

Issuance of Two Series of Project Bonds Secured Against Two LNG Vessels

Marubeni Corporation (hereinafter, “Marubeni”) is pleased to announce that Marubeni joint venture companies have issued a series of project bonds, collectively valued at approximately US\$380 million (hereinafter, the “Project Bonds”).

The Project Bonds have been issued to finance two LNG vessels jointly owned by Marubeni and SK Shipping Co., Ltd. (hereinafter, “SK Shipping”), a Korea-based ship owner and operator. Since the respective deliveries, the vessels have been operational under a long-term time charter contract with a UK subsidiary of Total S.A., a global oil and gas company incorporated in France. Issuance of the Project Bonds are aimed to eliminate refinancing risk, improve finance cost and optimize capital structure. The Project Bonds’ proceeds were primarily utilized to prepay in full the original bank loan financing.

In addition, the Project Bonds were privately rated investment-grade by an internationally recognized credit rating agency and have been partially structured as a highly tailored, unique “Flip Note”, whereby the notes are initially issued as floating rate notes, which then “flip” into fixed rate notes. The “Flip Note” structure was the first-ever of its kind to be featured in the Section 4(a)(2)* private placement format globally. This transaction was led by Marubeni.

Citigroup Global Markets Inc. (hereinafter “Citi”) acted as the sole financial advisor, lead placement agent and sole hedge structuring bank while a Citi affiliate assumed the role of agent & trustee for the transaction. SMBC Nikko Capital Markets Limited acted as the joint placement agent.

Marubeni considers the LNG carrier business to be a stable revenue business model and currently owns 16 LNG carriers jointly with major LNG shipping companies. Marubeni will continue to contribute to the stable supply of LNG, which has low emission factors compared to other fossil fuels, through its LNG carrier business by utilizing a diverse set of funding sources.

*This process involves the direct sale of (debt) securities by the issuer to investors by way of a placement agent that arranges for the sale between the issuer and investors.

Related press release: April 15, 2013

Marubeni and SK Shipping to co-own two LNG vessels for long-term charter to TOTAL

<https://www.marubeni.com/en/news/2013/release/00014.html>

Marubeni



Photo: The "SKAUDACE", a 180,000m³ LNG carrier chartered long-term from Marubeni and SK shipping by Total S.A.