

MAINSTREAM COMPLETES THE RESTRUCTURING OF ITS RENEWABLE ENERGY PORTFOLIOS

Mainstream completes Chilean restructuring with US\$1.6 billion deal

Isabella Ankerson

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Five White & Case LLP offices and Carey in Santiago have helped Irish energy company Mainstream Renewable Power complete the judicial reorganisation for two of its Chilean subsidiaries by restructuring US\$1.6 billion worth of debt.

A syndicate of senior lenders turned to two Paul Hastings LLP offices, Morales & Besa in Santiago and Philippi Prietocarrizosa Ferrero DU & Uría (Chile) in the deal, while Vinson & Elkins LLP advised Ares Management in its role as mezzanine lender.

The deal closed on 14 November.

In the transaction, Mainstream renegotiated the terms of senior debt belonging to two of its subsidiaries – Cónдор Energía and Huemul Energía. The two companies form part of Mainstream's Andes Renovables platform, through which it manages 1.4 gigawatts worth of wind and solar projects throughout Chile. With the addition of a third subsidiary, Cohipue, the platform consists of three portfolios that oversee ten solar and wind energy projects in the country.

In the debt renegotiation, Mainstream deferred interest payments for senior loans relating to its Cónдор & Huemul subsidiaries until the third quarter of 2026. It also deferred principal payments for these companies until 2027 and 2029 respectively.

As part of the agreement, Mainstream agreed to invest a further US\$145 million into the two companies by issuing Payment in Kind (PIK) bonds, which is a form of financing that allows borrowers to pay with debt rather than cash. The facility matures in 2035.

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Carey y Cía. Ltda.
Isidora Goyenechea 2800, Piso 43.
Las Condes, Santiago, Chile.
www.carey.cl

DNB Bank, one of the senior lenders, will also inject US\$150 million into the company. Mainstream will use those funds to repay debt relating to several of its projects and boost the liquidity of its subsidiaries.

Mainstream also renegotiated existing mezzanine debt belonging to Cónдор and Huemul, adding PIK interest and a new maturity date of 2035. PIK means that interest will be added to the principal balance of the debt, instead of being paid to the lender in cash. The company first secured US\$280 million worth of mezzanine financing for its Cónдор subsidiary back in September 2020. This type of financing allows lenders to convert debt into equity in case the borrower defaults.

Mainstream also restructured outstanding mezzanine debt relating to the Copihue wind portfolio in the most recent deal, while lender Ares Management also acquired a minority stake in the Andes Renovables project during the renegotiation procedures. Mainstream retains the majority controlling stake.

The deal comes after Mainstream filed for bankruptcy protection for its Huemul and Cónдор subsidiaries in July. The Irish renewables group initiated restructuring proceedings in order to strengthen the financial position of its Chilean renewables assets amid fluctuations in the electricity market, with renewables companies in the Andean country facing financial losses. The filing was initiated just one month before two of the investment companies linked to Huemul and Cónдор also sought Chapter 11 protection, which led to an ownership dispute between the investment groups' administrators in US, Chile and Spain.

Irish energy production company Mainstream provides offshore and onshore wind, solar energy and green hydrogen services worldwide. Across Chile and Colombia, the company boasts some 1.4 gigawatts of wind and solar energy assets in operation and under construction, through which it has helped to reduce the region's CO2 emissions by over 2.3 million metric tonnes. In 2022, Mainstream obtained a US\$294 million loan from European banks DNB and ABM AMRO which it used to fund its Chilean operations.

Counsel to Mainstream Renewable Power

In-house counsel – Mariangel Mandiola, Teresita González and Kristine Hjertenæs

White & Case LLP

Partners Scott Greissman and Elena Millerman and associates Andrea Amulic, Miles Taylor, Cody Lehrer, Ryan Beil, Jesse Fleck, Jared Metzker, MinJoo Lee and Jeffrey Kim in New York; partner Bojan Guzina in Chicago; partner Richard Kebrdle in Miami; partners Mingda Zhao and Emilio Grandio and associates Nate Bascom and Trace Hancock in Houston; associate Annie Serafim in Boston

White & Case SC

Associate Ramya Hari in Mexico City

Carey

Partners Felipe Moro and Julio Recordon and associates Carmenmaría Poblete, Ignacio Alfaro, Diego Lasagna, Constanza Rivera, José Luis Enberg, Felipe Reyes, María Paz Arteaga, Tomás Águila and Magdalena Menchaca in Santiago

Counsel to AB Svensk Exportkredit, Caixabank, DNB Bank, MUFG, Natixis, KfW IpeX-Bank, Samsung Life Insurance, Société Générale and Sumitomo Mitsui Banking Corporation

Paul Hastings LLP

Partners Pedro Jimenez, Alex Padres and Greg Tan and associates Rita Ghanem, Eduardo Morande, Gabriella Jassir and Shlomo Maza in New York; counsel Eric Stolze in Atlanta

Morales & Besa

Partners José Miguel Carvajal and Juan Carlos Valdivieso and associates Jose Manuel Meli, Felipe Cousino, María Schäfer and Sebastián Romero in Santiago

Philippi Prietocarrizosa Ferrero DU & Uría (Chile)

Partner Marcela Silva and associates Pedro Pablo Valenzuela, Nicole Bercovich, Mario Fava, Mario Mozó, Ariel Castillo, María Ignacia Silva and Dominga Brito in Santiago

Counsel to Ares Management

Vinson & Elkins LLP

Partners George Howard, Todd Triller, Alex Cross and Eamon Nolan in
New York