



AFRICAN LOAN UPDATE

AUGUST, 2018

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EGYPT'S EGPC MARKETS FOR US\$1BN PXF

Egyptian General Petroleum Corp is in the market for pre-export financing totalling around US\$1bn.

The five-year deal is being coordinated by HSBC and will partly replace a US\$1.32bn amortising PXF signed in December 2014.

Proceeds will partly be used to pre-pay EGPC cargo deliveries.

HSBC, National Bank of Abu Dhabi and National Bank of Egypt acted as underwriters, bookrunners and initial mandated lead arrangers on the 2014 facility, which matured on June 23 and paid an interest margin of 325bp over Libor.

Business conditions are slowly improving in Egypt under a US\$12bn three-year IMF loan programme tied to fiscal and economic reforms.

The IMF approved at the end of June a fourth payment, worth US\$2.02bn, of its US\$12bn loan. The latest payment brings the total received by Egypt from the IMF to around US\$8bn.

The country has emerged over the past few months as one of the most significant debt issuers in the region, with a wave of significantly sized US dollar syndicated loan deals attracting interest from international banks.

State-owned Egyptian Electricity Holding Company completed a US\$900m syndicated loan in June, with HSBC and Credit Suisse coordinating the facility.

National Bank of Egypt was recently in the market for a US\$600m loan, and Banque Misr is expected to raise US\$500m through a loan arranged by Citi.

VUKILE LINES UP €257M LOAN FOR SPANISH ACQUISITION

South African real estate investment trust Vukile Property Fund's acquisition of a portfolio of Spanish shopping centres is being backed with around €257m of senior debt from European banks.

The loan, which is non-recourse to Vukile, will be used by Morzal Properties Iberia to part fund the around €490m acquisition of the four shopping centres from Unibail-Rodamco-Westfield.

The remainder of the funding for the acquisition will be provided by Vukile, which will acquire a 66% stake in Morzal for €152m, as well as €80m injected by co-investor Morze European Real Estate Ventures (MEREV), which will hold a 34% stake.

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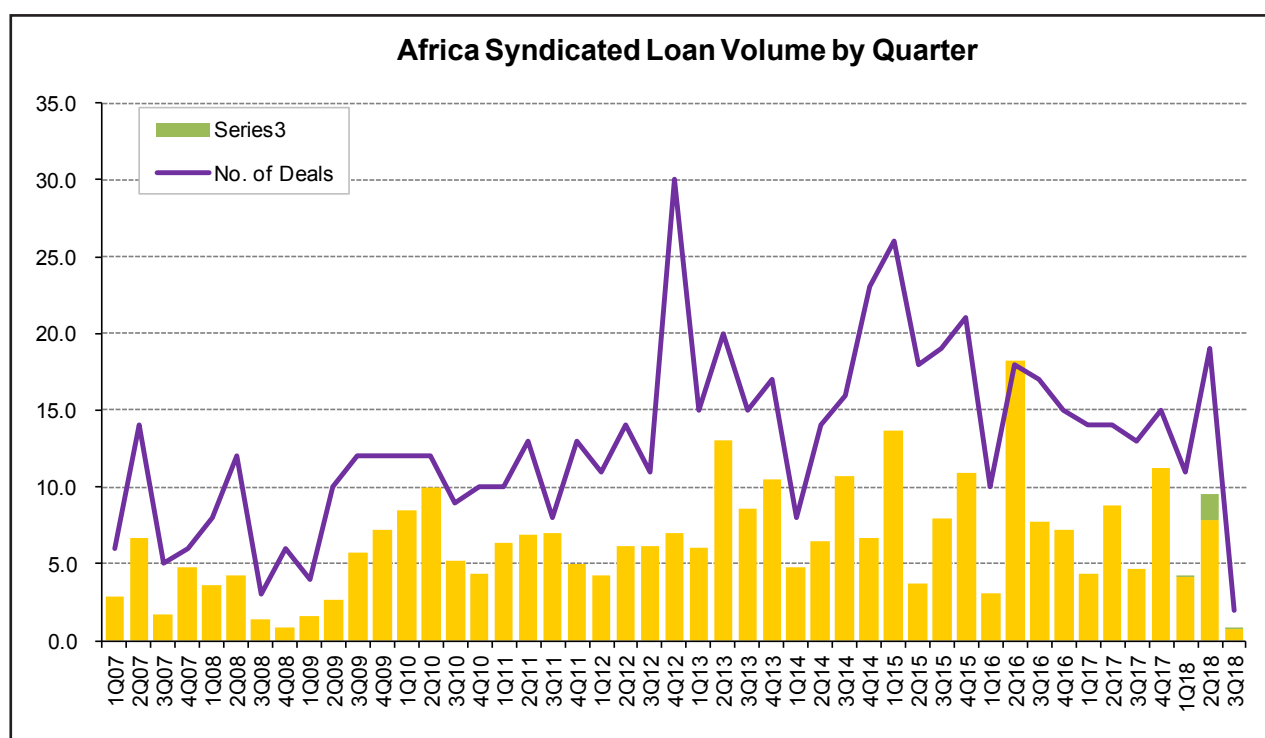
Morzal is a wholly-owned subsidiary of Luxembourg incorporated MEREV, which is owned by the Morze family (64%) and Simon Fifield and his associates (36%).

To fund its part of the acquisition, Vukile will raise R1.55bn (US\$116m) of new capital and draw on its existing debt facilities.

After the acquisition, Castellana Properties Socimi, which is 98% owned by Vukile, will be given the opportunity to acquire 100% of the equity in Morzal through a share swap.

The portfolio of shopping centres includes Bahir Sur near Cadiz, El Faro in Badajoz, Los Arcos in Seville, and Vallsur in Valladolid.

Unibail-Rodamco completed its US\$15.7bn acquisition of Westfield in early June.



ENEL GREEN POWER SIGNS €950M LOAN FOR SOUTH AFRICA PROJECT

Enel Green Power has signed a €950m project financing to fund the development of a group of wind farms in South Africa with a combined capacity of around 700 megawatts.

The financing, which was signed with senior lenders Nedbank and Absa, covers up to 80% of the overall investment of around €1.2bn. Enel Green Power is contributing around €230m in equity to the project.

The project involves the construction of five new wind farms - Nxuba, Oyster Bay, Garob, Karusa and Soetwater - each with a capacity of around 140 megawatts.

Construction of the first wind farm, Nxuba, is expected to start by the end of 2018.

KOSMOS ENERGY SIGNS US\$400M A&E, INCREASES RBL

Independent oil exploration and development company Kosmos Energy has signed an amended and extended US\$400m corporate loan with a much changed bank syndicate.

The amended loan, which was signed on Monday, has been extended by around 3.5 years to May 31, 2022 while the margin has been reduced to 500bp over Libor from 600bp previously.

There is a commitment fee of 30% of the applicable margin on undrawn funds.

The bank syndicate has changed substantially. HSBC (committing US\$45m), Societe Generale (US\$36m), Standard Bank of South Africa (US\$50m) and Standard Chartered (US\$42m) are mandated lead arrangers.

ING Bank (US\$36m) is facility agent, while Credit Agricole CIB (US\$45m) is security and intercreditor agent.

Other existing lenders are Absa Bank (US\$25m) and Barclays Bank Mauritius (US\$25m).

New lenders are Citigroup (US\$36m), Natixis (US\$30m) and Nedbank (US\$30m).

Exiting lenders are BNP Paribas, Bank of America Merrill Lynch and Credit Suisse.

The financing was originally arranged in November 2012 for US\$300m and three-years via BNP Paribas, HSBC, Standard Chartered Bank, Societe Generale, Standard Bank and Bank of America Merrill Lynch.

Kosmos amended the loan in 2015 increasing the financing to US\$400m and extending the maturity by three-years to November 2018. Commitment fees on undrawn funds were also reduced to 30% of the applicable margin, from 40% previously.

DEEP GULF BUY

Kosmos said on August 6 that it has received US\$200m of additional commitments to its reserves-based loan (RBL) to help fund its US\$1.225bn acquisition of Deep Gulf Energy.

The increased financing will be used with borrowings under Kosmos's existing credit facilities to fund the US\$925m cash portion of the purchase price, while the remaining US\$300m of the purchase price will be financed new Kosmos shares issued to First Reserve.

In February 2018, Kosmos refinanced its US\$1.5bn RBL facility to include new borrowing base assets and extending the maturity of the loan by four years to March 31, 2025. Commitment fees were also reduced.

Kosmos is acquiring Deep Gulf Energy, which is deepwater company operating in the Gulf of Mexico, from First Reserve and other shareholders.

Kosmos's existing assets include production and development projects offshore Ghana and Equatorial Guinea, large discoveries in offshore Mauritania and Senegal, as well as exploration licenses in offshore Suriname, Sao Tome and Principe, Equatorial Guinea, Morocco and Western Sahara.

STEINHOFF ENTERS LOCK UP AGREEMENT WITH CREDITORS

South African retailer Steinhoff has officially entered into a lock up agreement with the creditors of Steinhoff Europe (SEAG), Steinhoff Finance Holding (Finance Holding) and Stripes US Holding (SUSHI) regarding a financial restructuring of the debt related to these entities.

Steinhoff aims to implement the restructuring within three months and the terms of the restructuring -- as set out under the lock up agreement -- will remain in place for three years until December 31 2021, subject to any extension.

Under the terms of the deal, the debt will be reinstated at par but converted into a payment in kind (PIK) loan paying 10%, capitalising twice a year but only paid out when the loan matures. This gives the firm's subsidiaries three years of breathing space without debt repayments, paving the way for the company to restructure €9.4bn of debt.

Some of the debt will also be converted into secured debt, giving security that it would be first to be paid should Steinhoff file for bankruptcy.

Creditors have also succeeded in pushing thorough corporate government changes. New heads have been brought in to run a new intermediate holding company, created in part to oversee Steinhoff's litigation as well as planned asset sales.

The group's Pepco unit is seen as one of the names next in line for divestiture, but a sale process is still months away and no sell-side adviser has so far been appointed, a source close to the matter told Reuters.

The company needed the support of 75% of creditors to implement the lock up agreement. Any creditors of SEAG, SUSHI and/or Finance Holding that have not yet signed up to the agreement can still do so and will still receive a lock up free but not the early bird fee.

Steinhoff also announced that approximately 91% of lenders to Hemisphere International Properties -- which holds about 140 property assets -- have agreed to the terms of debt restructuring subject to final documentation being agreed. Hemisphere now needs to negotiate with its lenders the terms of a lock up agreement regarding the implementation of that restructuring.

Steinhoff, which has more than 40 retail brands including Conforama, Poundland and Mattress, is fighting for survival after discovering accounting irregularities last December that triggered an 85% share price slide in the group and a raft of changes in its boardroom and leadership.

TELECOM EGYPT TO RAISE US\$500M LOAN LED BY UAE BANKS

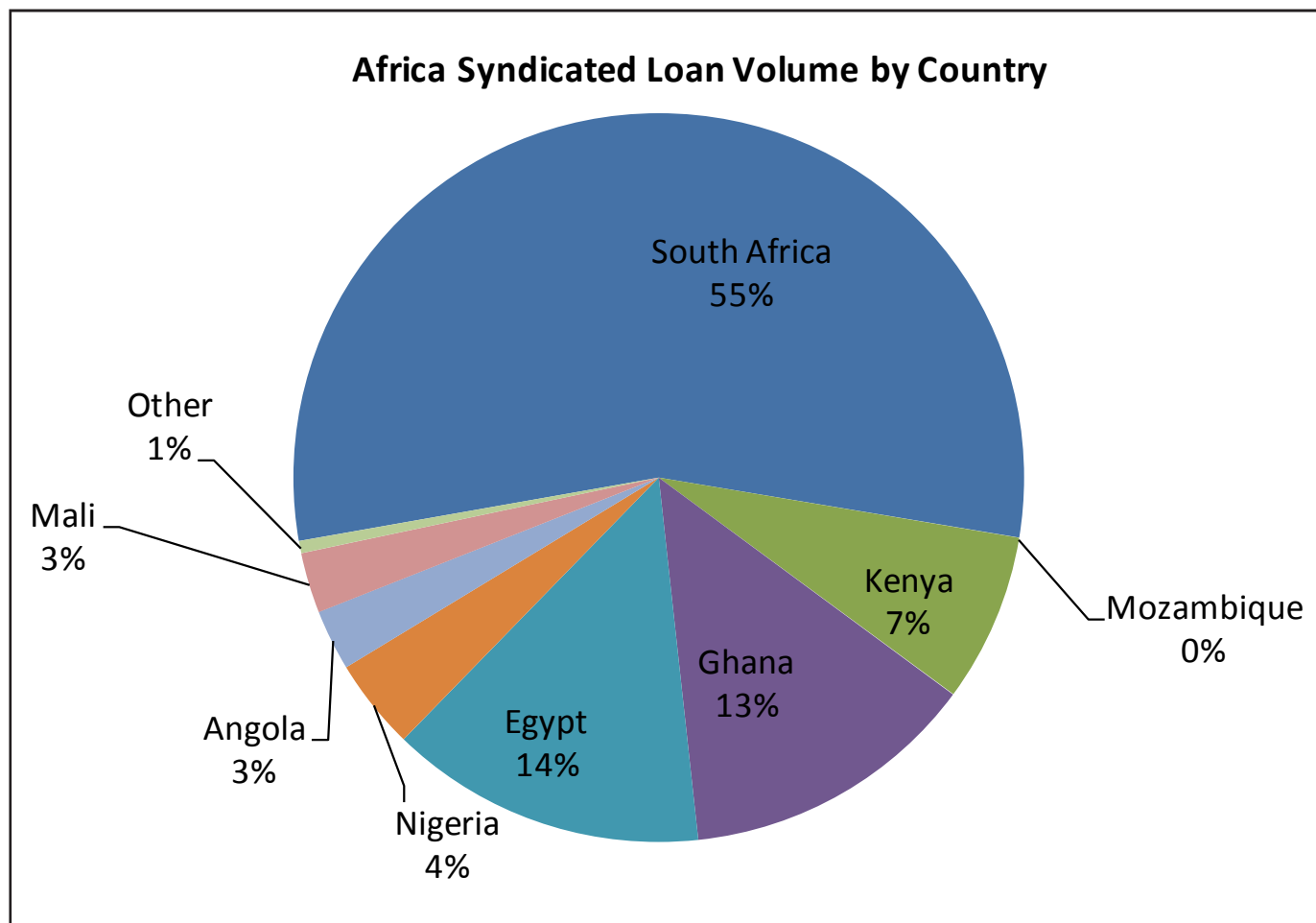
Telecom Egypt, the country's largest internet provider, is raising a US\$500m syndicated loan for capital and operating expenditure.

First Abu Dhabi Bank and Mashreqbank, mandated to jointly arrange the five-year facility, have begun syndicating the deal to other lenders.

Telecom Egypt is 80% state-owned, with the remainder of its shares listed on the Egyptian and London stock exchanges.

The loan is the latest of a number of debt facilities raised by Egyptian borrowers over the past few months,

suggesting improved business conditions in the country under a US\$12bn three-year IMF loan programme tied to fiscal and economic reforms.



ESKOM BUYS TIME WITH MARKET COMEBACK - IFR

Eskom eased concerns about its access to international financial markets with a US\$1.5bn dual-tranche issue but the troubled South African utility needed support from the sovereign to get investors on board.

The state-owned company, which provides more than 90% of South Africa's power, had become the most visible symbol of the previous government's mismanagement of the economy, beset by corruption allegations, financial losses and a big debt pile.

For that reason Eskom, which is rated B2 (negative) by Moody's and CCC+ (negative) by S&P, was forced to include a sovereign guaranteed tranche to support an unguaranteed note issue. That in itself led to plenty of debate about the appropriate pricing levels.

But the upshot was that Eskom raised much-needed funds to refinance a R20bn (US\$1.5bn) bridge loan at a blended cost that was lower than if the company had tried to do so through two unguaranteed tranches.

Key to the deal was a three-day roadshow, especially as Eskom hadn't been in the market since 2015.

"We had very strong IOIs even before we put out IPTs," said a banker close to the deal. "We were already

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covered so we had a strong degree of conviction.”

The day of pricing wasn't a great one in the markets, with equities selling off and credit wider after further sabre-rattling from President Trump over trade tariffs with China. Both the Eskom and South Africa curves moved 8bp wider in spread and yield terms.

Marketing for the U\$1bn due August 2028 guaranteed tranche began at 6.50%–6.625%, with the bonds eventually being priced at par to yield 6.35%.

The final yield was roughly 75bp back of where South Africa sovereign paper was trading in the secondary market, according to Tradeweb prices, although leads reckoned the pick-up was about 68bp.

Investors had indicated a 75bp–125bp range during the roadshow.

The wide range in views was down to the paucity of like-for-like comps, though some accounts considered Southern Gas Corridor's explicitly guaranteed paper versus the Azerbaijan sovereign, where the spread is roughly 50bp.

Investors also turned to the domestic market, where Eskom trades about 120bp back of the sovereign for 10-year guaranteed debt.

A banker away from the deal thought the pricing on the tranche was cheap, given the guarantee is irrevocable and unconditional with the coupon payments and principal fully assumed by South Africa in the event of a non-payment by Eskom.

“It should be either 25bp back of the sovereign, as it's sovereign paper, or in line with where Eskom is trading, as you don't trust the guarantee,” he said.

As for the US\$500m due August 2028 non-guaranteed tranche, it was priced at par to yield 8.45%, inside initial levels of 8.625%–8.75%. That was 280bp–285bp back of South Africa's curve, indicating a 20bp–25bp premium over fair value.

Both bonds traded up on the break, with the guaranteed paper spotted by a trader at 101.25/101.625 and the unguaranteed tranche at 102.50/103.00.

Barclays, JP Morgan and Standard Bank were the leads. The guaranteed notes are rated in line with the sovereign, at Baa3/BB. The non-guaranteed notes are B3/CCC+.

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Rank	Lender	Pro Rata (\$)	Full Credit (\$)	Deals	Market Share
1	Standard Chartered Bank Plc [SCB]	871,283,772.53	7,881,932,153.62	11	7%
2	Standard Bank Group Ltd	867,133,404.35	6,275,434,308.16	12	7%
3	Citi	646,901,026.25	8,546,212,017.64	9	6%
4	Barclays	539,937,241.07	6,214,199,205.60	8	5%
5	Bank of America Merrill Lynch	511,338,740.53	7,092,580,017.64	7	4%
6	Nedbank Ltd	501,501,794.30	5,089,700,840.36	6	4%
7	BNP Paribas SA	467,377,780.53	6,497,775,217.64	6	4%
8	HSBC Banking Group	445,740,857.14	4,843,632,000.00	7	4%
9	FirstRand Bank Ltd [FRB]	389,200,383.84	5,727,598,019.44	5	3%
10	Mitsubishi UFJ Financial Group Inc	382,053,026.25	6,147,580,017.64	5	3%
11	Mizuho Financial Group Inc	379,969,692.91	5,347,580,017.64	6	3%
12	JP Morgan	363,303,026.25	5,247,580,017.64	5	3%
13	Societe Generale SA	354,074,754.29	2,900,195,200.00	4	3%
14	Sumitomo Mitsui Financial Group Inc	314,195,883.39	5,247,580,017.64	3	3%
15	Investec Group Ltd	293,573,118.45	3,921,871,373.09	4	3%
16	Credit Suisse AG	249,848,000.00	1,648,632,000.00	2	2%
17	National Australia Bank Ltd [NAB]	220,445,883.39	3,747,580,017.64	2	2%
18	Intesa Sanpaolo SpA [ISP]	220,445,883.39	3,747,580,017.64	2	2%
19	MMI Holdings Ltd (MMI)	220,445,883.39	3,747,580,017.64	2	2%
20	Sanlam Ltd [South African National Life Assurance]	220,445,883.39	3,747,580,017.64	2	2%
21	Industrial & Commercial Bank of China Ltd [ICBC]	217,857,142.86	1,650,000,000.00	3	2%
22	ING Group	210,892,857.14	2,745,000,000.00	4	2%
23	First Abu Dhabi Bank	202,705,142.86	2,098,632,000.00	3	2%
24	Emirates NBD PJSC	202,705,142.86	2,098,632,000.00	3	2%
25	Natixis SA	173,035,714.29	2,145,000,000.00	3	1%
26	African Export-Import Bank [Afreximbank]	161,348,000.00	960,132,000.00	3	1%
27	Deutsche Bank AG	160,887,040.00	1,203,827,200.00	2	1%
28	Arab Banking Corp BSC [ABC]	159,848,000.00	1,498,632,000.00	2	1%
29	Eastern & Southern African Trade & Development Ban	150,000,000.00	750,000,000.00	1	1%
30	Mashreqbank psc	119,333,333.33	358,000,000.00	3	1%

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