

Spata nears closure

01/10/1999

Commercial banks are working towards syndicating a guarantee for the Dr 220 billion (\$742 million) loan that the European Investment Bank (EIB) has agreed. Financing of the deal is structured in four tranches. The main one is a Dr 220 billion EIB loan. There will be a s480 (\$583) million international commercial tranche to be syndicated internationally, a s140 million tranche arranged by local Greek banks and a s85 million standby facility. 25 international banks, mainly from Europe and familiar with the Greek market are expected to join the deal. At the time Project Finance was going to press a road-show was due to take place in London before the launch of general syndication.

Says Simon Meldroum, manager in syndication at BoT Mitsubishi in London: "Financing of western Attica road project is an important result giving also that the EIB is not the most aggressive of the partners to deal with." "The AA rating given to Greece by Moody's is a sign of confidence that will boost the ability of the Greek market to attract international sponsors and financiers", Meldroum remarks.

The project entails the construction of a ring road connecting the Greek capital to Athens' new airport at Spata. The new airport will be located 50km west of the capital city and will replace entirely the existing one.

Construction of the airport has started and it will be finished in the next 18 months when the airport will be operational. The new international airport, named after the former Greek prime minister Eleftherios Venizelos, is expected to have a capacity of up to 16 million passengers a year. The construction of the Venizelos airport has been considered by most as an ambitious project and some raise doubts over whether a substantial increase of air traffic will materialize.

But the ring road will be 72.5km long and developed by a consortium of 14 Greek construction companies. It aims also at helping Athens reduce the volume of car traffic. Says Anthony Goldsos, deputy head of division at the EIB in Luxembourg is sure the project is solid. "The western Attica road project is the strongest available in Greece", he says. The new road is expected to have a capacity of 207,000 vehicles a day when operational in 2003. The road is being developed in six separate sections. The first section will be ready in 2000. Lawyers have been active to create a sound legal structure to allow project finance. Norton Rose was nominated legal adviser to the consortium. Wilde Sapte has been legal adviser to the EIB while Allen & Overy advised the other lenders. Says Jeffrey Barratt, partner at Norton Rose in London: "It has been a steep learning curve for the Greek government to understand what international sponsors and financiers need.

Greece offers excellent opportunities for infrastructure projects such transport and ports."

Greece is emerging as a leading market for project financiers interested in south-European deals. Greek deals are moving fast and the next one to hit the market is financing of the \$716 million Thessaloniki subway in northern Greece. At the beginning of February 1999 an international consortium led by France's Bouygues (57.5%) won the mandate to develop the project. Other members of the consortium include Canada's Bombardier (30%), VIA-GTI (7.5%) and Systra-Sofretu (5%) both from Greece. Barclays Capital has been appointed financial adviser to the Bouygues-led consortium. Norton Rose is understood to be bidding for the legal advisory mandate. But the consortium has made no decision yet. At the beginning of September 1999 BoT Mitsubishi, ABN Amro and Paribas have been mandated for the financing of the

project. EIB is also likely to play a role in the financing of the project following the involvement in the Attica road project. Financing of Thessaloniki subway will be syndicated in the first quarter of 2000.

A further Greek closure has been the financing of a 104MW wind farm project in the island of Crete. Paribas was lead arranger while. National Bank of Greece acted a co-arranger.

General syndication was launched at the end of September. The deal is the first project finance deal in the energy sector to close in Greece.

Thessaloniki Metro

Location: Thessaloniki, Greece

Cost: Dr 220 billion (\$716 million)

Sponsors: Bouygues, Bombardier, VIA-GTI, Systra-Sofretu

Arrangers: BoT Mitsubishi, Paribas, ABN Amro

Financial adviser to the consortium: Barclays Capital

Crete Wind Farm

Location: Crete, Greece

Cost: Dr 45 billion (\$146 million)

Sponsor: Rokas

Arrangers: Paribas, National Bank of Greece

Lawyer to the lender: Norton Rose

Western Attica Road

Location: Athens, Greece

Borrower: Attiki Odos

Sponsors: Consortium made of 14 Greek construction companies

Debt: Dr 220 (\$741 million) billion 20-year loan, s480 (\$583) million 20-year guarantee facility, s140 million 12-year loan,

s85 million 12-year loan

Arrangers: European Investment Bank, BoT Mitsubishi, HypoVereinsbank, National Bank of Greece, Commercial Bank of Greece, SG, European Investment Fund, HSBC

Lawyer to the consortium: Norton Rose

Lawyers to the lenders: Allen & Overy, Wilde Sapte

Thank you for printing this article from IJGlobal.

As the leading online publication serving the infrastructure investment market, IJGlobal is read daily by decision-makers within investment banks, international law firms, advisory firms, institutional investors and governments.

If you have been given this article by a subscriber, you can contact us through www.ijglobal.com/sign-in, or call our London office on +44 (0)20 7779 8870 to discuss our subscription options.