

**DATE**

June 10, 2020

**SECTORS**

Infrastructure

**DEAL TYPE**

Debt Advisory & Restructuring

**DEAL LOCATIONS**



**DEAL TEAM**



**Neale Marvin**  
Managing Director



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Executive Director



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# DC Advisory advised First State Investments on the arrangement of senior facilities and MidCo facility for Coriance Direction SAS and Coriance Holding 1



## Background

- Coriance Holding 1 (Coriance) is a leading independent district heating (DH) company in France and Belgium, which owns and operates a diversified high quality asset base
- Among these assets is a portfolio of 34 DH concessions, with a total installed heat and power capacity of 1.3 GW and 150MW, respectively
- Coriance has a focused strategy as well as significant operational and technical expertise in relation to its core DH business, with a strong emphasis on renewable energy (approximately 68% of energy is produced from renewable sources in 2019)
- Coriance generates the majority of its revenues from long-term DSP contracts, typically with a duration of 20 to 30 years, with an average remaining contract life of 15 years
- In 2016, DC Advisory (DC) advised First State Investments (FSI) on the acquisition of Coriance from KKR, as well as on the refinancing of its EUR 490 million facilities in 2019

## Process

- DC was engaged by FSI to provide debt advice on the refinancing of the revolving capex and MidCo facilities
- DC ran a comprehensive refinancing process engaging various sources of liquidity in the

bank and PP markets

- DC led a number of detailed work streams, including: financial modelling; debt structuring; assisting in the drafting of a Green Financing Framework; and full documentation negotiations to address a number of key objectives, such as:
  - Innovative debt structuring to enable management to deliver its business plan, through refinancing the capex facility under the Common Terms Agreement (CTA) platform and refinancing of the MidCo facility
  - Establish green credentials and increase flexibility of the facilities to support new acquisitions and further growth capex, so as to deliver the business plan and secure favourable pricing and rates

### **Outcome**

- Despite challenging market conditions, DC delivered a market-leading outcome in meeting Coriance's refinancing objectives, including:
  - Raising EUR 100 million of new term debt across bank and PP lenders to refinance the existing drawn capex facility
  - Raising a new EUR 50 million capex facility to further support Coriance's business plan
  - Diversifying tenors across the CTA platform
  - Refinancing of existing MidCo debt with a more suitable new EUR 60 million MidCo facility, aimed at improving pricing and allowing more flexibility
- The bank element of the financing is structured as Sustainability Improvement Loans, with automatic margin adjustments should Coriance meet or fail to meet a number of ESG KPIs (such as CO2 emissions, renewable heat production and safety standards)
- DC also supported Coriance in obtaining a Second Party Opinion (SPO) & Green Framework on alignment with Green Bond principles, enabling it to issue future green financings in-line with their business plan