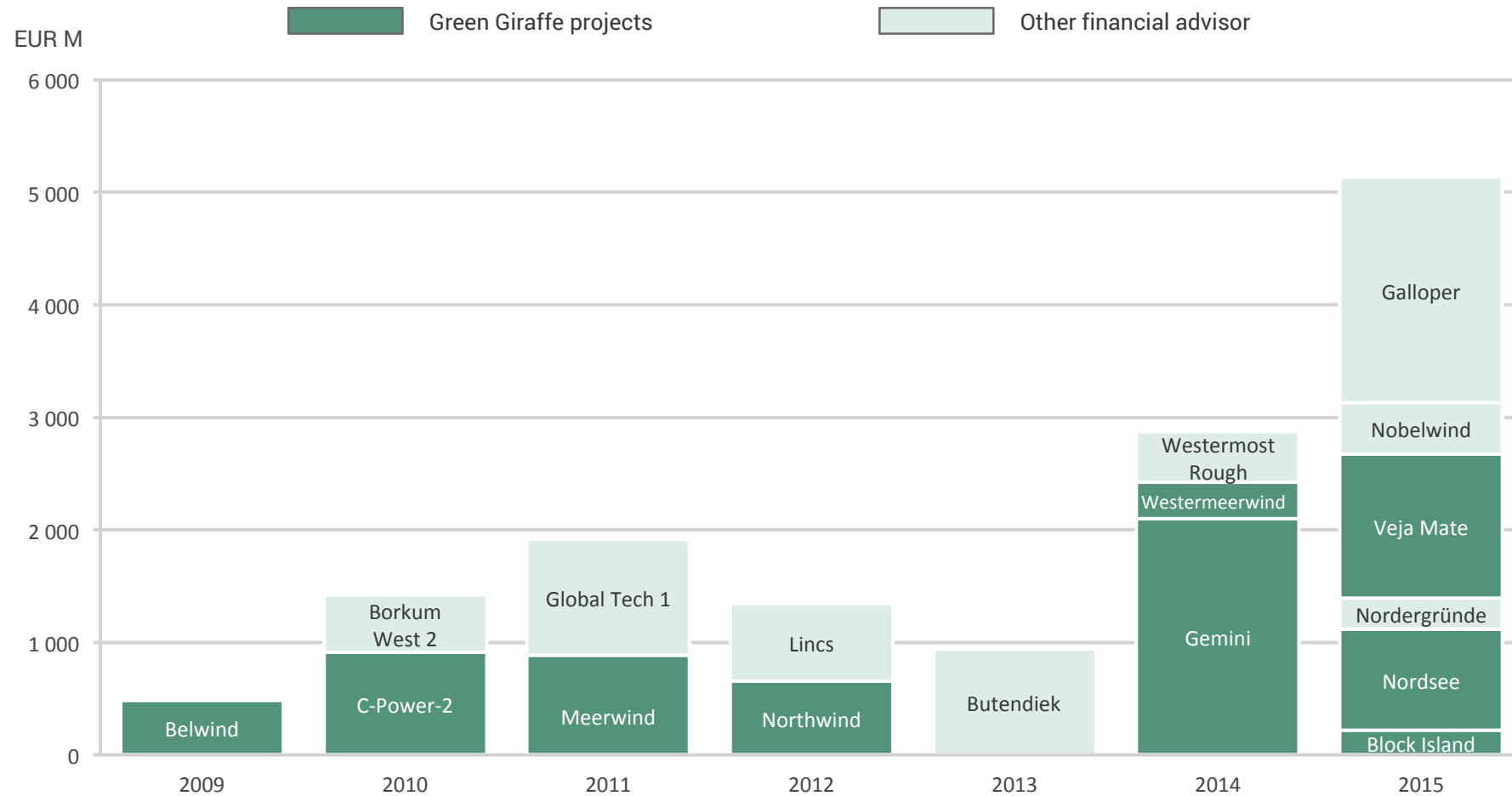
The debt market

Project finance already finances a significant fraction of overall new capacity



Non recourse debt for offshore wind is booming

A record number of transactions have closed in 2015



Non recourse debt for offshore wind is booming

Several transactions in addition to the 'traditional' construction financings

Meerwind bond refinancing (DE, EUR 978 M institutional debt)

- Full refinancing of an already debt-financed project after completion
- Bond market transaction with investment grade rating

Gode Wind bond financing (DE, EUR 556 M institutional debt)

- Bond financing of the acquisition by GIP of a 50% stake in the project from DONG
- Institutional investor debt only, consortium led by Talanx, with investment grade rating provided by Euler-Hermes
- No construction risk

Belwind phase 1 refinancing (BE, EUR 400 M bank debt)

- Bank refinancing of the existing non recourse debt, on better terms

Baltic 2 refinancing (DE, EUR 500 M bank debt)

- Bank refinancing of a minority stake at completion
- No construction risk

Refinancings also represent increasing volumes

Non recourse debt for offshore wind is booming

Transactions up to date in 2016

Luchterduinen (NL, 129 MW, EUR 443 M, March)

- Post completion re-financing led by JBIC

Pori Tahkoluoto (SF, 40 MW, EUR 90 M, March)

- First project financing in Finland, done by local banks

Dudgeon (UK, 402 MW, GBP 1.3 billion, May)

- Non recourse construction financing, including senior sponsor debt from Statkraft and Statoil

Beatrice (UK, 665 MW, GBP 1.x billion, [May])

- Non recourse construction financing of one the largest offshore wind farms

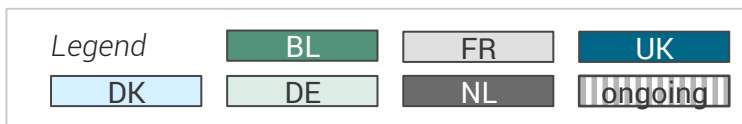
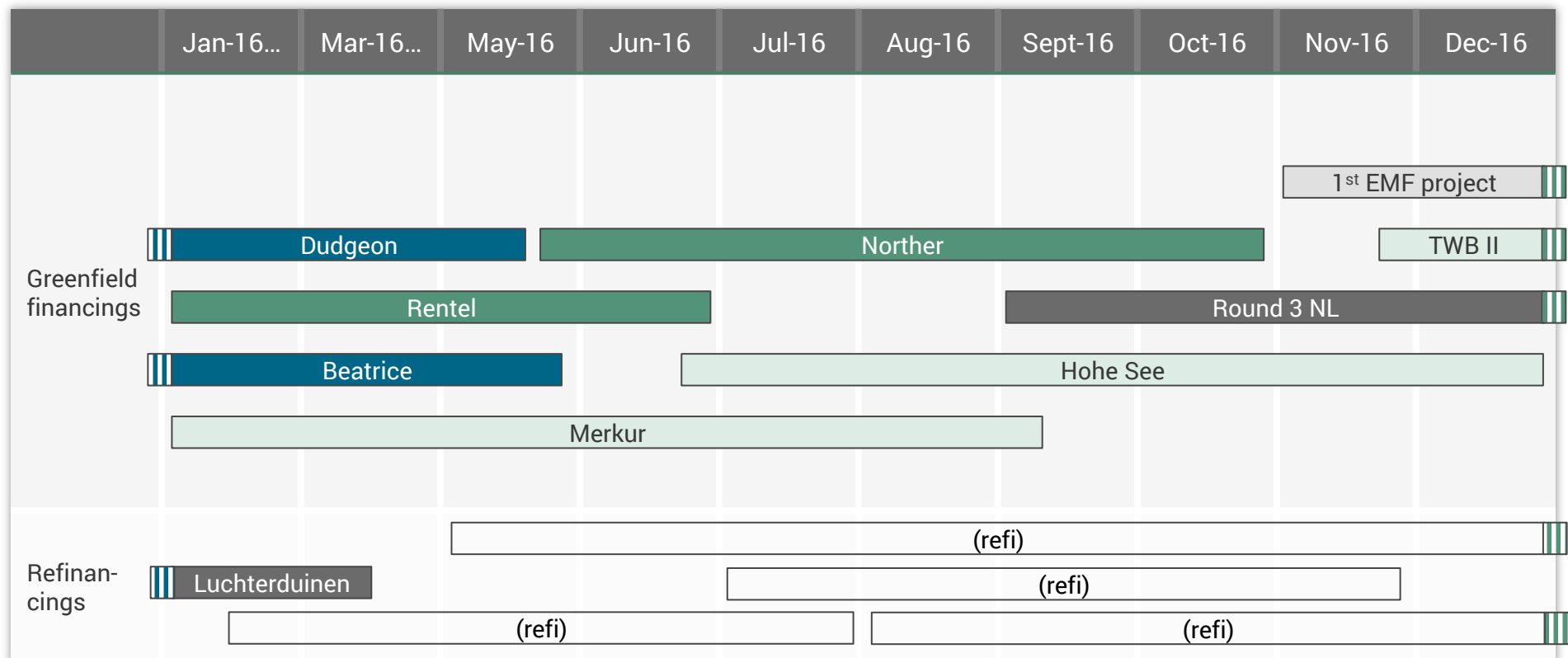
Currently in the market

- Rentel (BE, 309 MW, closing expected in Q2 2016)
- Merkur (DE, 396 MW, closing expected in Q3 2016)
- Norther (BE, 370 MW, closing expected in Q4 2016)

Activity is sustained, and will continue to be throughout the year

Summary of 2016 transactions

2016 will be a busy year for offshore wind – a dozen greenfield projects and refinancings



The market is able to manage several transactions in parallel

Debt strategies are diversifying

There are multiple possibilities to finance a project

Financings vs re-financings

- It is possible to finance or refinance projects at different stages of development
- Terms reflect the risks taken (higher leverage, lower margins for re-financings) and are consistent

Commercial banks vs public institutions vs institutional investors

- Continued attractiveness of public financing institutions (KfW, EIB, EKF, JBIC)
- Growing list of banks willing to take largest tickets with construction risk
- Institutional investors add an additional source of funds

Club deals vs syndicated deals

- Some transactions have explicitly included underwriting and primary syndication
- Even club deals generate an active secondary market
- Despite noise of difficulties, the market remains active and deep

Substantial volumes are available for every type of offshore wind debt financing

A word on refinancings

There are several ways to re-finance a project

The simplest is still a restructuring

- Renegotiation of existing package with current lenders via a waiver
- Updated assumptions, improvement in pricing, elimination of cash sweeps possible re-profiling of repayment
- Requires unanimity of the existing lending group, but is achievable with less work

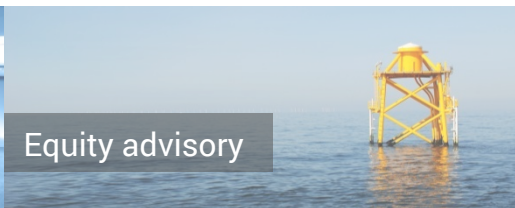
Refinancing on the debt or bond markets

- Complete new transaction
- Updated assumptions and lower risk post completion can allow for better terms (leverage, pricing, possibly maturity)
- Competes with other deals in the market for availability of commercial teams in banks

Another option: a full sale

- Example: Boreas (Lynn and Inner Dowsing) purchased by Blackrock, with repayment of existing bank debt
- A number of investors like unlevered assets (less volatility in revenues, larger tickets)

Substantial volumes are available for every type of offshore wind debt re-financing



The renewable energy financial advisors

HAMBURG • LONDON • PARIS • UTRECHT

green-giraffe.eu

