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Financing Renewable Energy Projects

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We find ways[®]

BDO Group's Track Record Financing RE Projects

- ❑ The BDO Group was among the pioneers of promoting renewable energy (“RE”) and energy efficiency project financing in 2010 by putting together a risk-based Sustainable Energy Finance Program with the IFC.
- ❑ As of end-2021, BDO has funded over **54 RE Projects** with total installed capacity of **2,230 MW** and worth **Php85.4 billion** (~USD1.4 billion).
- ❑ As testament to its commitment to ESG, it has received numerous awards from international stakeholders such as the **Platinum Award for the 12th consecutive year** from The Asset's 2021 ESG Corporate Awards.
- ❑ BDO also ranks among the country's **Top 20 publicly-listed companies** scoring highest in corporate governance.

Snapshot of Key Sustainability Initiatives



₱85.4 billion
in funding for Renewable Energy projects with total installed capacity of 2,230 MW

Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.

Finances environment-friendly solutions

2,230 MW
Total installed renewable energy capacity in megawatts

4,266,687 tonnes
Carbon dioxide avoided per year

70,550,565
Equivalent tree seedlings grown over 10 years

905,887
Equivalent passenger vehicles taken off roads yearly

54
Renewable Energy Projects funded to date

₱548 billion
Total Sustainable Finance projects funded to date



What Can We Do For You

- Help with roadmap on capital raising options and strategy
- Help in finding equity investors
- Evaluate project bankability
- Arrange project finance loans
- Refinance bonds or more corporate-like structure
- IPO or trade sale

Financing Options for RE Projects

Traditional Instruments

- Debt financing, including soft loans
- Equity
- Grants

Innovative Instruments

- Guarantees
- Bonds
- Blended Finance
- Specialized Funds

Typical Project Finance Term sheet for RE Projects

| | |
|--|--|
| Borrower | Project Company |
| Mandated Lead Arranger | BDO Capital & Investment Corporation |
| Lender | BDO Unibank, Inc. |
| Facility | Senior Secured Term Loan Facility |
| Amount | The Philippine peso equivalent of up to USD [•] million |
| Tenor | Up to [12] years, but not to exceed the tenor of the offtake contract |
| Interest | Applicable Benchmark Rate plus Spread |
| Repayment | Equal amortization or sculpted repayment profile |
| Security | Subject to satisfactory results of due diligence, security may include but not limited to: (i) Security interest over the Borrower's shares held by all its shareholders and assignment of any subordinated debt; (ii) First ranking mortgage and security interest over project assets (present and future), (iii) Security interest over leasehold rights and cash waterfall accounts and key project contracts and project accounts |
| Financial Covenants | Maintain a Debt-to-Equity ratio of not more than [70:30] Maintain a Default Debt Service Coverage Ratio of at least [1.10x] Maintain a Debt Service Coverage Ratio of at least [1.25x] for declaration of dividends |
| Representations and Warranties, Covenants and Events of Default | Typical for financing of this nature, including relevant representations and warranties, covenants and events of default |

Some of Our Rule Of Thumb

- No more coal
- In general, we like project finance deals with debt quantum above Php1.0billion sized at maximum D:E of 70:30
- Off-take contract accounts for 2/3rd of the plant capacity
- In general, we prefer strategic investors as opposed to private equity or financial investors only

Improving Bankability of RE Projects

Offtake Contract

Sponsors

Land Use Rights & Permitting

Issues

- Feed-in Tariff (“FIT”) installation capacities have been filled
- Decreasing tenor of offtake contracts, mismatched with the bank loan tenors
- Developers tend to be small and newly established entities with weak financial positions and lacks track record
- Competing land usage (irrigation, vegetation)
- Large land requirement and Fragmented land owners

Recommendation

- ✓ Accelerate implementation of the Green Energy Auction Program (replacement of FIT program)
- ✓ Partner with strategic investors to provide not just equity but also institutional track record to secure non-recourse project financing
- ✓ Government to simplify the process of converting land from agricultural to industrial use
- ✓ Set-up loan guarantees in case of short-tenor offtake contracts

BDO Capital Credentials

Contact us:

BDO Capital's Select Awards and Recognition

BDO Capital's dominance in the debt and equity capital markets as well as the loans market is widely recognized by various international financial publications and local industry organizations.

| | | | |
|---|--|---|---|
|  | <ul style="list-style-type: none"> • Best Equity House (Philippines) 2008, 2013, 2016 – 2017, 2020-2021 • Best Investment Bank (Philippines) 2007 – 2016, 2018 • Best Bond House (Philippines) 2007 – 2010, 2012 – 2013, 2016 – 2017 |  | <ul style="list-style-type: none"> • Best Investment Bank (Philippines) 2013 – 2014, 2017 – 2021 |
|  | <ul style="list-style-type: none"> • Best Corporate and Investment Bank in the Philippines 2020-2021 • Best Equity House (Philippines) 2006 – 2008, 2010 • Best Debt House (Philippines) 2006 – 2010 |  | <ul style="list-style-type: none"> • Best Equity House 2016-2017, 2019 • Best Investment Bank 2016 – 2020 • Best Advisory House 2017, 2019 • Best Fixed Income House 2015 – 2020 • Best Project Finance House 2016-2017, 2019-2020 |
|  | <ul style="list-style-type: none"> • Best Corporate and Investment Bank (Philippines) 2018-2021 |  | <ul style="list-style-type: none"> • Among the Top 5 Corporate Issue Managers / Arrangers 2011 – 20201 |
|  | <ul style="list-style-type: none"> • Best Equity House (Philippines) 2006 – 2007, 2009 – 2010, 2013, 2017, 2020 • Platinum Awards: Best Domestic Investment Bank for the past 20 years (Philippines) • Platinum Awards: Best Domestic Equity House for the past 20 years (Philippines) • Best Investment Bank (Philippines) 2006 – 2014, 2017 • Best Bond House (Philippines) 2007 – 2008, 2010, 2012, 2015 |  | <ul style="list-style-type: none"> • Best Equity House / Adviser (Philippines) 2008, 2010, 2015, 2017 – 2020 • Best Project Finance Bank (Philippines) 2015, 2017-2021 • Best Domestic Investment Bank (Philippines) 2006 – 2014 • Best Corporate and Institutional Bank / Adviser (Philippines) 2015 – 2021 • Best Loan House / Adviser (Philippines) 2015 – 2021 |

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Thank You!



We find ways[®]


BDO Capital is the Leading Project Finance House in the Philippines

Select Recognized and Awarded Deals of BDO Capital

2015 – 2020 Syndicated Loans in the Philippines

| Rank | Bank | Value US\$ Mn) |
|------|---------------|----------------|
| 1 | BDO Capital | 6,463 |
| 2 | FMIC | 1,404 |
| 3 | Mitsubishi | 562 |
| 4 | RCBC | 415 |
| 5 | Bank of China | 404 |

Source: Bloomberg



VENA ENERGY

Helios Solar Energy Corporation


Php6.5 Billion Syndicated Term Loan

Mandated Lead Arranger and Bookrunner

2019

Largest Financing for a Solar Power Plant in the Philippines

Renewable Energy Deal of the Year – The Asset




Buhay Holdings (PH), Inc.

Php22.8 Billion Syndicated Term Loan

Mandated Lead Arranger and Bookrunner

2019

Largest Acquisition Financing in the Healthcare Sector in the Philippines

Best M&A Deal – The Asset




CALAX
A METRO PACIFIC TOLLWAY

MPCALA Holdings, Inc.

Php24.2 Billion Syndicated Term Loan

Joint Lead Arranger

2018

Largest Financing for a Tollway Project in the Philippines

Best Project Finance Deal - IHAP




Bloomberg
Resorts and Hotels Inc.

Bloomberg Resorts and Hotels, Inc.

Php73.5 Billion Syndicated Term Loan

Lead Arranger and Sole Bookrunner

2018

Largest PHP-denominated Term Loan in the Philippines

Best Syndicated Loan in the Philippines – The Asset




GNPOWER

GNPower Mariveles Coal Plant Ltd. Co.

US\$800 Million Syndicated Term Loan

Mandated Lead Arranger and Bookrunner

2017

Largest USD-denominated Term Loan in the Philippines

Most Innovative Deal of the Year – Alpha SEA




CLARK GLOBAL CITY

Clark Global City Corporation

US\$690 Million Syndicated Term Loan

Mandated Lead Arranger and Joint Issue Manager

2017

Largest Acquisition Financing in the Philippines in 2017

Best Acquisition Financing – The Asset



BDO Capital Credentials

Select Infrastructure Loan Deals

| | | | | | |
|--|---|---|--|---|---|
|  <p>PASAY HARBOR CITY CORP.</p> <p>Pasay Harbor City Corp.</p> <p>Php57 Billion Syndicated LC, Term Loan and SBLC</p> <p>Joint Issue Manager</p> <p>2022</p> |  <p>SN Aboitiz Power-Benguet, Inc.</p> <p>SN Aboitiz Power-Benguet, Inc.</p> <p>Php18.0 Billion Syndicated Term Loan</p> <p>Mandated Lead Arranger</p> <p>2021</p> |  <p>AC Energy, Inc.</p> <p>AC Energy, Inc.</p> <p>Php10.0 Billion Term Loan</p> <p>Sole Arranger</p> <p>2020</p> |  <p>Prime Metroline</p> <p>Prime Metroline</p> <p>Php20.0 Billion Term Loan</p> <p>Sole Arranger</p> <p>2020</p> |  <p>AC Energy, Inc.</p> <p>AC Energy, Inc.</p> <p>Php10.0 Billion Term Loan</p> <p>Sole Arranger</p> <p>2020</p> |  <p>South Luzon Thermal Energy Corporation</p> <p>South Luzon Thermal Energy Corporation</p> <p>Php11.0 Billion Syndicated Term Loan</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2019</p> |
|  <p>Alternergy Wind One Corporation</p> <p>Alternergy Wind One Corporation</p> <p>Php3.7 Billion Project Finance Loan</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2019</p> |  <p>Solar Philippines Tarlac Corporation</p> <p>Solar Philippines Tarlac Corporation</p> <p>Php2.2 Billion Project Finance Loan</p> <p>Mandated Lead Arranger</p> <p>2019</p> |  <p>AC Energy Philippines, Inc.</p> <p>AC Energy Philippines, Inc.</p> <p>Php5.0 Billion Term Loan</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2019</p> |  <p>Helios Solar Energy Corporation</p> <p>Helios Solar Energy Corporation</p> <p>Php6.5 Billion Project Finance Loan</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2019</p> |  <p>Metro Pacific Investments Corporation</p> <p>Metro Pacific Investments Corporation</p> <p>Php11.4 Billion Syndicated Notes</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2018</p> |  <p>Metro Pacific Investments Corporation</p> <p>Metro Pacific Investments Corporation</p> <p>Php20.0 Billion Syndicated Notes</p> <p>Joint Lead Arranger and Bookrunner</p> <p>2018</p> |
|  <p>GMR Megawide Cebu Airport Corporation</p> <p>GMR Megawide Cebu Airport Corporation</p> <p>Php0.87 Billion Term Loan</p> <p>Sole Arranger</p> <p>2018</p> |  <p>Cavitex Infrastructure Corporation</p> <p>Cavitex Infrastructure Corporation</p> <p>Php16.2 Billion Term Loan</p> <p>Sole Arranger</p> <p>2018</p> |  <p>Maynilad Water Services, Inc.</p> <p>Maynilad Water Services, Inc.</p> <p>Php18.5 Billion Syndicated Notes</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2018</p> |  <p>MPCALA Holdings, Inc.</p> <p>MPCALA Holdings, Inc.</p> <p>Php24.2 Billion Syndicated Term Loan</p> <p>Joint Lead Arranger</p> <p>2018</p> |  <p>GNPower Mariveles Coal Plant Co. Ltd.</p> <p>GNPower Mariveles Coal Plant Co. Ltd.</p> <p>US\$800 Million Term Loan</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2017</p> |  <p>Saranggani Energy Corporation</p> <p>Saranggani Energy Corporation</p> <p>Php13.5 Billion Term Loan</p> <p>Lead Arranger</p> <p>2017</p> |

BDO Capital Credentials

Select Infrastructure Loan Deals

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|---|---|--|--|---|--|
|  <p>Cemex Holdings Philippines, Inc.</p> <p>Php14.0 Billion Term Loan</p> <p>Sole Arranger</p> <p>2017</p> |  <p>Smart Communications Inc.</p> <p>Php4.2 Billion Perpetual Notes</p> <p>Joint Issue Manager and Joint Bookrunner</p> <p>2017</p> |  <p>Solar Philippines Calatagan Corporation</p> <p>Php3.4 Billion Syndicated Term Loan</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2017</p> |  <p>GNPower Mariveles Coal Plant Co. Ltd.</p> <p>US\$800 Million Term Loan</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2017</p> |  <p>Saranggani Energy Corporation</p> <p>Php13.5 Billion Term Loan</p> <p>Lead Arranger</p> <p>2017</p> |  <p>GNPower Dinginin Ltd. Co.</p> <p>US\$670 Million Term Loan</p> <p>Onshore Mandated Lead Arranger and Bookrunner</p> <p>2016</p> |
|  <p>National Grid Corporation of the Philippines.</p> <p>Php17.0 Billion Notes</p> <p>Mandated Lead Arranger</p> <p>2016</p> |  <p>Bacman Geothermal, Inc.</p> <p>Php5.0 Billion Corporate Notes</p> <p>Structuring Advisor and Sole Bookrunner</p> <p>2015</p> |  <p>SN Aboitiz Power-Benguet, Inc.</p> <p>Php15.0 Billion Debt Management and Term Loan</p> <p>Lead Arranger</p> <p>2015</p> |  <p>Greencore Geothermal, Inc.</p> <p>Php8.5 Billion Term Loan</p> <p>Sole Arranger</p> <p>2015</p> |  <p>San Buenaventura Power Ltd. Co.</p> <p>Php42.15 Billion Project Finance Loan</p> <p>Joint Mandated Lead Arranger</p> <p>2015</p> |  <p>San Carlos Sun Power, Inc.</p> <p>Php3.7 Billion Project Finance Loan</p> <p>Mandated Lead Arranger</p> <p>2015</p> |
|  <p>First Gen Corporation</p> <p>USD200 Million Notes</p> <p>Lead Arranger</p> <p>2015</p> |  <p>Therma Visayas Inc.</p> <p>Php31.9 Billion Project Finance Loan</p> <p>Joint Lead Arranger</p> <p>2015</p> |  <p>Citra Central Expressway Corporation.</p> <p>Php31.0 Billion Project Finance Loan</p> <p>Joint Mandated Lead Arranger</p> <p>2015</p> |  <p>GMR Megawide Cebu Airport Corporation</p> <p>Php23.3 Billion Project Finance Loan</p> <p>Lead Arranger</p> <p>2015</p> |  <p>Metro Pacific Tollways Corporation</p> <p>Php2.1 Billion Acquisition Finance Loan</p> <p>Sole Arranger</p> <p>2015</p> |  <p>Pagbilao Energy Corporation</p> <p>Php33.3 Billion Project Finance Loan</p> <p>Mandated Lead Arranger</p> <p>2014</p> |

BDO Capital Credentials

Select Non-Infrastructure Loan Deals

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|---|---|---|--|---|---|
| <p>Foreign Company (wholly owned by a local conglomerate)</p> <p>US\$500 Million Term Loan</p> <p>Arranger</p> <p>2022</p> |  <p>Goodpack Pte. Ltd.</p> <p>US\$200 Million Revolving Credit and Letter of Credit Facility</p> <p>Mandated Lead Arranger</p> <p>2020</p> | <p>Vikings Asia Holdings II Pte. Ltd.</p> <p>US\$274 Million Syndicated Term Loan</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2020</p> |  <p>City Savings Bank, Inc.</p> <p>Php5.0 Billion Corporate Notes</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2020</p> |  <p>SM Investments Corporation</p> <p>Php5.6 Billion Enrolled Notes</p> <p>Joint Lead Arranger</p> <p>2020</p> |  <p>Unistar Credit and Finance Corporation</p> <p>Php4.3 Billion Notes</p> <p>Sole Arranger and Bookrunner</p> <p>2020</p> |
|  <p>Alphaland Corporation</p> <p>Php5.5 Billion Term Loan</p> <p>Sole Arranger</p> <p>2019</p> |  <p>Bloomberg Resorts and Hotels, Inc.</p> <p>Php40.0 Billion Syndicated Term Loan</p> <p>Lead Arranger and Sole Bookrunner</p> <p>2019</p> |  <p>Red Planet Holdings, Inc.</p> <p>Php0.7 Billion Term Loan</p> <p>Sole Arranger</p> <p>2019</p> |  <p>Esquire Financing, Inc.</p> <p>Php7.6 Billion Notes</p> <p>Sole Arranger</p> <p>2019</p> |  <p>AYC Finance Ltd.</p> <p>US\$400 Million Notes</p> <p>Domestic Manager</p> <p>2019</p> | <p>Buhay Holdings (PH), Inc.</p> <p>Php22.8 Billion Term Loan</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2019</p> |
|  <p>Bloomberg Resorts and Hotels, Inc.</p> <p>Php73.5 Billion Term Loan</p> <p>Lead Arranger and Sole Bookrunner</p> <p>2018</p> |  <p>Bounty Fresh Group</p> <p>Php16.5 Billion Syndicated Term Loan</p> <p>Joint Lead Arranger</p> <p>2018</p> |  <p>Esquire Financing, Inc.</p> <p>Php12.0 Billion Syndicated Notes</p> <p>Sole Arranger</p> <p>2018</p> |  <p>Clark Global City Corporation</p> <p>US\$690 Million Term Loan</p> <p>Mandated Lead Arranger and Bookrunner</p> <p>2017</p> | <p>Foreign Company Wholly Owned by Local Conglomerate</p> <p>Total of US\$700 Million Term Loans</p> <p>Sole Arranger</p> <p>2017</p> |  <p>Esquire Financing, Inc.</p> <p>Php6.1 Billion Syndicated Notes</p> <p>Sole Arranger</p> <p>2017</p> |