

# Asia-Pacific Refinancing Deal of the Year 2007

01/04/2008

## Busan Geoje refinancing: Cut and paste

The largest PPP refinancing in Korea to date, the Busan Geoje Fixed Link project achieved an extra two years tenor on the original package, a 300bp cut on the original margin of the W130 billion (\$133 million) tranche and a 50bp cut in the W460 million tranche despite being three years away from project completion.

Sponsors Doosan Construction & Engineering, Daewoo Construction & Engineering, Daelim Engineering, SK Engineering and Korea Development Bank closed the original financing in 2003. The project, comprising two cable stayed bridges and an immersed tube tunnel, is a 30-year concession for an 8.2km highway link between the southern city of Busan and the island of Geoje in South Korea. Construction started in 2004 and completion is due in 2010.

The original deal was backed by W630.1 billion in government subsidy, W430 billion of equity and W1210.8 billion of debt, and came with a toll revenue guarantee of 90% for 20 years.

The new deal features a W65 billion note, a W130 billion 16-year term loan priced at a fixed 7.9%, a W460 billion 16-year term loan priced at 1.2% over 3-year AA- corporate bond and W100 billion standby facility.

## GK Fixed Link Corp

Status: Financial close 16 March 2007

Description: Largest PPP refinancing in Korea to date

Sponsors: Doosan Construction & Engineering, Daewoo Construction & Engineering, Daelim Engineering, SK Engineering, Korea Development Bank

Financial advisor to concession awarder: Shinhan Macquarie

Financial advisor to sponsors: Korea Development Bank

Sole mandated lead arranger: Korea Development Bank

Legal counsel to lenders: Kim & Chang

Technical adviser: Halcrow Crouch, TEC

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