The Banker

DEALS OF THE YEAR 2022

The year 2021 will go down in history as a vintage 12 months for deal-making. Record-breaking levels of activity were seen across debt and equity capital markets, as well as M&A, not just in one sector or region but at a global level. And, as market conditions have become more challenging, the ingenuity and determination of the investment banks and issuers driving deals forward becomes even more important. The Banker's *Deals of the Year Awards 2022 celebrates the transactions, between February 2021 and February 2022, that have made the biggest impact.*

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AFRICA

INFRASTRUCTURE AND PROJECT FINANCE

ANGOLA'S $1.1BN PROJECT FINANCING TO DEVELOP AND IMPROVE WATER INFRASTRUCTURE

IBRD's $910m covered loan's mandated lead arrangers: BNP Paribas, Crédit Agricole CIB, Société Générale, and Standard Chartered
Lender: Credit Suisse
Bpifrance's $165m covered loan's mandated lead arrangers: Helaba (Landesbank Hessen-Thüringen), and Santander
Lender: Standard Chartered

According to the World Bank, Angola ranks 138th out of 140 countries for access to safe water and sanitation. Despite benefitting from an abundance of natural water bodies, nearly half of the country's population lacks access to reliable water supplies due to a run-down infrastructure that is in critical need of strengthening to boost its reliability, capacity, and resilience to climate shocks.

In June 2021, the government of Angola set a global record for the largest World Bank guaranteed project financing by securing $1.1bn for its landmark Luanda Bita Water Supply Project. The Bita water plant will become one of the largest drinking water plants in Africa, supplying clean water to up to two million people (approximately 25% of Greater Luanda's population).

The financing is structured under two facilities: a $910m facility supported by an International Bank for Reconstruction and Development (IBRD) guarantee and a $165m loan backed by the French export credit agency, Bpifrance.

The 15-year $910m facility is structured with an innovative first-loss and second-loss mechanism: it benefits from an IBRD first-loss guarantee of $500m, while the African Trade Insurance Agency (ATI) will cover the remainder under a second loss scheme. The transaction is a rare example of co-operation between a development finance institution and an export credit agency, and represents one of the largest single-term loan facilities provided by a group of commercial banks for an African sovereign in 2021.

It is hoped that the unique structuring of the transaction will pave the way for future opportunities involving cooperation with the IBRD and ATI for more big-ticket projects in sub-Saharan Africa. If replicated, the deals structuring has potential to bring enormous social benefits to some of the world's most under-served markets.

AMERICAS

FINANCIAL INSTITUTIONS GROUP FINANCING

BANCO DO BRASIL'S $500M SOCIAL BOND

Joint bookrunners: Crédit Agricole, Credit Suisse, Itaú BBA, Morgan Stanley, UBS, and Sumitomo Mitsui

In January 2022, state-owned Banco do Brasil launched the first social bond from a financial institution in Latin America. Proceeds from the seven-year $500m bond will be used to finance social projects, such as affordable housing, small and medium-sized enterprise finance and microfinance, socio-economic advancement and access to essential services.

This bond highlights the importance of the relationships between Brazil's development-focused banks and multilateral organisations. Banco do Brasil's social bond was supported by the Inter-American Development Bank, which helped come up with the sustainable finance framework.

Despite some market volatility at the time of issuance, the deal was significantly oversubscribed and was able to price with a coupon of 4.875%, slightly lower than initial price talk.

INFRASTRUCTURE AND PROJECT FINANCE

AUTOPISTA RÍO MAGDALENA TOLL ROAD $740M PROJECT FINANCING

Bookrunners: Banco de Crédito del Peru, Bancolombia, CAF-AM Ashmore Debt Fund, Crédit Agricole, Financiera de Desarrollo Nacional, Goldman Sachs, Santander, Siemens Financial Services, and Sumitomo Mitsui

Launched in 2014, Colombia's 'fourth-generation' toll road project has become the largest and longest-running infrastructure investment initiative in the country's history. By 2020, more than 29 projects to construct or improve 5000km of the country's roads had been financed at a cost of around $13bn. The construction of the Autopista Río Magdalena toll road represents the single largest fourth-generation project financing to date, securing $740m from a 144A/RegS Notes issuance and a triple-tranche multi-currency loan.

The project represents the final component of a series of projects designed to streamline the interconnection of Medellín, Colombia's second-largest city, to the rest of the country. It consists of the construction of approximately 85km of new highways and the renovation of 58km of existing roads.

The financing was structured as a multi-currency loan and bond hybrid format to mirror the asset's long-term revenue profile and allow for optimised rates from both local and international lenders. Despite the sector volatility that has often permeated Latin American infrastructure projects, the transaction generated tight pricing and attracted a diverse group of reputable international and local creditors. The 144A/RegS Notes issued by Goldman Sachs for 915bn pesos ($243m) received a BBB– and Baa3 rating by Fitch and Moody's, respectively.

The first financing tranche includes an 825bn pesos loan tied to individuals, partnerships and corporate creditors. Bancolombia sponsored 76% of the amount in units of real value for 275bn pesos for the second tranche. The third tranche consists of a 15-year syndicated loan for $200m from Banco Santander.

ASIA-PACIFIC

LOANS

FORD'S $15.5BN SUSTAINABILITY LINKED REVOLVING CREDIT FACILITIES

Lead sustainability agent: Crédit Agricole
Co-sustainability structuring agent: JPMorgan
Bookrunners: Barclays, BNP Paribas, Bank of America, Bradesco BBI, Citi, Commerzbank, Crédit Agricole, Deutsche Bank, Goldman Sachs, JPMorgan, Lloyds Bank, Mizuho, Morgan Stanley, MUFG Loan Partners, RBC Capital Markets, Société Générale, and Sumitomo Mitsui

In September 2021, car manufacturer Ford signed-up to a syndicated credit agreement worth $15.5bn, which was a trailblazer in two different ways. First, it marked a shift in reference rate from the London inter-bank offered rate to the secured overnight financing rate — the largest financing package linked to that reference rate at the time.

The loan agreement also included ambitious sustainability key performance indicators (KPIs) — the hitting or missing of which could result in a step-down or step-up in interest rates, with a potentially significant financial impact for Ford given the size of the credit facility.

The chosen KPIs relate to the most material sustainability issues for Ford's business, such as electrification and reducing carbon dioxide emissions. This is a highly significant transaction in the US market, from a major and well-regarded issuer, where at the time of the transaction less than 10% of loans had sustainability-linked features.

Ford is the first US carmaker to link its bank financing to sustainability targets. In particular, Ford's decision to include Scope-3 carbon emissions (indirect carbon emissions created via a company's supply chain or its customers) was an ambitious move that is likely to set a positive precedent for other carmakers arranging similar facilities.

Ford followed on from its US transaction by implementing its sustainability-linked framework in a £690m revolving credit facility (RCF) and a €240m RCF in the UK and Germany in November 2021.

BONDS: CORPORATE

RELIANCE INDUSTRIES' $4BN TRIPLE-TRANCHE BOND

Joint bookrunners: ANZ, Bank of America, Barclays, BNP Paribas, Citi, Crédit Agricole, DBS, HSBC, JPMorgan, Mizuho, MUFG, Standard Chartered Bank, State Bank of India, and Sumitomo Mitsui

Indian conglomerate Reliance Industries made a splash with a $4bn triple-tranche issuance in January 2022, comprised of 10-, 30- and 40-year tranches. It was the largest-ever deal by an Indian issuer in a single-day execution and the largest-ever private sector dollar transaction from south Asia. The deal also marked the first ever triple-tranche in dollars from India and the country's first 40-year bond.

After engaging with more than 100 investors around the world, the leads began the book-building process, with indications of interest already covering the deal size. The peak orderbook ultimately reached $11.5bn.

The deal was launched for a total size of $4bn, with the spreads set at 120 basis points (bps), 160bps and 170bps over US Treasuries for the 10-, 30- and 40-year tranches, respectively. The 30-year tranche was priced with the lowest ever coupon for that maturity by an Indian issuer and the 10-year tranche came with the lowest ever reoffer spread by an Indian issuer in that maturity.

FINANCIAL INSTITUTION GROUP FINANCING

AXIS BANK'S $600M SUSTAINABLE PERPETUAL ISSUANCE

Joint global coordinators, lead managers and bookrunners: Axis Bank, Bank of America, BNP Paribas, Citi, HSBC, JPMorgan, and Standard Chartered
Joint lead managers and bookrunners: Crédit Agricole, Emirates NBD Capital, Mashreq Bank, MUFG, and Société Générale
Sole sustainable structuring adviser: HSBC

Axis Bank is India's third-largest private sector bank by total assets. On September 1, 2021, it priced $600m worth of perpetual, non-call five-year sustainable bonds. The issuance represented India's first sustainable Basel III-compliant additional Tier 1 bonds. Axis Bank acted swiftly to take advantage of constructive market conditions following the US Federal Reserve's annual Jackson Hole economic symposium at the end of August, announcing the mandate and then deal terms two days later.

The bonds were heavily oversubscribed, with the final orderbook standing at $1.8bn from 158 accounts, enabling the pricing to tighten significantly from initial price guidance, finalised at a fixed rate of 4.1% until March 2027 (five-year US Treasuries plus a 3.315% spread). The deal achieved a good geographic spread, with 58% of the book being allocated to Asian investors, 20% to European investors, 16% to the US and 6% to the Middle East.

Proceeds will be allocated to eligible green and social projects under the issuer's sustainable financing framework, which has been reviewed by Sustainalytics, including renewable energy, green buildings and sustainable agriculture. Almost half of the bonds were allocated to sustainability-focused investors.

INFRASTRUCTURE AND PROJECT FINANCE

GREATER CHANGHUA 1 OFFSHORE WIND PROJECT

Mandated lead arrangers, underwriters and bookrunners: BNP Paribas, Cathay United Bank, Crédit Agricole, CTBC Bank, DZ Bank, Export Development Canada, HSBC, Korea Development Bank, Siemens Bank, Société Générale, Standard Chartered, and Taipei Fubon Commercial Bank
Mandated lead arrangers: Deutsche Bank, E.SUN Commercial Bank, OCBC, and Sumitomo Mitsui
Financial advisers: CTBC and HSBC

In 2017, Taiwan's government passed legislation to phase out nuclear power by 2025 and promote the development of renewable energy in its place. To help achieve this ambitious vision, Taiwan aims to generate a total of 5.5 gigawatts (GW) in offshore wind power within the coming years, which has in turn established the country as one of the world's most dynamic and fast-developing markets for offshore wind investment.

Located approximately 35km offshore from Changhua County, the project consists of the development, construction and operation of a 605-megawatt wind farm, which will eventually form part of a larger 2.4GW complex. The Greater Changhua 1 project is expected to achieve completion in 2022 and by 2026 will help power 2.8 million Taiwanese households.

The $2.2bn transaction marks the first time a holding company (holdco) financing structure has been utilised in the Asian offshore wind market. Holdco financings, a specialist financing structure at holding company level, are commonplace in European offshore wind project deals. Ørsted, a Danish multinational power company, is the developer of the project and will retain a 50% stake in the offshore wind farm, with the rest going to Canadian institutional investor Caisse de dépôt et placement du Québec and local investor Cathay Private Equity.

The facilities were provided by a group of 18 international and Taiwanese commercial banks. The significant interest shown by the international financial consortium represents one of the most geographically diverse arrays of investors ever seen in the Asian offshore wind market.

LEVERAGED FINANCE

YINGDE GASES GROUP'S $1.8BN FINANCING PACKAGE

Bookrunners: Bank of East Asia, China CITIC Bank, China Merchants Bank, Crédit Agricole, JPMorgan, Morgan Stanley, and Ping An Securities
Mandated lead arrangers: ANZ, Bank of China, China Minsheng Bank, and Industrial Bank

Yingde Gases Group is China's largest independent producer of industrial gases. The company was taken private by alternative investment firm PAG Asia Capital in 2017, and has since entered into several strategic initiatives to increase its market share, expand its offerings and develop its geographic footprint. PAG is now exploring the possibility of taking the company public via an initial public offering (IPO) in Hong Kong.

There have been reports of PAG exploring plans to merge its two Chinese industrial gases portfolio companies, Yingde Gases Group and Shanghai Baosteel Gases Group. In September 2021, Yingde Gases launched two loans into syndication totalling $1.8bn for repayments of existing bonds and loans.

The financing package comprised a $900m 18-month bridge loan and a $900m three-year term loan. This package optimised and simplified the company's borrowings as it prepares for the potential IPO.

LOANS

AIRTRUNK'S CONVERSION OF A$2.1BN LOANS INTO SUSTAINABILITY-LINKED LOANS

Joint sustainability structuring advisers: Crédit Agricole and Deutsche Bank

AirTrunk is a best-in-class hyperscale datacentre specialist platform for large cloud, content and enterprise customers across the Asia-Pacific region. The company develops and operates data centre campuses with industry-leading reliability, technology innovation and energy efficiency.

In September 2021, it sought to convert existing debt facilities into sustainability-linked loans (SLLs). The structuring marked the largest SLL for a datacentre globally to date, and the second-largest SLL completed in Australia for any sector. The key performance indicators (KPIs) for the loans relate to achieving an increase in the percentage of women employees at AirTrunk, achieving carbon neutrality for direct Scope 1 emissions from its operations and improving operating power usage effectiveness (energy efficiency) across its datacentres.

This represents the first time a datacentre loan in the Asia-Pacific region has utilised operating power usage effectiveness as a KPI to determine its loan margins.

AirTrunk has experienced substantial growth since establishing its existing corporate debt facilities in April 2020. By converting its financing structure to an SLL, the existing loan will be sustainability linked, as will future increment loans and investment made by AirTrunk. This will ensure a lasting positive impact on the environment and community, as the company embarks on further expansion of its hyperscale datacentre platform in the region.

EUROPE

INFRASTRUCTURE AND PROJECT FINANCE

DOGGER BANK C £3BN PROJECT FUNDING

Mandated lead arrangers: ABN Amro, Barclays, BBVA, BNP Paribas, Bank of China, Crédit Agricole, CaixaBank, CIBC, CIC, Danske Bank, Deutsche Bank, DNB Bank, DZ Bank, ICBC, ING Bank, Korea Development Bank, Lloyds Bank, Mizuho, MUFG, NatWest, Norinchukin Bank, Rabobank, Santander, SEB, Shinsei Bank, Société Générale, Standard Chartered, and Sumitomo Mitsui

Dogger Bank is an offshore wind farm being developed in three phases – Dogger Bank A, B and C – located between 130km and 190km from the north-east coast of England. Collectively they will become the world's largest offshore wind farm, powering up to six million homes with an installed capacity of 3.6 gigawatts.

Financial close on Dogger Bank C was reached in December 2021, through the financing support of a group of lenders comprising 28 banks and three export credit agencies. Total senior debt facilities for Dogger Bank C are £2.bn, with ancillary facilities of £435m. With strong interest from lenders, Dogger Bank C was able to secure competitive terms, despite continued impact from the Covid-19 pandemic on the macroeconomic environment.

Dogger Bank C is a 50/50 joint venture between SSE Renewables and Equinor. In November 2021, SSE and Equinor announced the sell down of a combined 20% share in Dogger Bank C to Eni (10% each), with the transaction completing in February 2022. The new overall shareholding in Dogger Bank C stands at SSE Renewables (40%), Equinor (40%) and Eni (20%).

Dogger Bank A, B and C have all been successful in securing contract for difference (CFD) at highly competitive prices. Under the CFD, Dogger Bank B will benefit from inflation-linked fixed price revenues for 15 years based on a strike price of £41.61/megawatt hour. This will be the primary source of repayment for the financing.

The construction of Dogger Bank C will start in the first quarter of 2022, while full power is expected in the first quarter of 2026.

LEVERAGED FINANCE

ILIAD'S €8.8BN ACQUISITION FINANCING

Bridge financing

Underwriters, bookrunners and mandated lead arrangers: BNP Paribas, Crédit Agricole, JPMorgan, and Société Générale

Mandated lead arrangers: Crédit Industriel et Commercial, Credit Suisse, Helaba (Landesbank Hessen-Thüringen), Natixis, and UniCredit

Lead arrangers: Bank of America, Raiffeisen Bank International and Sumitomo Mitsui

High yield bonds

Left lead joint bookrunners: BNP Paribas (euro), JPMorgan (US dollar)

Global coordinators and joint bookrunners: Crédit Agricole and Société Générale

Joint bookrunners: Bank of America, BayernLB, Crédit Industriel et Commercial, Credit Suisse, Helaba, Natixis, Raiffeisen Bank International, Sumitomo Mitsui, and UniCredit

Founded in 1999 by French billionaire Xavier Niel, iliad is an innovative telecoms company and the inventor of the triple-play box, which provides integrated voice, video and data services. It mainly operates in France under the brand name 'Free', but has been seeking to expand in recent years. Since 2018, it has been establishing a mobile phone business in Italy and it made a major entry into the Polish market in 2020 with the acquisition of the mobile operator, Play.

The brand has further growth ambitions, and founder and controlling shareholder Mr Niel judged that the brand would be in a better position to efficiently and effectively execute on these plans as a private company. On July 30, 2021, he launched a simplified public tender offer for all outstanding iliad shares.

The offer was supported by a €5.1bn underwritten financing package comprising a €3.6bn bridge to bond facility, a €1.2bn bridge to disposal facility (linked to proceeds expected from disposals of the group's remaining stakes in joint venture tower companies in France and Poland), and a €300m revolving credit facility. Given the take-private nature of the transaction, the debt was structured entirely at holding company level.

In October 2021, a four-tranche €3.7bn and US dollar-equivalent bond offering was raised by the holding company to finance share purchases, debt refinancing and other related costs. All four tranches were heavily oversubscribed.

SECURITISATION

EUROPCAR'S €1.7BN PAN EUROPEAN RENTAL FLEET SECURITISATION PROGRAMME

Sole arranger and transaction agent ESG adviser: Crédit Agricole

In October 2021, Europcar Mobility Group, one of Europe's leading vehicle rental companies, completed the transformation of its securitisation financing into a sustainability-linked structure.

The €1.7bn transaction is a refinancing of its securitisation programme linked to its core continental European rental fleet across France, Germany, Italy, and Spain. It represents the largest-ever sustainability-linked securitisation programme linked by assets.

The refinancing was performed in two steps, beginning in July 2021 — first, a restructuring including a maturity extension, followed by the inclusion of sustainability-linked conditions.

The refinancing of the senior notes was successfully placed with nine investors, including one newcomer in July 2021. The programme structure also includes €500m high-yield secured notes, sharing security with the senior notes, but ranking behind in repayment. Once completed, the programme was then amended to include sustainability features.

Under the terms of the securitisation, an interest step-up or step-down mechanism will be applied depending on the achievement of a sustainability key performance indicator (KPI), covering the percentage of green vehicles (emitting less than 50g carbon dioxide/km) within its car and van fleet. The performance of the KPI will be reported annually from 2022 and independently verified. The transaction allows Europcar to demonstrate its ambition in the deployment of its carbon reduction plan.

Europcar first outlined its 'One Sustainable Fleet Programme' in 2019 and, to further demonstrate its commitment in these issues, in September 2021 it published a sustainability-linked financing framework including selected KPIs to be measured and reported annually.

MIDDLE EAST

SUSTAINABLE FINANCE

EU'S INAUGURAL €12BN NEXTGENERATIONEU GREEN BOND

Lead managers and joint bookrunners: Bank of America, Crédit Agricole, Deutsche Bank, Nomura, and TD Securities

Co-managers: Intesa Sanpaolo and Santander

The NextGenerationEU (NGEU) stimulus package is a more than €800bn temporary recovery instrument to help repair the immediate economic and social damage brought about by the coronavirus pandemic.

Some 30% of NGEU funding is set to be raised in green format, which will turn the EU into the world's preeminent green bond issuer. This makes its inaugural green transaction under this programme a highly awaited deal by the global audience, and much scrutinised given its potential to fundamentally develop environmental, social and governance (ESG) capital markets.

The process to establish the NGEU green bond framework was extremely complex, given the challenges of coordinating sustainable projects criteria between all the member states, as well as a logistical control framework given proceeds will not be directly controlled by the issuer, but by individual member states. After months of carefully developing the NGEU Green Bond Framework — and after successfully establishing the NGEU curve with several conventional transactions — the execution of the inaugural green bond was a significant success, setting a new record as the largest green bond ever issued.

Despite the size of the deal, the books were still substantially oversubscribed, with more than 500 orders at 11-times book size. In order to facilitate smooth execution, the syndicate pre-defined a group of designated ESG investors who were due to be given preferential allocation treatment, as well as preparing a shadow orderbook in order to facilitate speedy allocations on the day.

A very broad allocation was achieved and a strong pricing result of a 2.5 basis points (bps) 'greenium' compared to conventional issuances. The bond has continued to perform strongly in secondary markets, maintaining a spread of 2–3bps through the conventional curve.

LOANS

EIG'S FIVE-YEAR ACQUISITION FINANCING BRIDGE FACILITY

Underwriters and bookrunners: BNP Paribas, Citi, First Abu Dhabi Bank, HSBC, JPMorgan, Mizuho, MUFG and Sumitomo Mitsui

Bookrunners: Abu Dhabi Commercial Bank, Bank of China, Crédit Agricole, and Standard Chartered

Mandated lead arrangers: Natixis, Riyad Bank and Société Générale

On April 9, 2021, Saudi Arabian Oil Company (Saudi Aramco) signed a deal with a consortium led by EIG Global Energy Partners (EIG) to optimise its assets through a lease-and-lease-back agreement involving its stabilised crude oil pipeline network. EIG is a large US-based institutional investor specialising in private investments in energy and energy-related infrastructure.

The total deal value stood at around $25.3bn, with a purchase price of $12.4bn for a 49% stake, making the acquisition the largest example on record of infrastructure foreign direct investment in Saudi Arabia.

The transaction was financed through a five-year $10.82bn acquisition financing bridge facility. In addition, $1.6bn of equity financing was raised. It entailed a highly bespoke and complex non-recourse project financing approach, structured against dividends to the borrower, from the contractual payment obligations of the off-taker.

It represents the largest-ever closed acquisition financing transaction in the region.

SUSTAINABLE FINANCE

APICORP'S INAUGURAL $750M GREEN BOND

Global coordinators, joint lead managers and bookrunners: Bank of America, Barclays, Crédit Agricole, HSBC, JPMorgan, LBBW, Nomura, and Standard Chartered

Apicorp is a multi-lateral development bank with shareholding in 10 member states of the Organisation of Arab Petroleum Exporting Countries in the Middle East region. Apicorp's core objective is financing energy projects and industries within the Arab region and beyond.

In September 2021, it issued its debut green bond, with the use of proceeds assigned to projects related to renewable energy, pollution prevention and control, and green buildings.

The $750m transaction is highly significant in the sustainability transition of the energy sector within the Middle East region, with it expected to play an important role in encouraging further sustainable offerings from sovereign, supranational and agency issuers, and energy companies. It shows how entities from a key transition sector can access international sources of environmental, social and governance-driven funding.

Following launch, the company undertook a unique in-depth marketing exercise to meet more than 100 prospective investors. The bond achieved the tightest-ever new issue spread on a benchmark transaction for Apicorp, at mid-swaps plus 40 basis points, achieving a clear 'greenium' and minimal new-issue premium. The issuance was well-subscribed with the orderbook reaching almost three times deal size.

Apicorp is only the second energy company in the world to print an international green bond and it is the first from the Middle East region. TB