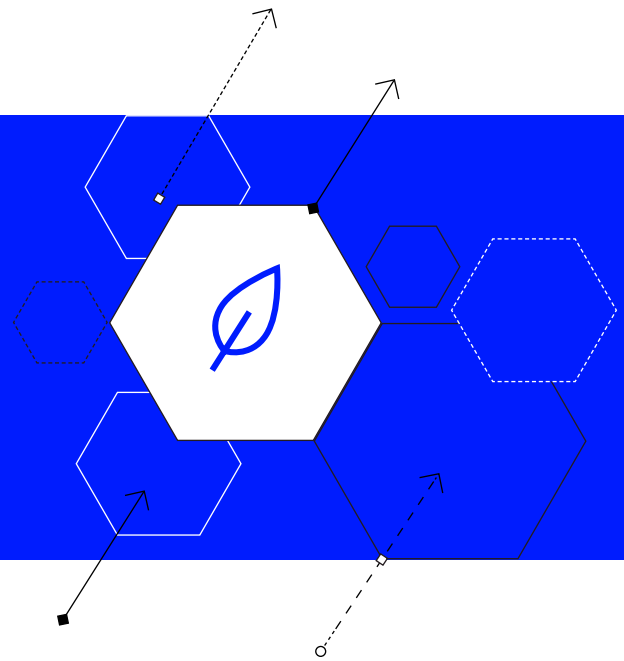


GREEN LENDING REVIEW

Covering green, sustainable and positive incentive lending globally

MARCH 2021



GREENSHOOTS

10 LARGEST GREEN/ESG LOANS ANNOUNCED YTD

Issuer | Deal Size | Market

1. Enel SpA | €11.91bn | Italy
2. Anheuser-Busch | US\$10.10bn | Belgium
3. Carlyle Group Inc | US\$4.10bn | US
4. Carnival Plc | €3.13bn | UK
5. Ventas Realty LP | US\$2.75bn | US
6. Ahlsell AB | €2.98bn | Sweden
7. Eoliennes Offshore | €2.57bn | France
8. ASDA Group Plc | €2.16bn | UK
9. Elsan Groupe SAS | €2.11bn | France
10. Flex Ltd | US\$2.00bn | Singapore

Trinity Industry's green framework a roadmap for other rail issuers

– by Rhys Adams

Railcar manufacturer and leasing company Trinity Industries transitioned over US\$4bn of railcar-related debt in February to meet green financing designations in a move indicating the progress environmental, social, and governance (ESG) loans are making in the US market.

ESG, which took off as a European phenomenon, has been slow to gain a foothold in North America. Still, its prevalence could grow significantly in the US during 2021. The change in the national political climate, acknowledgement of the need for

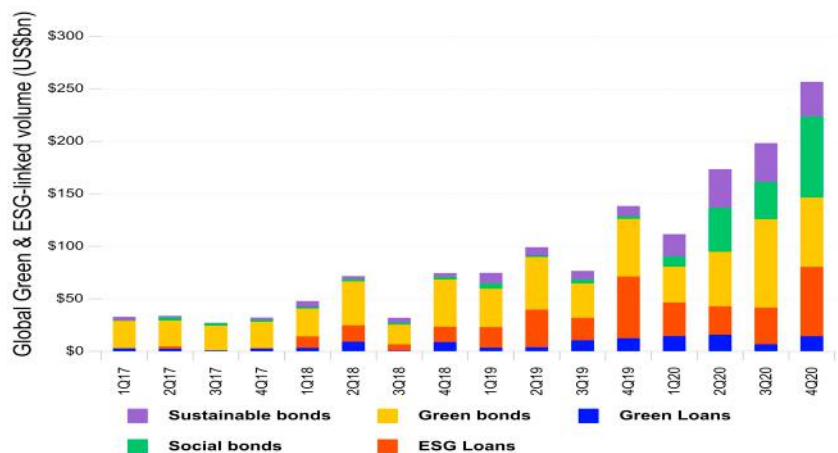
greater diversity within corporations, and stakeholder pressure are encouraging corporations to adapt faster, said several sources.

Within the transport sector, rail has a reputation for being climate friendly. Railroads account for approximately 40% of US long-distance freight volume but only 2.1% of US transportation-related greenhouse gas emissions, according to a March climate change policy study from the Association of American Railroads, an industry trade group.

Railcar leasing is also conducive to ESG amendments because the industry has a large contingent of European lenders, banks that have historically been at the forefront of ESG conversations in the US loan market.

“We have been talking to our clients

Over US\$270bn of global ESG loan and bond issuance hits market in 1Q21



*Includes Schuldschein
*Includes completed and deals in process or announced

Source: Refinitiv LPC, Refinitiv

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COVER STORY

about ESG for years. Historically those conversations were relatively short - and clients' attention was diverted in 2020 - but whether or not clients want to talk about it, we do," said Elisa Lajonchere, managing director, transportation group for Credit Agricole CIB.

Credit Agricole acted as the green structuring advisor for Trinity Industries' subsidiary, Trinity Industries Leasing (TIL). On January 25, TIL issued its green financing framework, supported by a second-party opinion from Sustainalytics, a provider of ESG research, ratings, and data, according to a March 3 note from Trinity Industries. The framework enables TIL to issue green financing instruments, including green bonds and loans supported by eligible green assets. Eight of its debt financings, including the company's US\$888m seven-year loan originally signed in November 2018, qualify as green financing instruments, according to a company memo.

Credit Agricole was also the green loan coordinator for the amendment, which converted the facility into a green loan. The green loan designation commits TIL to manage and report on eligible projects and assets to existing debtholders.

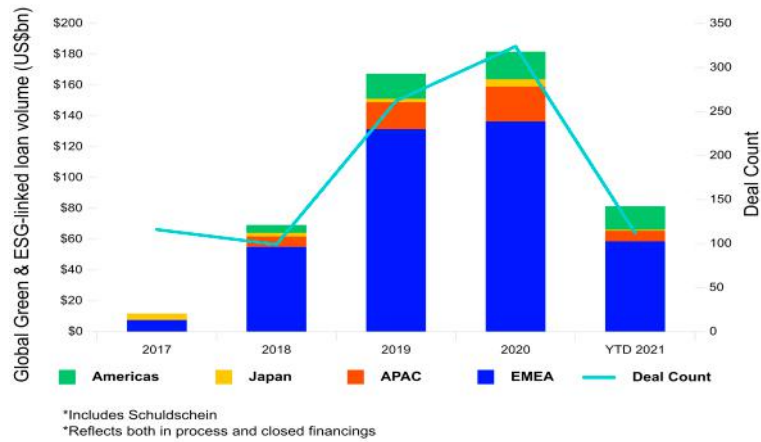
The retroactive designation of the loan did not provide TIL with any immediate pricing benefits. The company chose not to add additional amendments to the process that would have required unanimous consent, such as tying pricing to an ESG metrics grid. Still, TIL can expect to save on new issuance.

"Pricing benefit in the bond market will come from investors potentially writing a larger ticket size because the transaction is designated green, leading to oversubscription. Oversubscription of the book introduces pricing pressure, and that will bring down the coupon," explained Lajonchere.

The company chose to institute the loan amendment as part of its commitment to mitigating the effects of climate change, according to its green financing framework. That the loan still has four years until maturity was not a barrier to amendment.

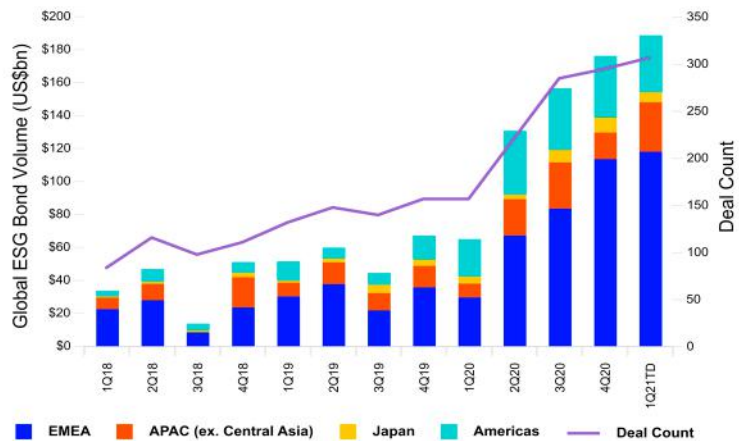
"ESG is still evolving, and it is evolving differently for different sectors. It may not always be the best time to refinance a facility, but that doesn't mean a company should wait years to introduce an ESG framework," said Kaye Ea, managing director, loan syndications for Credit Agricole. "If you had a four-year commitment left on a loan,

Over US\$81bn of green & ESG loan volume comes to market in 1Q21



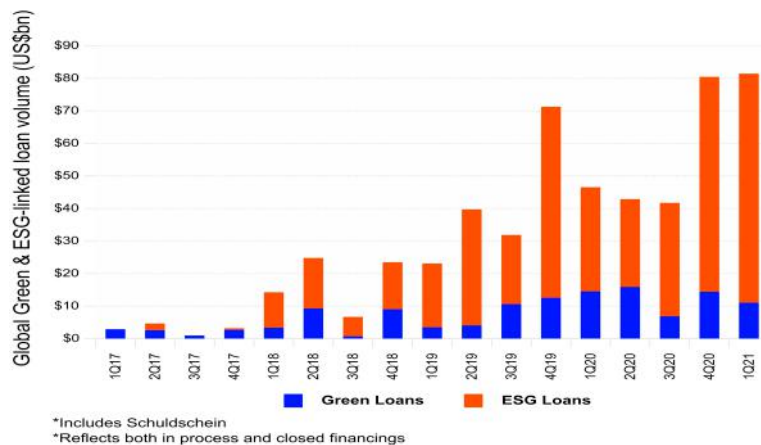
Source: Refinitiv LPC, Refinitiv

1Q21 APAC & EMEA ESG bond volumes mark quarterly high



Source: Refinitiv

Over US\$81bn of green & ESG loan volume comes to market in 1Q21



Source: Refinitiv LPC

COVER STORY

you wouldn't jeopardize that with a pricing amendment the market may not be receptive to, but nor should you wait four years to introduce ESG into your documentation and the facility should be reconstituted 'Green/ESG' when it does."

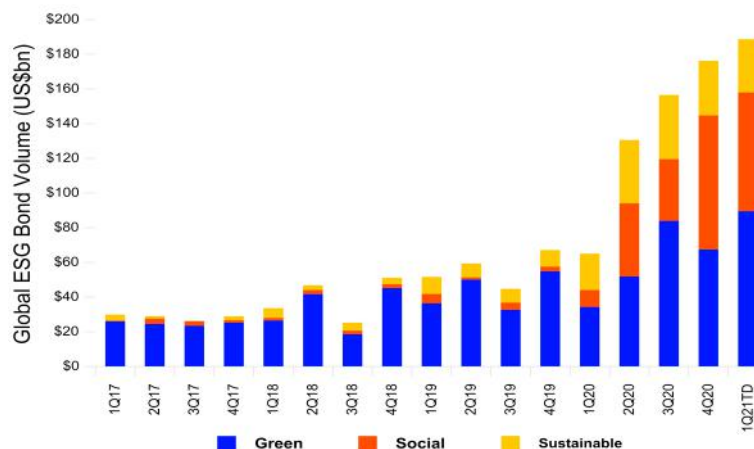
A senior banker with a US lender questioned the efficiency of going through an amendment process without adding more to the loan, such as extending the tenor or incorporating a greenshoe option. However, the same banker was optimistic that the development of ESG in the US market is accelerating and noted that US financial institutions are now publishing their ESG metrics and deploying capital towards ESG goals.

On March 2, Truist issued a US\$1.25bn ESG bond to fund affordable housing and essential nonprofit community services, according to a press release. On March 12, KeyBank announced its commitment to invest US\$40bn to improve economic access and equity for underserved communities.

A second banker working at a US institution was concerned about the unintended consequences of opening a credit agreement up for discussion. "People that have reservations about anything else in the agreement are going to bring them up," the banker cautioned.

For Credit Agricole, TIL's interest in

1Q21 ESG bond volume highest quarterly total on record



Source: Refinitiv

converting to a green framework was an ideal opportunity to develop ESG further. Trinity Industries is the largest asset-backed securitization issuer in the North American railcar leasing segment, said Lajonchere. As a rail-related company, Trinity Industries wanted to highlight its green credentials.

"The next step is to develop the market for all the other rail companies. Railroads are thinking about ESG facilities, and leasing companies are taking it seriously," she said.

ESG NEWS

Kojamo signs €100m revolver

Finnish real estate investment firm Kojamo has signed a €100m five-year revolving credit facility (RCF) with a margin linked to the company's key sustainability targets.

The unsecured facility, which is being provided by Handelsbanken, will be used for general corporate purposes and replaces an existing €100m RCF that was due to mature in 2022.

The sustainability targets relate to the energy efficiency of new buildings as well as to the reduction of the carbon footprint of Kojamo's property portfolio.

The facility follows a €75m RCF Kojamo agreed in January with Danske Bank, which was also sustainability-linked. That facility had a three-year maturity with two one-year extension options.

Kojamo launched a sustainability programme in December 2020 to bring

together the company's long-term sustainability efforts as practical goals and measures.

The company is aiming to improve the energy consumption of its property portfolio and reduce its carbon footprint, targeting the use carbon-neutral energy in its properties by 2030.



Adani agrees US\$1.35bn financing

India-listed Adani Green Energy Ltd has signed a US\$1.35bn green loan for its under-construction solar and wind projects in India, in what is the largest green project financing in the country's renewables market.

The four-year revolving credit facility will initially finance 1.69GW of hybrid solar and wind farms under four project vehicles in the western Indian state of Rajasthan.

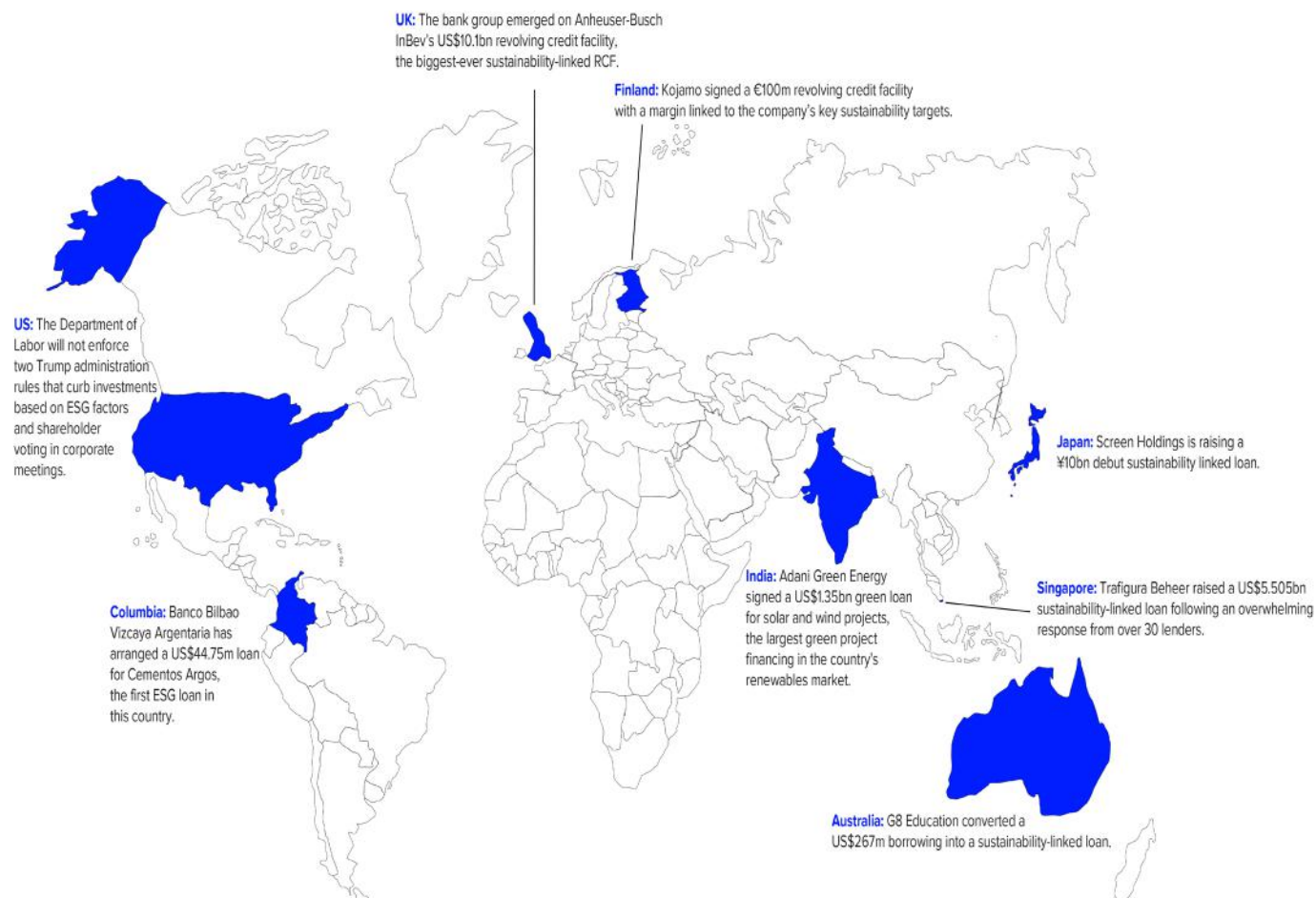
Barclays, BNP Paribas, DBS Bank, Deutsche Bank, ING Bank, Intesa Sanpaolo, Mizuho Bank, MUFG, Rabobank, Siemens Bank, Standard Chartered and Sumitomo Mitsui Banking Corp have committed to the financing as mandated lead arrangers and bookrunners.

"The banks that have committed to this strategic transaction are our key partners in ensuring seamless access to global capital for our underlying renewable asset portfolio," said Adani Green CEO Vneet Jaain. "The facility will also ensure capital recycling needs of the banks and make the same capital available for future projects of AGEL."

The developer is expected to tap bonds to take out the loan once the projects are completed.

Adani has set out a financing framework of agreed principles and procedures under which it can raise financing for

GREEN LENDING ATLAS



ESG NEWS

future projects from the lenders as per agreed threshold parameters, the developer said in a press release.

The green loan will help the Adani Group unit achieve its goal of a 25GW portfolio by 2025, Jaain added.

MUFG acted as technical bank, co-green loan coordinator with StanChart, agency and hedging bank for the project financing. StanChart acted as lead underwriter, environmental due diligence adviser and co-documentation bank along with BNP.

DBS handled accounts, while Mizuho was the financial modelling bank.



Lenders flock to Trafigura

Global commodity trader Trafigura Beheer BV has raised a US\$5.505bn syndicated sustainability-linked loan following an overwhelming response from over 30 lenders, in what is one of the largest of such financings.

Bank of China, ING Bank, Rabobank, Societe

Generale and UniCredit Bank were the mandated lead arrangers and bookrunners of the dual-tranche financing comprising a US\$1.855bn one-year European multi-currency revolving credit facility and a US\$3.65bn three-year revolver. Natixis and UniCredit acted as coordinators and sustainability agents.

Other lenders joining are: ABSA Bank, AfrAsia Bank, Agricultural Bank of China, Arab Bank, Banco de Sabadell, Banco Santander, Bank of Montreal, Bank of Nova Scotia, Bank Al Habib, Banque de Commerce et de Placements, Barclays, Caixabank, China Construction Bank, Citigroup, Commercial Bank of Dubai, Commerzbank, Commonwealth Bank of Australia, Credit Agricole CIB, Credit Suisse, DZ Bank, FirstRand Bank, JP Morgan, KfW IPEX-Bank, MUFG, Mizuho Bank, National Bank of Ras Al-Khaimah, Nedbank, Raiffeisen Bank International, Standard Bank of South Africa, Sumitomo Mitsui Trust Bank, Toronto-Dominion Bank, UBS and Union de Banques Arabes et Francaises.

Margins on the financing will be linked to ambitious environmental, responsible sourcing and social targets at a corporate level, the company said earlier in the year.

This new SLL structure includes three key performance indicators to be tested annually and verified by a third party expert. These KPIs relate to cutting operational greenhouse gas emissions, responsible sourcing of metals and growing Trafigura's renewable power portfolio. The facility agent will apply a penalty or discount on the margin, depending on the number of KPIs met each year.

"We have successfully refinanced Trafigura's one-year flagship credit facility despite high volatility and economic uncertainty throughout the syndication period," said Christophe Salmon, Trafigura's group CFO. "The ERCF is a key pillar of Trafigura's financial model, which is designed to give us sustained access to liquidity and capital, including during periods of extreme volatility in the global economy."

ESG NEWS

Trafigura published its sixth annual responsibility report in January laying out targets on greenhouse gas emissions reduction, investments in renewable power, responsible sourcing, and improvements in safety and reporting.

The jumbo SLL is one of the largest of such syndicated loans. In Asia, the largest syndicated SLL is a A\$1.4bn (US\$1.02bn) loan for Australian infrastructure and engineering services company Downer EDI Ltd completed last December. More than two dozen lenders joined in general syndication, making that debut deal for Downer EDI the most widely syndicated SLL in Asia Pacific.

Proceeds from Trafigura's latest borrowing refinance a revolver arranged in March 2020. That loan comprised a US\$1.9bn one-year tranche paying 55bp over Libor and an amendment and extension of an existing US\$3.6bn three-year piece paying 80bp over Libor.

Both tranches included two one-year extension options.

A syndicate of 51 banks, including MLABs Bank of China, ING Bank, Rabobank, Societe Generale and UniCredit, participated in the March 2020 borrowing. NatWest and Standard Chartered Bank also joined the facility as bookrunning MLAs.

Trafigura, via its subsidiary Trafigura Group Pte Ltd, last raised a debut €110m (US\$134m) Schuldschein loan in February. UniCredit was the sole arranger of the borrowing, which carries three and five-year maturities.



Cheng Uei, life insurance firms seek solar power PF

A consortium comprising Cheng Uei Precision Industry Co Ltd and three Taiwanese life insurance firms are raising a NT\$3.6bn (US\$127m) loan to back the development of a ground-mounted solar power project in south western Taiwan.

Bank SinoPac is the mandated lead arranger and bookrunner of the transaction, which comprises a NT\$3.25bn two-year term loan tranche A and a NT\$3.6bn six-year term loan tranche B. The two tranches cannot exceed a combined NT\$3.6bn.

Tranche B carries an extension option of up to 12 years.

The secured loan offers an interest margin of 135bp–145bp over Taibor, with a

pre-tax interest rate floor set at 1.8%.

MLAs joining with commitments of NT\$700m or above will receive an upfront fee of 35bp, while co-arrangers taking NT\$500m–\$699m earn a 25bp fee. Managers participating with NT\$300m–\$499m are offered a 15bp fee.

The deadlines for responses is May 14.

Shinfox Power Co Ltd is the borrower, while its parent Foxwell Energy Co Ltd is the guarantor.

Shin Kong Life Insurance, TransGlobe Life Insurance and Taiwan Life Insurance Co Ltd each holds a 28.3% stake in Foxwell Energy, while Cheng Uei and its units own a 15% stake.

The 78MW solar power project is located in Cigu district in Tainan city.



Screen taps ¥10bn debut SLL

Screen Holdings Co Ltd is raising a ¥10bn (US\$92m) three-year debut sustainability linked loan, the Kyoto-based semiconductor manufacturing equipment maker said.

MUFG is the arranger and agent, while Bank of Kyoto, Development Bank of Japan, Mizuho Bank, Resona Bank, Shiga Bank, Sumitomo Mitsui Banking Corp and Sumitomo Mitsui Trust Bank joined in syndication.

Proceeds are for operating funds.

The borrower has agreed to set sustainability performance targets to cut CO2 emissions by 10% by March 2024 compared to March 2019.

Japan Credit Rating Agency has provided a third party opinion on the SLL.

The borrower last tapped the syndicated loan market in September 2020, when it rolled over a ¥30bn three-year revolving credit, according to Refinitiv LPC data. MUFG was the arranger.



Lucart gets €50m loan

Italian tissue and packaging paper producer Lucart has agreed a €50m five-year state-backed loan that will be used to invest in sustainable production facilities.

The financing supports investments in the production of high-quality tissue paper through the use of recycled fibres and recycled packaging to support the circular economy, as well as plants and machinery

with greater efficiency in water and energy usage.

The loan is guaranteed by state-owned SACE and was issued under Italy's liquidity decree that aims to mitigate the impact of the Covid-19 crisis on businesses in Italy.

UniCredit is global coordinator, facility agent and SACE agent on the financing, together with BNL Gruppo BNP Paribas, Banco BPM, Credit Agricole Italia and Intesa Sanpaolo as mandated led arrangers.

Ashurst advised the banks.



Fnac repays state-backed loan

French books, music and electrical retailer Fnac Darty has fully repaid the €500m state-guaranteed loan it arranged in April 2020 as part of its response to the Covid-19 crisis.

The company has also amended its existing revolving credit facility to increase the financing to €500m from €400m previously.

The amended RCF has a maturity of March 2026 with options to extend to March 2028.

The margin on the RCF has also been linked to corporate and social responsibility (CSR) criteria, allowing Fnac to improve its financing conditions if it meets certain societal and environmental objectives.

The CSR-link was established in line with Fnac's Everyday plan, which was launched in February based on the acceleration of the digitisation of its omnichannel retail offering, helping consumers adopt sustainable practices; and the roll-out of a subscription-based home assistance service.

Fnac has also removed guarantees from subsidiaries for the benefit of all its lenders, including RCF and term loan banks, holders of high yield bonds and the European Investment Bank.

The removal of the guarantees could lead credit rating agencies to review the rating of high yield bonds without necessarily having consequences on the group's overall credit rating, Fnac said.

Fnac was one of the first borrowers in France to make use of the state-guaranteed credit line.

The one-year loan included a five-year extension option and was coordinated

ESG NEWS

by Credit Agricole. The financing was supported by the company's main French banking partners including Arkea, BNP Paribas, BRED, CIC, La Banque Postale, LCL, Natixis and Societe Generale.



SLA details KPIs

UK asset management firm Standard Life Aberdeen (SLA) has detailed the key performance indicators (KPIs) used to link the margin on its recent £400m revolving credit facility (RCF) to the company's environmental, social and governance (ESG) performance.

The KPIs comprise scope 1 and 2 greenhouse gas emissions per full-time employee; the percentage of women in senior management roles; and UN Principles for Responsible Investment annual assessment rating.

The three-year RCF, which replaces an existing facility that was due to mature in May 2022, also features the Sterling overnight index average (Sonia) replacement rate for Libor.

Slaughter & May advised SLA on the transaction.



Tikehau arranges ESG-linked unitranche

Tikehau Capital has arranged an ESG-linked unitranche financing to support the merger of Germany's Fast Lean Smart (FLS) with Staedtler Logistik and Impactit to form optimisation software group Solvares.

The financing includes a ratchet down margin grid based not only on leverage criteria but on sustainable development goals and environmental, social and governance criteria selected by

management.

The size of the financing is undisclosed. Heikendorf-headquartered Solvares Group focuses on acquisitions and the expansion of software companies with a focus on complex optimisation tasks.

FLS, which was acquired in 2018, has locations in Germany, the Netherlands and the UK, provides route, scheduling and delivery optimization technology.

Staedtler Logistik provides software to optimise complex and company-specific logistics and transport processes, while Austria's Impactit provides tour planning and route planning especially in the field of sales force optimisation.



Gold Ridge bags debut green

Developer Gold Ridge Pte Ltd has signed a debut S\$900m (US\$668m) green loan for the refinancing of a major retail mall in Singapore, according to a press release.

DBS Bank, OCBC Bank and United Overseas Bank are the mandated lead arrangers and joint green loan advisers on the transaction, which marks the company's foray into sustainable finance.

PGIM Real Estate, the asset manager of the retail mall called NEX, and the shareholders of Gold Ridge established a Green Loan Framework together with the three Singaporean lenders.

"The strategic improvements completed at NEX geared toward furthering the sustainability of the asset are demonstrative of PGIM Real Estate's broader commitment to incorporating ESG principles across our global portfolio," said Benett Theseira, PGIM Real Estate's head of Asia Pacific.

Strategically located at 23 Serangoon Central, NEX is the biggest mall in the North-East region of Singapore. The

FAST FACTS



Over US\$270bn in green and ESG loan and bond volume has been brought to market so far in 2021. The calendar of deals has been buoyed by record ESG loan volume north of US\$70bn as well as an uptick in green bond financings

The EMEA region leads global ESG issuance fuelling over 62% of global ESG bond volume and 75% of global green and ESG loan volume.

On a deal count basis, year to date green and ESG loans already exceed full year 2018 totals and are over one third of the total 2020 count via over 112 deals.

seven-storey complex recently attained the Building and Construction Authority Mark Goldplus certification, an improvement on their previously held BCA Green Mark Gold certification.

This achievement came on the back of enhancements to the mall's recycling programme, which includes e-waste, chiller plant room optimisation programme, the implementation of a green procurement policy, installation of a water management system to monitor water consumption and commitment to the formation of a green committee with participation from tenants, among other initiatives.

Gold Ridge last raised a S\$1bn five-year multi-tranche loan in March 2016, according to Refinitiv LPC data. DBS, OCBC and UOB were the lenders of the financing, which comprises a S\$450m term loan, a S\$350m term facility and a S\$200m revolving credit facility.

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