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Nota de prensa

El proyecto Madrid Calle 30, asegurado por el ICO, recibe el Premio a la Mejor Financiación Europea Público-Privada 2005

- **El galardón ha sido concedido por la publicación finaciera "Project Finance Magazine"**

23 de marzo de 2006.- El Proyecto Madrid Calle 30, en cuya financiación participa el ICO como entidad directora y aseguradora del Tramo A, ha recibido el Premio a la Mejor Estructura Europea de Financiación Mixta Público Privada 2005, concedido por la revista financiera "Project Finance Magazine".

El Proyecto Madrid Calle 30, comprende la realización de obras de mejora y reforma de la carretera de circunvalación M-30 en su primera fase, así como la explotación y conservación de la vía. Las obras comenzaron en septiembre de 2004 y está previsto que concluyan en abril de 2007.

Madrid Calle 30 S.A, es una sociedad de economía mixta integrada por el Ayuntamiento de Madrid (80%) y por la Sociedad Empresa Mantenimiento y Explotación M-30 (20%) integrada por Ferrovial, ACS Dragados y API Conservación, ganadora del concurso público para la incorporación de un socio privado.

Este proyecto supone la mayor financiación del mercado español bajo la modalidad de colaboración mixta público-privada (PPP). El conjunto de la transacción asciende a 2.500 millones de euros, dividido en 2 tramos. El tramo A por importe de 1.350 millones de euros, de los que ICO ha asegurado 350 millones de euros, a un plazo de 30 años y el tramo B por importe de 1.150 millones de euros, a un plazo de 20 años.

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EMEA Transport/Rail Deal of the Year 2005

Perpignan-Figueras: Price tracking

It took two attempts and four years to get from tender launch to financial close, but 2005 witnessed the first European joint-nation rail financing since the Channel Tunnel – the Eu1.1 billion ($1.3 billion) Perpignan-Figueras high-speed rail link between France and Spain.

The deal is heavily subsidised by the Spanish and French governments, which between them are providing around half of the construction costs, together with the EU which contributed 5%.

ACS/Dragados and Eiffage, the sponsors behind the TP Ferro consortium building the project, have provided Eu110 million in combined equity. The project debt, lead arranged by Banesto, BBVA, Caja Madrid, ING and Royal Bank of Scotland, totals Eu532 million.

The project was originally awarded in July 2002 to the Euroferro consortium led by Dragados and Bouygues, But talks broke down in April 2003 and the project was re-tendered.

TP Ferro signed the 50-year concession contract with the French and Spanish ministries of public works on 17 February 2004, having been selected preferred bidder two months previously ahead of the Ferromed consortium (Ferrovial, Vinci, RFF, Setec, Ineco and GIF) and a group comprising Bouygues, Sacyr, Acciona and FCC.

The project was subsequently underwritten on 10 February 2005, but it did not syndicate until 22 June. The delay was due to the pressure to get the deal underwritten by early February, which left banks too busy to decide beforehand how best to proceed with syndication. Under the terms of the contract, the deal had to be syndicated within a year or be retendered for the second time – an event that would probably have put the project on hold indefinitely.

The centrepiece of the debt package is a Eu410 million mini-perm with a 10-year tenor and amortization in one bullet payment. With an undertaking in place to refinance the debt in 2015, the underlying tenor is 35 years. The debt is priced at 135bp over Euribor during construction, rising to 150bp in operation.

Additional debt tranches include a Eu62 million five-year bridge, priced at 125bp, to finance the final state-subsidy payment; a Eu35 million 10-year standby facility, paying 150bp; and a six-year Eu25 million VAT tranche, which has a margin of 60bp.

The deal's structure includes long-term interest rate hedges, with derivatives provided by CDC Ixis, which together with Banesto acted as financial advisor to the sponsors.

The deal was legally challenging as it had to comply with both Spanish and French law. The financing was carried out under Spanish law but included a package of French guarantees and lawyers concede that the process could have been simplified by spelling out points of conflict between the legal systems in the concession agreement instead of the financing documents.

Construction began on the project late in 2004, funded by the constructors' equity and the subsidies. The 44.5km rail link forms the international section of a high-speed rail network that will carry both passengers and freight traffic. This in turn is part of the Trans European Network (TENS). When the project is completed in 2009, it will reduce journey times between Barcelona and Toulouse by more than 2 hours. It will also mean passengers won't have to change trains at the border, as is currently the case owing to the different track gauges used in France and Spain.

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Construction risk is considered fairly insignificant, despite the fact that the railway crosses the Pyrenees mountain range and includes the construction of an 8.2km tunnel, which represents a third of the total costs. Since work began late in 2004, it has been moving more or less to schedule.

The project was driven by more Spain, which geographically is near the edge of Europe, than France (although both governments contribute equally financially). For Spaniards, the railway will provide the only high-speed rail link with the rest of the continent.

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The project carries traffic risk, however, and this was something some bankers were wary of presenting to their credit committees. Those that did get involved insist that the level of risk is acceptable. Forecasts predict that even without the connection 920,000 passengers would cross the border in 2009, a number that would only have to increase to 1.65 million to meet the stress case. Freight volume is harder to predict, but lenders see its development as an upside – passenger numbers is key to repayment.

The banks joining the MLAs at sell-down were: ICO, AIB, Barclays, BES, BPI, Caixa Catalunya, Caixa Geral, Commerzbank, HSBC, HVB, La Caixa, Mizuho and Banco Sabadell.

Despite the presence of several international banks, no French banks participated in the debt. This was partly because the Spanish government provided greater support for the project but also because the Spanish project finance market places a greater emphasis on relationship banking. ■

Perpignan-Figueras

Status: Financial close 10 February 2004, syndication 22 June 200
Size: Eu1.1 billion total project cost
Description: Combined subsidy and commercial debt financing for the construction of a Franco-Spanish cross-border high speed rail lin
Project debt: Eu532 million
Sponsors: ACS/Dragados, Eiffage
Financial advisors to the sponsors: Banesto, CDC Ixis
Mandated Lead Arrangers: BBVA, Caja Madrid, Royal Bank of Scotland, Banesto, ING Bank
Legal counsel to the sponsors: Ashurst Morris Crisp
Legal counsel to the lenders: Garrigues, White & Case
Legal counsel to the concession awarder: Clifford Chance

European PPP Deal of the Year 2005

Calle 30: PPP on a grand scale

Syndication of Phase 1 of Madrid's flagship ringroad project, Calle 30, closed on 13 December with 14 banks, including the mandated lead arrangers, participating.

The deal is the biggest PPP in Spain to date, the first major PPP by a town hall as opposed to a regional government, and although the final structure was not what was originally anticipated, the financing has got a major infrastructure project off the ground that might otherwise have dragged on.

Calle 30 is 80% owned by the Ayuntamiento de Madrid (Madrid City Council) and 20% by Ferrovial, ACS Dragados and API Conservacion through special purpose company Empresa Mantenimiento y Explotacion M-30 (EME M-30). The overall project company – Madrid Calle 30 – is responsible for remodelling and upgrading the M30 orbital, which although originally a ring road has been overtaken by urbanisation. The 35-year service contract will involve both road widening and extension and tunnelling.

EUROMONEY
ProjectFinance
Deal of the Year
2005

There is no middle opinion on Calle 30 pricing – arguably it is good reward for very little lender risk and way above the 10bp arrangers would normally get for Ayuntamineto de Madrid (Madrid City Council) debt.

The total project cost is upward of Eu4.5 billion in two phases – Phase 1 funding the southern ring and Phase 2 the northern: the phase 2 deal will probably launch late 2007.

The Phase 1 financing comprises a Eu1.35 billion 30-year tranche A loan backed by a fixed price repayment stream under the concession service contract, and a Eu1.15 billion 20-year B tranche linked to performance risk, since payments from the municipality may be subject to deductions for under-performance.

In addition to providing new funding, the financing took out the Eu400 million bridge facility underwritten earlier in the year by Caja Madrid, SG and Dexia, that funded the payment of works already undertaken.

Separately, the deal also features a Eu114 million subordinated loan to partially back the private sector sponsors' equity stake. Banesto, Fortis and Royal Bank of Scotland backed the Ferrovial/ACS bid and put up the sub-debt – rumoured to be priced at 150bp over Euribor.

The senior facilities priced at 35bp over Euribor – the average across both A and B tranches – and although PPP margins have fallen dramatically in Spain, Calle 30 was still expected to have trouble finding takers. It didn't. Joining mandated lead arrangers Caja Madrid, Societe Generale and Dexia Sabadell are Instituto de Credito Oficial (also mandated lead arranger on tranche A only); joint lead arrangers BBVA, La Caixa, Bank Nederlandse Gemeenten and Banca OPI; Helaba with lead arranger status; and at arranger level Caixa Galicia, Lloyds TSB, Caixa Catalunya, IKB Deutsche Industriebank, and Ibercaja.

There is no middle opinion on Calle 30 pricing – arguably it is good reward for very little lender risk and way above the 10bp arrangers would normally get for Ayuntamineto de Madrid (Madrid City Council) debt. Alternatively, some bankers viewed the deal as too low to be worth participating in – even given the massive liquidity and increasingly tight project debt pricing trends in Spain.

What is certain is that for the private sector sponsors it is a very good deal and in terms of pricing, needs to be looked at in the context of the whole market. For example, Sacyr's ENA acquisition facility refinanced the day before close of syndication on Calle 30. First closed in 2003 at a debt average of 165bp over Euribor, in just 2.5 years Sacyr has managed to go back to the bank market and get Eu1.248 billion of debt refinanced at 65bp on an eight year tenor – saving itself 100bp on the original debt.

In that context, 35bp for municipal flavour debt does not look bad – albeit the tenor is much larger.

But the Calle 30 story is more than just cost of funding. The deal started as a unique financial structuring that might have been a new off-balance sheet template for future Spanish local government deals.

Unfortunately the final deal is on-balance sheet. Rumour in the market is that the project has been the victim of Spanish politics. Madrid town hall is run by the Conservative party (PP) while central government is Socialist. Speculation is that the deal was brought to Eurostat's attention by an act of political one-upmanship.

True or not, it is hard to argue that Calle 30 should be off-balance sheet with the Ayuntamiento owning 80% of the project vehicle and the projct featuring a typical Spanish RPA (project termination payment) under which Madrid must pay for the works if the project is cancelled.

But the failure to get off-balance sheet treatment aside, Calle 30 is a significant deal for the Spanish PPP market and the combined fixed/performance risk structure may yet be repeated on the upcoming Toledo Hospital scheme – albeit with minor tweaking: Toledo will be a rental contract so that in case of termination, theoretically the project will not revert to the state and therefore the deal has greater risk transfer while retaining the ability to attract debt at around the same pricing as Calle 30. ■

Calle 30

Status: Closed 13 December 2005
Description: Phase 1 PPP financing for Madrid ringroad
Size: Phase 1 Eu2.5 billion
Sponsors: Municipality of Madrid, Ferrovial Servicios, Dragados, API Conservacion
Mandated lead arrangers: Dexia Sabadell Banco Local, Societe Generale CIB, Caja Madrid, Instituto de Credito Oficial (Tranche A)
Joint lead arrangers: BBVA, la Caixa, Bank Nederlanse Gemeenten, Banca OPI
Lead arranger: Landesbank Hessen-Thüringen Girozentrale
Arrangers: Caixa Galicia, Lloyds TSB, Caixa Catalunya, IKB Deutsche Industriebank, Ibercaja
Sponsor legal counsel: Garrigues (Madrid); Uria y Menendez (private sponsors)
Lender legal counsel: Clifford Chance