



**Financing  
Hitachi Power Europe**

April 2013

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Project:	Turnkey CCGT Power Plant
Output:	100 to 240 MW
Time of Construction:	28 to 36 months
Customer:	either  a) existing company; financing within balance sheet  or  b) SPC (= Special Purpose Company); financing off balance sheet
EPC-Contractor:	Hitachi Group

# Financing arranged by EPC-Contractor and EPC-Contractor's banks

## A. Export Finance for financing within balance sheet

- lender: a consortium of business banks
- borrower: existing company
- loan amount: max. 85 % of EPC-Contract Price and (based on competition) 100 % IDC (interest during construction) and portion of HERMES-cover premium
- loan tenor: 5 years after end of time of construction, extendable (based on competition) up to 10 years
- securities: to be decided by Euler Hermes as credit insurer and the lender based on creditworthiness of the customer
- precondition: export credit covers by Euler Hermes and (in case of Japanese portions) reinsurance by NEXI for Japanese portions in favor of Euler Hermes

# Financing arranged by EPC-Contractor and EPC-Contractor's banks

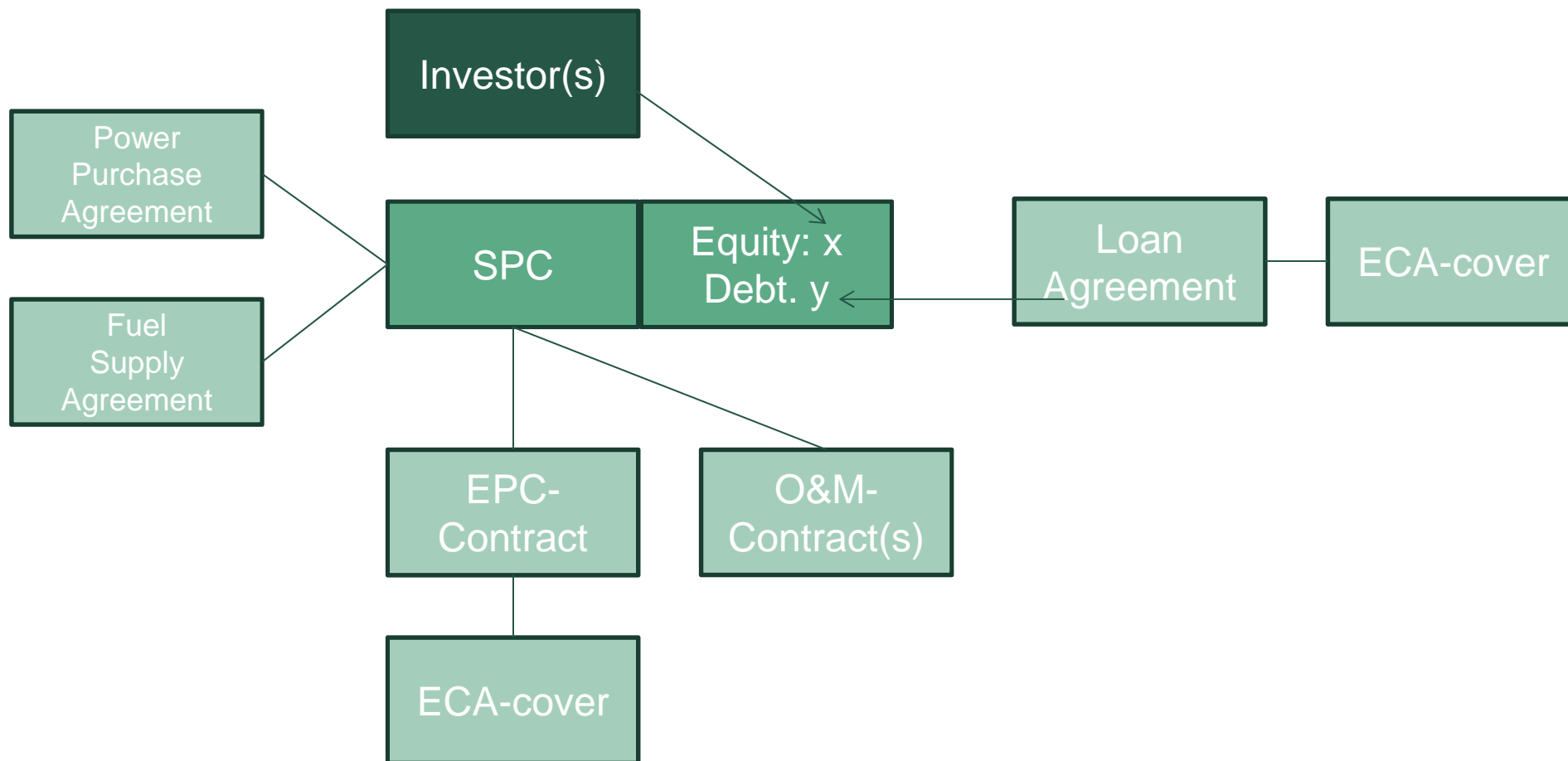
## B. Project Finance for financing off balance sheet

- lender: a consortium of business banks
- borrower: SPC
- loan amount: subject to SPC-equity (see next page), however max. 85 % of EPC-Contract Price and (based on competition) 100 % IDC (interest during construction) and portion of HERMES-cover premium
- loan tenor: 5 years after end of time of construction, extendable (based on competition) up to 10 years
- securities: usual security package for Project Finance (see next page)
- precondition: project finance covers by Euler Hermes and (in case of Japanese portions) reinsurance by NEXI for Japanese portions in favor of Euler Hermes

## C. Security Package in case of Project Finance

- EPC turnkey contract
- O&M contract(s)
- Involvement of independent technical and environmental engineers, insurance-/ tax-/ legal-/ financial advisors and auditors
- Equity of SPC (Special Purpose Company) in range of 25 to 35 % of the total investment costs based on cash flow projections
- Recourse to long term power purchase agreements to be finalized between SPC and a creditworthiness power purchaser
- Long term fuel supply agreement
- Environmental impact according to (at least) World Bank standards
- ECA (Euler Hermes-) covers (for lender and EPC-Contractor); NEXI-reinsurance in case of Japanese portion
- Sourcing (origin of goods/services) has to follow the ECA guidelines

# Project Finance Scheme



Instead of or in addition to Export – or Project Finance Investors might make use of

- EU funds
- EIB loans or guarantees
- EBRD loans

Procedure for such funds are direct applications by the Investor (or partly via Investor's governmental organizations) to EU and/or EIB and/or EBRD.

EPC-Contractor might support such applications with technical information / documents as far as necessary and reasonable.

Funds might be granted by EU without repayment. EIB and / or EBRD loans might have longer tenors and / or less costs (interest, fees, etc.) as ECA-covered Export- or Project Finance loans.

## **JBIC: Japan Bank for International Cooperation**

### Basic Terms & Conditions

Financial Scheme: **Buyer's Credit(B/C)** or **Bank to Bank Loan (B/L)**

Currency: JPY, USD and EUR

Eligible export items: Japanese Goods and/or Services

Financial Coverage: Up to 85% of total foreign cost

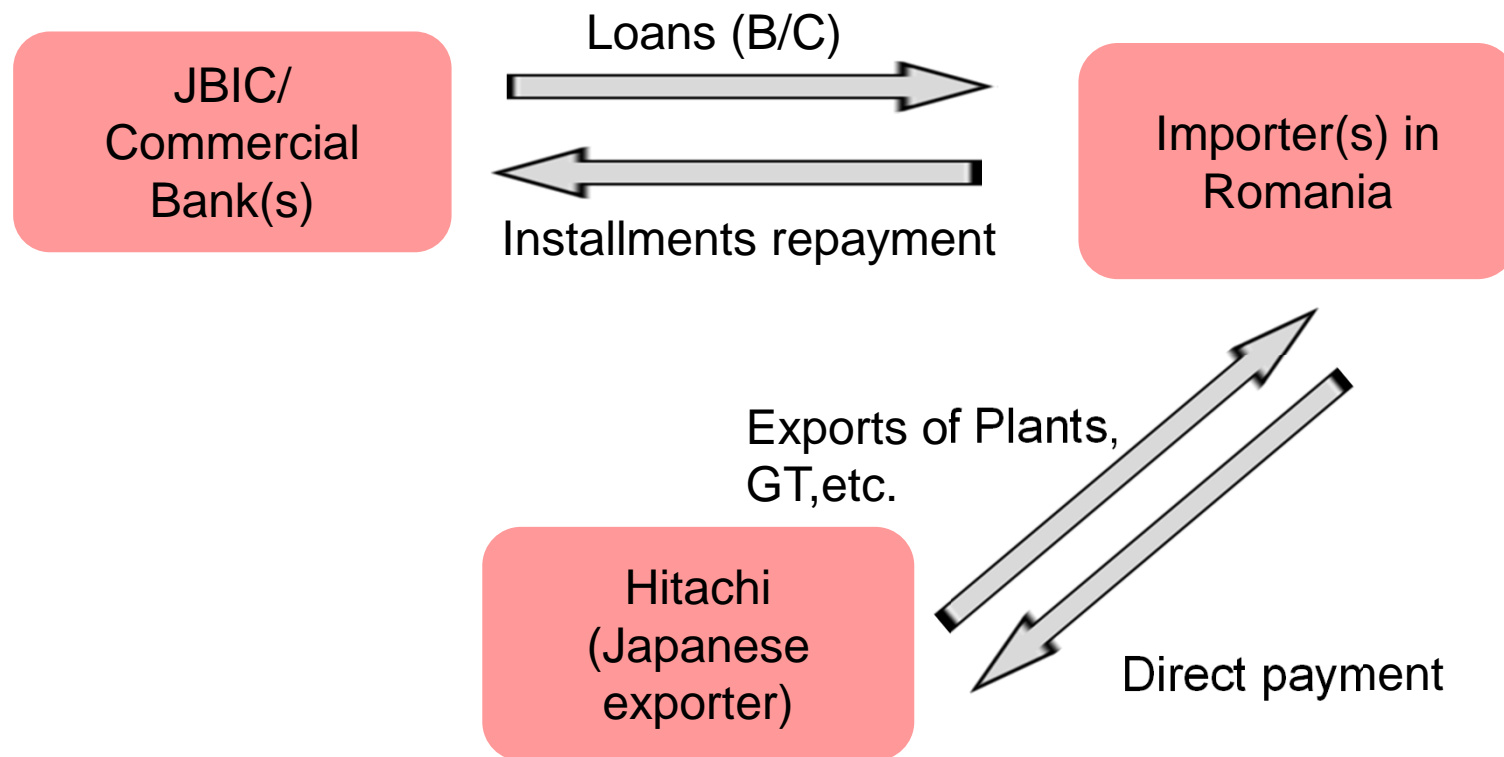
- 60% covered by JBIC
- 40% covered by Commercial bank(s)

NEXI(Nippon Export and Investment Insurance) insurance is mandatory

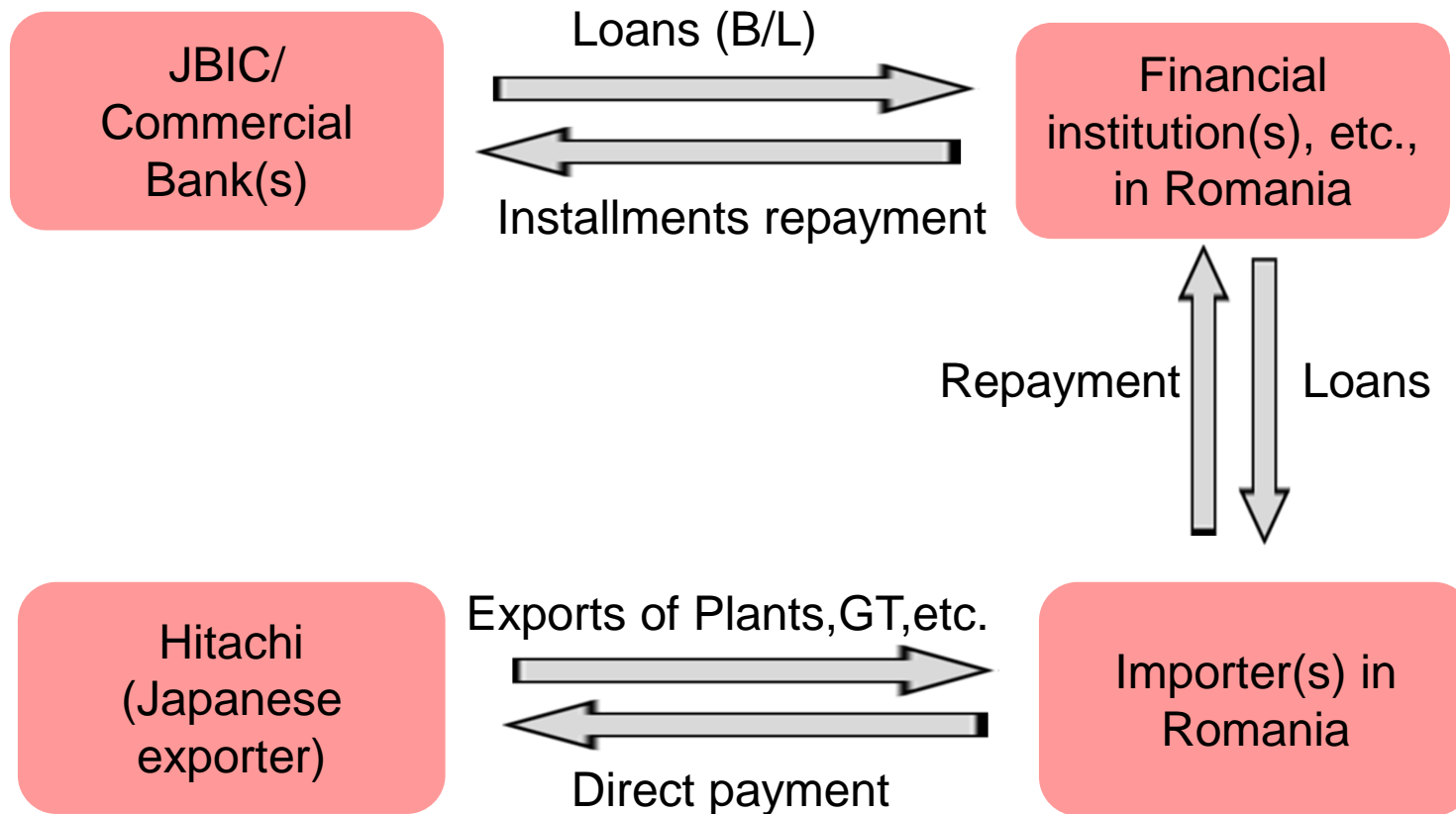
Premium and other conditions are in accordance with OECD guideline



## ➤ Buyer's Credit (B/C)



## ➤ Bank to Bank Loan (B/L)



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