Leadership
Dealmakers of the Year
This year we received a number of highly competitive nominations in this category, as bankers carefully structured transactions to appeal to these discriminating investors. Optionality always appeals and Credit Agricole continues to make hay as the leader for KEXIM co-financings with Guaranteed Note option in shipping. This is an innovative, competitive and long-term solution combining Export Credit financing and a bilateral Private Placement with an established institutional investor, providing the borrower with (i) the option to benefit from favorable pricing arbitrage enabling it to fix the interest rate at a competitive level, (ii) a new investor base, and (iii) a template for future vessel deliveries.

At the end of 2017, the bank arranged a $168 million credit facility to finance a 174,000 cbm LNG FSU for Teekay LNG, which included the optionality. Delivered in August 2018, the vessel was deployed under a 20-year time charter to Bahrain LNG (“BLNG”), which is owned by a consortium of Bahrain National Oil & Gas Authority, LNG elected to refinance the KEXIM tranche by way of Guaranteed Notes of an equivalent amount. Led by Credit Agricole and Societe Generale, the Guaranteed Notes, with a principal amount of $109,319,388 and a 12-year tenor (weighted average life of 5.98 years) were successfully issued under Section 4(a)(2) Private Placement for Terminal Investments Limited, the sixth largest container terminal operating investor in the world. The Guaranteed Senior Notes represent the inaugural capital markets issuance for TiL and was largely placed with North American and European institutional investors. Despite a limited distribution to investors in precedent ports/containers deals, the transaction was nearly 5.5x oversubscribed allowing Citi to achieve competitive pricing by tightening 25 bps across the curve from initial price guidance. The notes were split into 7, 10 and 12-year US Dollar tranches and a 12-year Euro tranche. As a consequence, the average final coupon on the Dollar tranches was approximately 5.10%, while the Euro tranche was priced at 2.83%. Due to the large order book, TiL was able

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Samsung, Teekay LNG and Gulf Investment Corp. BLNG is the first LNG import receiving and degasifying facility serving as a vital part of the country’s energy infrastructure and security of power. After delivery of the Bahrain Spirit in August 2018, Teekay 5.98 years) were successfully issued under Section 4(a)(2) Reg. D format (Private Placement) and priced at a competitive fixed rate, reflecting the KEXIM guarantee.

Outside of our traditional purview, Citi successfully priced a $450 million and €180 million traditional 4(a)(2) Private Placement for Terminal Investments Limited, the sixth largest container terminal operating investor in the world. The Guaranteed Senior Notes represent the inaugural capital markets issuance for TiL and was largely placed with North American and European institutional investors. Despite a limited distribution to investors in precedent ports/containers deals, the transaction was nearly 5.5x oversubscribed allowing Citi to achieve competitive pricing by tightening 25 bps across the curve from initial price guidance. The notes were split into 7, 10 and 12-year US Dollar tranches and a 12-year Euro tranche. As a consequence, the average final coupon on the Dollar tranches was approximately 5.10%, while the Euro tranche was priced at 2.83%. Due to the large order book, TiL was able
to upsize the transaction from the initial cover amount of $300 million to $450 million, in addition to a €180 million 12-year tranche without swap breakage indemnification. The challenge for the credit investors was to become comfortable with the fact that the notes are at the HoldCo level and are therefore structurally subordinated to the debt of each of Til’s terminals. That comfort was derived from the borrower’s highly integrated globally diverse organization with strong financial and operational oversight. The deal highlights Citi’s strong presence in this niche market and its execution prowess.

Anything is possible when you pair Crowley with ExxonMobil. With an owned managed fleet in excess of 200 vessels, Crowley is one of the largest privately held maritime and logistics companies in the US, with over 125 years of operating history in the US Jones Act. The company was contemplating the acquisition of three vessels from SeaRiver Maritime, a wholly-owned subsidiary of ExxonMobil, which would then be time chartered back to SeaRiver for terms of 3, 10 and 15 years. The purchase price of the vessels was approximately $112 million. Included in the acquisition were the 114,000 DWT crude tankers Washington (ex-Liberty Bay) and California (ex-Eagle Bay), built in 2014 and 2015 respectively, which transport crude from Alaska to West Coast refineries; and the 46,000 DWT tanker Oregon (ex-SR American Progress), built in 1997, which transports refined petroleum between U.S. Gulf and East Coast ports.

Based upon the strong credit quality of the charterer and the long-term charters, DNB advised Crowley that a US private placement would provide the most optimal funding solution and financing terms. A funny thing happened while the transaction was being marketed to a select group of investors, including one investor who was exclusively interested in the subordinated loan tranche. During the process, DNB was able to create strong momentum and pricing tension, which led to a single investor providing a superior bid for 100% of the notes, including the subordinated notes, at an all-in fixed rate coupon of ~5% on a weighted average cost basis. The issuance of $100 million, consisting of a $90.5 million senior secured tranche and a $9.5 million junior subordinated portion, represents an approximately 89% advance rate based upon the purchase price.

For Crowley, this was their first rodeo in this market; we’re positive it won’t be their last.