MOODY'S
INVESTORS SERVICE

CREDIT OPINION
25 October 2023

Update

RATINGS

Leviathan Bond Ltd.

Domicile	Israel
Long Term Rating	Ba3 , Possible Downgrade
Type	Senior Secured - Fgn Curr
Outlook	Rating(s) Under Review

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Leviathan Bond Ltd.

Update following a rating review for downgrade

Summary

Leviathan Bond Ltd. (Leviathan Bond) is a special purpose vehicle owned by NewMed Energy Limited Partnership (NewMed Energy, formerly Delek Drilling) that was established to raise financing secured against NewMed Energy's 45.34% interest in the Leviathan gas field. Leviathan is located off the coast of Israel in the eastern Mediterranean and was commissioned in December 2019.

Leviathan Bond's credit quality is supported by the large size and the very long life of Leviathan's gas reserves, the strong track record of the sponsor and operator, and a portfolio of long-term off-take agreements. It also benefits from strong historic and expected demand growth in Israel, driven by the country's planned coal phase-out, demographic growth and improvement in living standards. However, its credit quality is currently exposed to the risks of the unexpected and violent conflict between Israel and Hamas, in response to a large-scale, multipronged attack by Hamas, and the increase in Israel's already relatively high exposure to geopolitical risks.

Leviathan Bond derives its cash flows entirely from the Leviathan field, which is located 130 km offshore, in the northern part of the country. The field is connected to the Leviathan platform some 10 km off the coast of Israel. Since the start of the military conflict, the Leviathan field has been operating at full capacity and there has been no disruption to its operations. Following the suspension of production at the Tamar field on 9 October 2023, demand for gas from Leviathan in the domestic market has increased, with some shift in Leviathan's gas sales as permitted under the terms of the long-term gas sale and purchase agreements. However, the rise in geopolitical risk, and in particular the military activity in the northern part of the country, increases the risk of asset damage, operational issues, and government intervention, all of which could have a material impact on the credit quality of Leviathan Bond.

Exhibit 1
Overview of the Leviathan Field

First gas	December 2019
Field location	Offshore, 130km west of Haifa, Israel
Water depth	around 1,700m
Lease length	until 2044, but could be extended by 20 years
1P reserves (at 31 December 2022)	391.1 bcm (gas), 30.4 mmbbl (condensate)
2P reserves (at 31 December 2022)	440.9 bcm (gas), 34.3 mmbbl (condensate)
Annual gas production capacity (Phase 1A)	12 bcm
Main offtakers	Blue Ocean (Egypt), NEPCO (Jordan), IPPs and industrial customers (Israel)

Source: Company's reports, Moody's Investors Service

Credit strengths

» Long-lived and substantial gas reserves

» Strong track record of sponsor and operator

» Long-term offtake agreements with take-or-pay provisions

Credit challenges

» Risks stemming from the ongoing military conflict between Israel and Hamas in the context of the increased geopolitical risk

» Weak offtaker credit quality and contractual arrangements that allow some counterparties to reduce volumes, if prices fall below certain level

» Competition from other Israeli gas suppliers and reliance on availability of other gas infrastructure

» Refinancing requirements

» Uncertainty around the future expansion projects and funding requirements

Rating outlook

The rating is under review.

The review will consider the risks to Leviathan Bond's cash flows, its exposure to geopolitical risks, as well as any offsetting measures that may be available in the context of the evolving situation.

Factors that could lead to an upgrade

We could confirm Leviathan Bond's ratings if (1) our review concluded that the current military conflict could be resolved without lasting damage to Leviathan's operations and the geopolitical risk could be accommodated at the current rating level; (2) there were no adverse changes to the company's off-take arrangements or its counterparties; and (3) there were no concerns about Leviathan Bond's liquidity.

Factors that could lead to a downgrade

The ratings could be downgraded if (1) Leviathan's assets or operations were adversely impacted by the military conflict and this was not offset by any mitigating measures from the government, shareholders or through the insurance coverage; (2) our review concluded that geopolitical risk could not be accommodated at the current rating level; (3) there were adverse changes to the company's off-take arrangements or its counterparties; or (4) there were concerns about Leviathan Bond's liquidity.

Key indicators

Key operating and financial metrics
Leviathan Bond

	2020	2021	2022	Proj 2023-24 (avg)
Total off-take (bcm) [1]	7.3	10.7	11.4	~11
CFADS interest coverage	3.6x	4.0x	4.7x	3-4x
FFO / Debt [2]	6%	21%	29%	25%-30%

[1] Total offtake for the Leviathan Field. NewMed Energy has the right to 45.34% of the field's resources and output based on its ownership stake.
[2] FFO/debt was depressed in 2020 as only part year cash flow was considered.
[3] Projected metrics reflect Moody's view; not the view of the issuer.
Source: Company's reports, Moody's Investors Service

Profile

Leviathan Bond Ltd. is a special purpose vehicle established to issue bonds secured by a first priority fixed pledge of NewMed Energy's 45.34% working interest in the Leviathan gas project as well as certain associated assets. Recourse against NewMed Energy is limited to the collateral pledged by the sponsor.

The Leviathan Field is located 130 km west of Haifa in the Eastern Mediterranean in a water depth of around 1,700 meters. It was discovered in 2010 and its first gas started to flow in December 2019. The Leviathan leases were granted for 30 years until February 2044 but may be extended for an additional 20-year period.

The Leviathan Field and associated facilities are operated by Chevron Mediterranean, a subsidiary of Chevron Corporation (Chevron, Aa2 stable). The partners in the field are NewMed Energy (45.34%), Chevron (39.66%) and Ratio (15%).

Detailed credit considerations

Uncertainty around the extent of the impact of the military conflict between Hamas and Israel

Leviathan Bond is exposed to a heightened risk of physical damage to the Leviathan assets, associated infrastructure or key offtakers. There is also a risk of a pre-emptive suspension of production from the field.

NewMed Energy maintains a comprehensive insurance package for physical damage risk and business interruption. These insurance policies apply in an event of a political violence, and they are additional to the Property Tax and Compensation Fund, which is provided by the Government of Israel. However, as the situation is evolving, benefits of any insurance package are difficult to assess. Furthermore, insurance for business interruption would not cover a situation in which the Government of Israel were to order a suspension of the Leviathan field's production.

Overall there is significant uncertainty around the impact of the ongoing military conflict and the increase in the geopolitical risk on the operations of the Leviathan field and thus to Leviathan Bond's credit quality. In our view, it is also unclear whether the ongoing events could prompt a sustained shift in the company's sales mix, its potential expansion plans as well as the plans to expand gas infrastructure to facilitate more gas exports, as described below, or any government intervention.

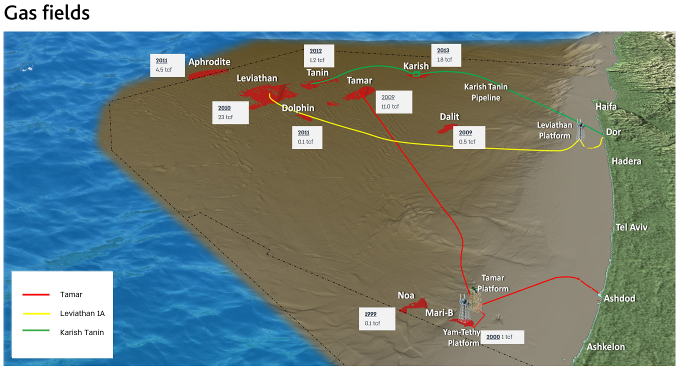
Strategically located asset in the East Mediterranean, with substantial gas reserves, but exposed to competition

The Leviathan Field is the largest offshore gas field in Israel and the entire East Mediterranean basin. It has direct piped access to gas transportation grids in Israel, Egypt and Jordan. Until recently the Leviathan Field and the Tamar Field were the only producing gas fields in the region. However, since October 2022, the Karish Field has become also operational. There are further gas exploration plans for the Tanin, Athena and Zeus wells, owned by Energean, and the Aphrodite field, partly owned by NewMed Energy.

Exhibit 3

The Leviathan Field faces competition from other gas fields

Gas fields



Source: NewMed Energy, Moody's Investors Service

Exhibit 4

The Leviathan Field is the largest producing gas field

Overview of gas fields in the region

Gas field	Date of discovery	Date of first gas	Estimated reserves	Owners
Tamar	Jan-09	Mar-13	288 bcm (2P)	Chevron, Mubadala, Isramco, Tamar Petroleum,
Leviathan	Dec-10	Dec-19	441 bcm (2P)	Chevron, NewMed, Ratio
Karish	May-13	Oct-22	73.6 bcm (2P)	Energean Israel
Tanin	Feb-12	TBD	26 bcm (2P)	
Athena, Zeus	2022	TBD	25 bcm (2P)	
Aphrodite	Sep-11	2027e	98 bcm (2C)	NewMed, Chevron, Shell

Source: NewMed Energy, Chevron, Energean, Moody's Investors Service

According to a report from Netherland Sewell & Associates Inc (NSAI), the Leviathan Field's 1P proved reserves stood at 391 bcm as of end-December 2022. The field had also 30.4 million barrels of condensate. Its 2P proved + probable reserves were estimated at around 441 bcm and 34.3 million barrels of condensate. NewMed Energy has the right to 45.34% of the field's resources and output based on its ownership stake.

The above reserve estimates include Leviathan-8, which was completed within schedule and budget and began production in June 2023.

The Leviathan Field's current annual gas production capacity is 12 bcm (Phase 1A of the Leviathan Development Plan). Based on current reserve estimates, the field's production life is expected to exceed 30 years, but could be extended into the 2060s with further development work.

Expansion projects are subject to FIDs

The Leviathan Partners have been considering various options to increase gas production.

In June 2023, the partners adopted a final investment decision (FID) for the laying of a third subsea transmission pipeline from the field to the platform, which would increase the annual production capacity by 2 bcm, bringing the total to around 14 bcm, potentially by mid-2025. Investments in the pipeline but also the platform's related systems are budgeted at around $568 million (on a 100% basis). So far, the partners have approved expenditure of $208 million.

In addition, the Leviathan Partners have been exploring various possibilities to expand the field's total capacity to 21 bcm through the so-called Phase 1B expansion. This may include three additional production wells, related sub-sea systems and expansion of the platform's processing facilities. Development may include a floating liquefaction facility (Floating Liquefied Natural Gas, FLNG), with an annual production capacity of around 4.6 million tons of LNG.

So far, the Leviathan Partners have approved a budget of $96.4 million (100% basis) for Front End Engineering and Design for Phase 1B. FID is expected in 2024 at the earliest.

Given that no FIDs have been taken, there is uncertainty around the actual cost of any expansion projects and hence any funding requirements.

Strong track record of the operator and production since commissioning

Since commissioning in December 2019, the Leviathan platform has delivered strong production with uptime broadly in line with expectations. In 2022, the platform achieved output of 11.4 billion cubic meters (bcm), close to its current maximum capacity of around 12 bcm. Output was fairly stable in each of the quarters at between 2.7-3 bcm.

Production volumes were slightly down in the first half of this year. The Leviathan's output reached 2.8 bcm in Q1 and 2.5 bcm in Q2 respectively. A decline in production was, however, driven by market dynamics and capacity constraints on the gas pipelines. More recently and in particular since the start of the Hamas and Israel military conflict, the Leviathan platform has been producing at a maximum capacity.

The field was initially operated by Noble Energy Mediterranean, which had a strong operating track record at the Tamar and Mari B fields. Following the company's acquisition, Chevron took over operations in 2020, with no material impact on performance.

Long-term off-take agreements, but with volume risks and credit quality of off-takers is weak

The Leviathan Field production is sold mostly under several long-term contracts – the Gas Sale and Purchase Agreements (GSPAs), which have durations varying from 9 to 25 years. The annual contracted quantities cover around 85% of the field's total capacity.

The contracts are mostly denominated in USD and indexed to Brent oil or Israel's regulated electricity generation tariff, but substantially all have “floor prices”. In the case of Brent-linked contracts, “floor prices” would protect revenue if Brent fell below $50/barrel. Most of the contracts include take-or-pay commitments, which cover around 70% of the annual production capacity at a Brent price above $50/barrel.

Exhibit 5
Gas Sale and Purchase Agreements cover the bulk of the production capacity
Overview of contracts, as of December 2022

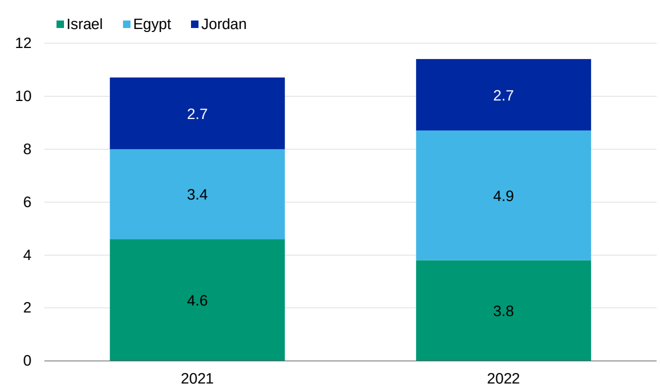
	Supply commencement date	Agreement period	Approximate total maximum contract quantity	Total quantity supplied until 31 December 2022	Main linkage basis for gas price
Blue Ocean	2020	15 years*	60 bcm	10.2 bcm	Brent with floor price, subject to adjustment after fifth and tenth years
NEPCO	2020	15 years*	45 bcm	7.3 bcm	Brent with floor price
Independent power producers	2020	9 to 25 years	24 bcm	6 bcm	Most linked to Electricity Production Tariff with a floor price
Industrial customers	2020	2.5 to 15 years	5 bcm	1.4 bcm	Most linked to Brent and Electricity Produciton Tariff with floor price
Total			**133 bcm**	**25 bcm**	

* The agreement stipulates that in the event that the buyer does not purchase the total contract quantity, the supply period will be extended by another two years.
Source: Company's reports, Moody's Investors Service

Blue Ocean, domiciled in Egypt (Caa1 stable) and NEPCO, domiciled in Jordan (B1 positive), are the two largest single off-takers, accounting for around 55% of the Leviathan Field's annual production capacity based on the provisions of their contracts. If we exclude the uncontracted volumes, their share reaches around 65%. The remaining off-takers are mostly independent power producers (IPPs), which make up a growing share of Israel's electricity generation market, and industrial customers in Israel.

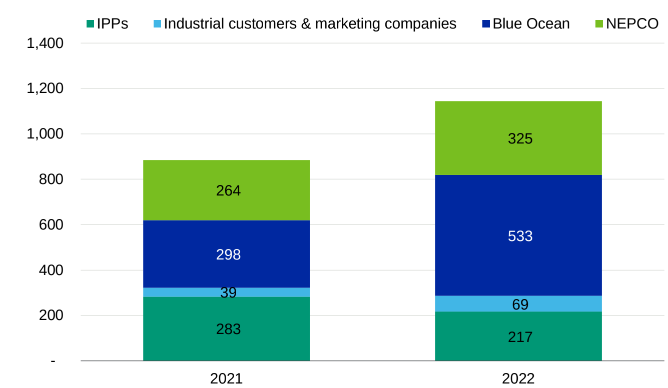
In 2022, sales to Blue Ocean accounted for 43% of total volumes. The remainder was split between Israeli counterparties (33% of the total) and NEPCO (24%). Blue Ocean's off-take volumes increased by 1.5 bcm, whereas off-take from Israeli counterparties was down on the previous year. In monetary terms, revenue from Blue Ocean accounted for 47% of the total in 2022.

Exhibit 6
Off-take volumes to Egyptian counterparty increased in 2022
Production summary (100% basis), in bcm



Source: NewMed Energy's reports, Moody's Investors Service

Exhibit 7
Sales to Egyptian counterparty increased substantially in 2022
Revenue (NewMed Energy's 45.35% share), in $ m



Source: NewMed Energy's reports, Moody's Investors Service

Blue Ocean is a private company formed for the sole purpose of buying gas from Israel. While NewMed Energy understands that Blue Ocean has contracts to resell gas to Egyptian Natural Gas Holding Company (EGAS), a company owned by the Government of Egypt (Caa1 stable), we have no visibility into this contract or the ability and willingness of Blue Ocean to fulfill its contractual commitments. Still, to date all the payment obligations of Blue Ocean have been met. NEPCO is fully owned by the Government of Jordan (B1 positive). While some of the gas sold to Blue Ocean is directed to the global markets, Leviathan is reliant on this off-taker for exports, given the lack of Israeli LNG infrastructure to support direct export.

The weak credit quality of the off-takers and the contract terms mean that the value of the take-or-pay commitments is limited. In particular, Blue Ocean can reduce its purchases to 50% of the annual contracted quantities in any year, where the average price of Brent crude is below $50/barrel. Blue Ocean can also reduce purchases by 50% after 2025 and a further 30% after 2030, if the parties cannot agree to price adjustment of up to +/-10%, subject to certain conditions. Leviathan's contract with NEPCO and domestic contracts also have minimum take-or-pay levels below the annual contracted quantities. We estimate that if off-takers purchased only their minimum commitments, then only around 50% of capacity would be underpinned by contracts.

There has been some shift in the Leviathan's gas sales since the start of the military conflict. Following the suspension of production at the Tamar field, demand for gas from Leviathan field in the domestic market has increased. It is unclear how long the current situation will persist for and what impact it will be have on the Leviathan, the associated infrastructure or its key offtakers. In this regard we note that war, military action and acts of terrorism affecting Leviathan or the pipelines are considered *force majeure* under both the Blue Ocean and NEPCO GSPAs.

Exports are reliant on availability of other gas infrastructure

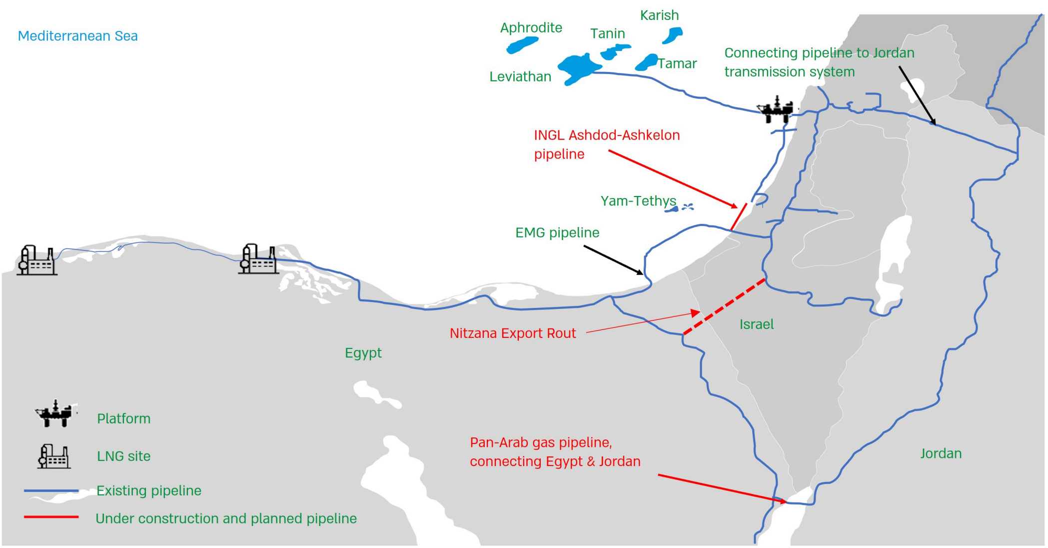
Suspension of production at the Tamar field has changed the mix of gas supplies to the Israeli market, which has been otherwise oversupplied. According to the Israeli Ministry of Energy, in 2022 gas supply and consumption in Israel reached 12.7 bcm, which compares with production of 21.9 bcm. Although forecasts differ, there is general agreement that demand will continue to grow as the country seeks to phase out coal by 2025 and increase gas-fired electricity generation, as well as because of a steady growth in population and an increase in usage of electricity.

In this context, production from the Leviathan Field has been mostly exported to Egypt and Jordan. While in the case of Jordan, gas imports has been used for domestic consumption, most of gas exported to Egypt has been destined for international markets. This has made the project more reliant on global developments. In particular, in 2022, Europe engaged with Israel and Egypt on the supply of Israeli gas to Europe through Egypt's LNG plants, with the European Commission signing a trilateral memorandum of understanding with the two countries in June last year. Egypt has two LNG export facilities with a total capacity of 12.2 mt/year. This presents opportunities to Leviathan although transportation costs could reduce the competitiveness of its gas in a lower commodity price environment.

For international markets, gas has been piped through the East Mediterranean Gas (EMG) pipeline, which was originally built to transport Egyptian gas to Israel. The pipeline was reversed in 2019 to allow exports from Israel and following the launch of the Leviathan Field. Chevron and NewMed Energy together with Egyptian partner East Gas Company acquired a 39% share in the pipeline in November 2019. This investment and associated agreements give Leviathan the right to use the majority of EMG's capacity. The pipeline's current capacity is 6 bcm/year.

In February 2022, the Leviathan Partners reached agreement to reverse flow of the FAJR pipeline from Jordan North to the Egypt/Jordan border at Aqaba, enabling Leviathan to send additional gas to Egypt. The pipeline's total capacity is around 10 bcm/year (including supply to NEPCO). In order to fully utilise the pipeline for export to Egypt, a design is being conducted for a new compressor station in northern Jordan (near Rehab).

Exhibit 8
Regional connectivity plans include new pipelines
Overview of infrastructure



Source: NewMed Energy, Moody's Investors Service

There are several routes that would provide for increased capacity for transportation of gas from Leviathan to Egypt. The EMG debottlenecking project includes a new offshore pipeline that is currently built by Israel's gas grid operator INGL, which would add 3 bcm/year in capacity and is expected to be completed by year end (in addition to an additional compressor in Ashkelon that is already installed). Furthermore, in May 2023, the Israeli government approved a plan for the construction of a new onshore gas pipeline to Egypt that would enable export of additional 6 bcm/year. The 65-km pipeline will run from Ramat Hovav to Nitzana on the border with Egypt. The project is backed by INGL.

There is the potential for other projects over the longer term. The governments of Israel, Greece and Cyprus agreed to develop a gas pipeline from Israel to Europe, the 'EastMed' pipeline, which may provide a further outlet for Israeli gas production. However, the project faces significant risks and the timing of any development is highly uncertain.

Solid financial performance

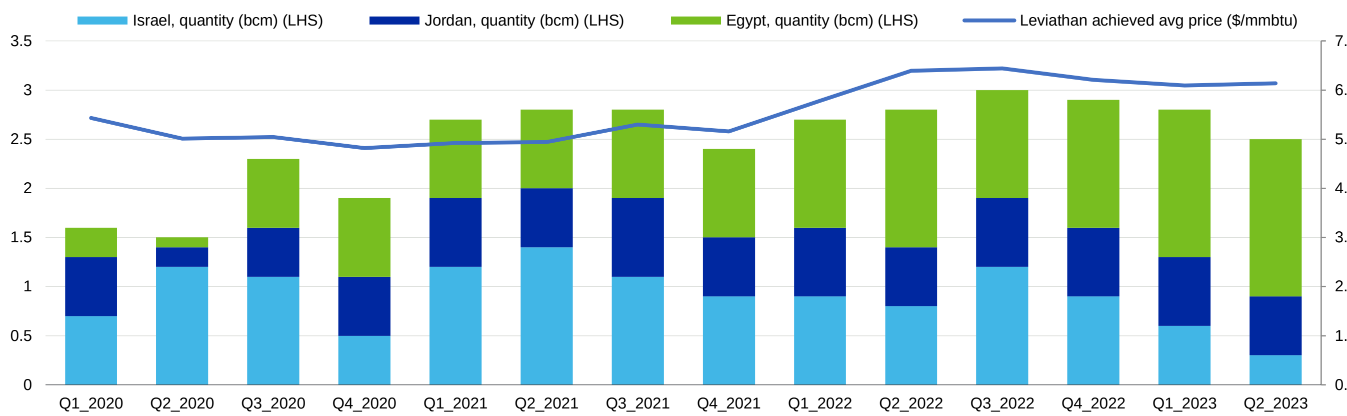
In 2022, Leviathan delivered strong cash flows supported by increased volumes, which reached 11.4 bcm, and higher achieved prices – $6.2/mmbtu, which compares with $5.1/mmbtu in 2021. Thanks to low production costs ($0.76/mmbtu), EBITDA attributable to Leviathan Bond amounted to $791 million in 2022.

Leviathan's off-take volumes remained strong in Q1 2023, when they reached almost 2.8 bcm at an average price of $6.1/mmbtu. Output was down to 2.5 bcm in Q2 2023. The decline in production was due to the competitive dynamics in the domestic market, given the ramp-up in production a the Karish field. Lower sales in the Israeli market were not offset by higher exports to Egypt as the fully-utilised export capacity acted as a constraint.

Exhibit 9

Production was down this year but prices have held up well

Output in bcm, average achieved price in $/mmbtu



Source: NewMed Energy's reports, Moody's Investors Service

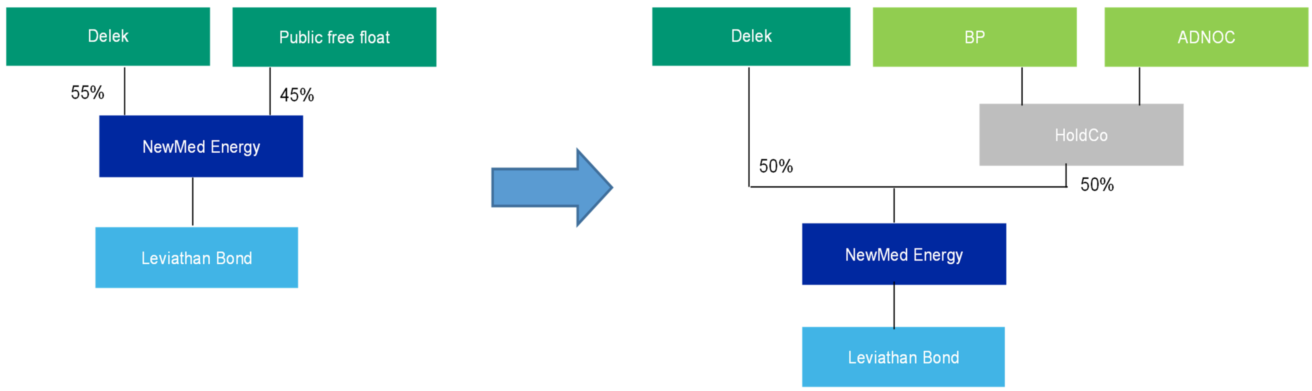
While volume and price are the key drivers of Leviathan's earnings, the project's cash flows will be over time impacted by additional taxes. Specifically, in addition to an approximately 11.5% government royalty rate (in addition to related and third-party royalties) and 23% income tax, Leviathan is subject to a levy on "windfall" profits, the Levy on Profits from Natural Resources, commonly known as the Sheshinski levy. The levy is a progressive tax amounting to between 20-50% of profits of gas projects after they have achieved a certain return on investment. The maximum levy rate is currently 46.8%, given the prevailing corporate tax rate. Under current plans, Leviathan will begin to pay the levy in 2026, with the amount rising over time. This means that some credit metrics before the levy becomes payable overstate Leviathan Bond's credit quality. More generally, its financial ratios will also depend on any future expansion investments and their funding. In this regard we note, that while under original plans, it was assumed that the 2023 bond will be partially refinanced with a new $300 million bond, the project company repaid the 2023 bonds fully thanks to the strong cash flow generation.

Notwithstanding those considerations, and given the ongoing military conflict, there is currently a greater uncertainty around the evolution of Leviathan's financial profile, which we will continue to reassess as part of the review.

BP/ADNOC offer for NewMed Energy's shares

In March 2023, a consortium of Abu Dhabi National Oil Company (ADNOC) P.J.S.C. and BP Exploration Operating Company (owned by BP p.l.c., A2 positive) submitted a non-binding indicative offer to purchase 50% of participation units in NewMed Energy (the c. 45%, which are held by the public, and c. 5% of shares owned by Delek Group) for a consideration of ILS12.05 per participation unit, valuing NewMed's equity at $3.9 billion. The consortium is entitled to withdraw the offer at any time and for any reason.

Exhibit 10
BP and ADNOC would acquire a 50% stake in NewMed Energy
Current and prospective structure



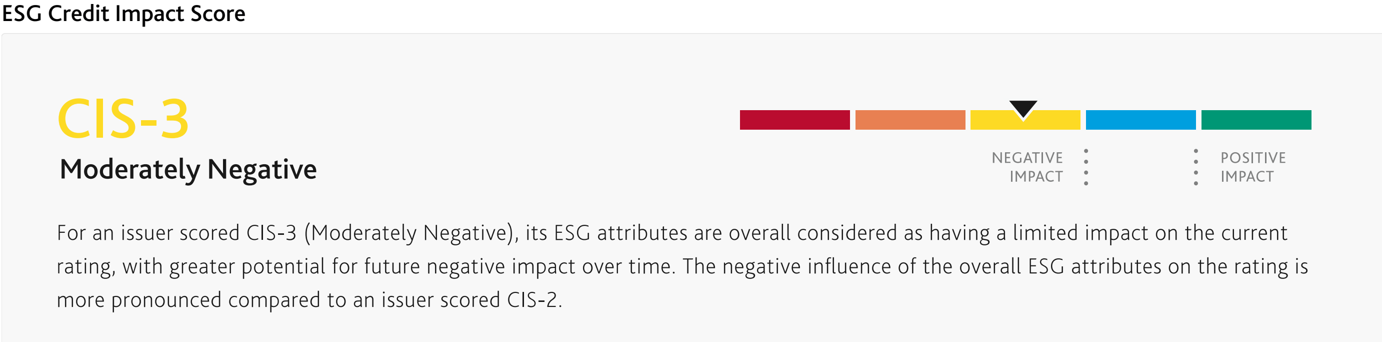
Source: NewMed Energy's reports, Moody's Investors Service

The transaction, if it were to be pursued, would not result in a change in the direct ownership of Leviathan Bond. However, as the consortium would seek to assume joint control of NewMed Energy, the change in the ownership structure could impact the partnership's strategy related to the future expansion of the Leviathan Field and the associated funding. There is, however, currently no certainty that the transaction will be closed.

ESG considerations

Leviathan Bond Ltd.'s ESG Credit Impact Score is Moderately Negative CIS-3

Exhibit 11
ESG Credit Impact Score



Source: Moody's Investors Service

Leviathan's ESG Credit Impact Score is moderately negative (**CIS-3**). This reflects our assessment that ESG attributes are overall considered to have a limited impact on the current rating, with greater potential for future negative impact over time. Leviathan has high environmental risk exposure and high social risk exposure partially mitigated by positive credit benefits arising from its governance structure as a project financing.

Exhibit 12
ESG Issuer Profile Scores

ENVIRONMENTAL	SOCIAL	GOVERNANCE
E-4	S-4	G-2
Highly Negative	Highly Negative	Neutral-to-Low

Source: Moody's Investors Service

Environmental
Leviathan Bond's **E-4** score recognises the project's highly negative exposure to environmental risks related to the carbon transition. While demand is currently strong, decarbonization efforts and the transition towards cleaner energy will dampen the demand for fossil fuels in the longer term.

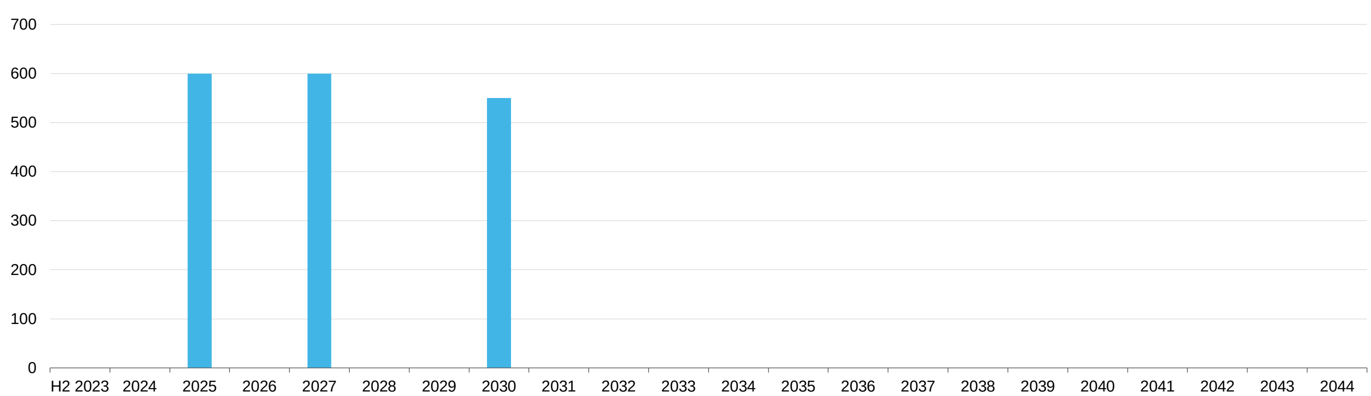
Social
Leviathan Bond's **S-4** score recognises Leviathan Bond's high exposure to social risks. While domestic Israeli energy transition policies have not yet materially impacted the company, there is increasing opposition in some parts of the world against gas production.

Governance
Leviathan Bond's **G-2** score reflects its project financing structure, including some restrictions on Leviathan's business activities and financial policy.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis
As of end-June 2023, NewMed Energy had cash and short-term investments of around $87 million. However, this amount would have increased, given the project's strong free cash flow generation. As a result, we believe that the project company would be able to cover operating expenses and interest expenses for several months, if production was temporarily interrupted. Furthermore, NewMed Energy had also access to $150 million short-term credit facility. Leviathan Bond does not have any immediate refinancing needs and its next debt maturity is related to the $600 million bond due in June 2025.

Exhibit 13
Leviathan Bond's next debt maturity is in June 2025
in $ million, as of end-June 2023



Source: Company's reports, Moody's Investors Service

Structural considerations

The notes issued by Leviathan Bond benefit from a comprehensive security package. However, creditor protections are weaker than those in many rated project financings. The financing has limited creditor step-in and remedy rights and a lack of financial covenants. In addition, as the notes are secured by NewMed's 45.34% working interest in the Project, creditors would have limited ability to exercise control over the Leviathan project as compared to many rated project financings.

However, risk is partly mitigated by the expected value of the bondholder security, which could be realised through a sale of NewMed's working interests in the Project. Such realisation of value would be subject to certain terms of the Leviathan partners' Joint Operating Agreement and would require regulatory approval.

The structure includes a cash flow waterfall that requires several accounts held in the name of the issuer to be funded before funds can be deposited into the Distribution Account and removed from the security. The most significant of these are:

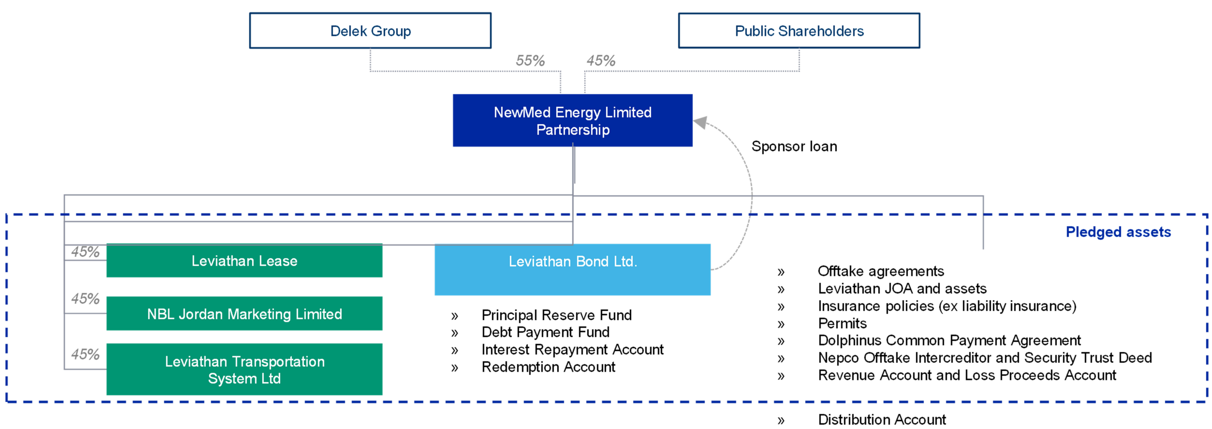
» **Principal Reserve Fund** that begins to fill twelve months ahead of each maturity date, to a maximum amount of $150 million;

» **Debt Payment Fund,** funded at transaction close, of $100 million; and

» **Interest Payment Account** other than on scheduled principal repayment dates and 30 days thereafter, up to 50% of the interest due on the next semiannual interest payment date.

In addition, distributions cannot be made if the net present value of future cash flow, as calculated by NSAI using a 10% discount rate, is less than 1.5x net debt. The ability to issue new notes or other pari passu debt is limited by various provisions, which are outlined above and discussed in greater detail in the new issuer report.

Exhibit 14
Simplified transaction structure



Source: NewMed Energy, Moody's Investors Service

Rating methodology and scorecard factors

Leviathan Bond is rated under Moody's Generic Project Finance Methodology, published in January 2022.

Exhibit 15

Rating factors

Leviathan Bond

Factor	Subfactor	Score	Metric
1. Business Profile	a) Market position	Baa	Baa
	b) Predictability of Net Cash Flows	B	B
2. Operating Risk	a) Technology	A	A
	b) Capital Reinvestment	A	A
	c) Operating Track Record	Baa	Baa
	d) Operator and Sponsor Experience, Quality and Support	A	A
Project Risk		**Medium**	
3. Leverage and Coverage	a) CFADS / Interest Expense (Non-Amortizing Debt)	3.50x	A
	b) Project CFO / Adjusted Debt	27.5%	A
Preliminary Scorecard Indicated Outcome before Notching:			**Baa3**
Notching Considerations		**Notch**	
	1 - Liquidity		-1
	2 - Structural Features		-1
	3 - Refinancing Risk		-1
	4 - Construction and Ramp-up Risk		0
	5 - Priority of Claim, Structural Subordination and Double Leverage		0
Preliminary Scorecard Indicated Outcome before Offtaker Constraint:			**Ba3**
	Offtaker Constraint Applied?		No
	Level of Offtaker(s) Constraint		n/a
Scorecard Indicated Rating:			**Ba3**
Assigned Senior Rating			**Ba3**

Source: Moody's Investors Service

Ratings

Exhibit 16

Category	Moody's Rating
LEVIATHAN BOND LTD.	
Outlook	Rating(s) Under Review
Senior Secured	Ba3[1]

[1] Placed under review for possible downgrade on October 23 2023

Source: Moody's Investors Service

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