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Basque waste PPP project reaches financial close

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A Meridiam-led consortium has reached financial close on a waste treatment PPP in Spain's Basque Country through a financing structure which significantly relied on institutional investors.

The project company - Ekondakin Energía y Medioambiente - is owned by Meridiam (50%), Spanish environmental services firm Urbaser (46%), and four local groups holding the remaining 4%: Construcciones Moyua (1%), Construcciones Murias (1%), Altuna y Uría (1%) y LKS Ingeniería (1%). Since last December, Urbaser has been owned by Chinese entity Firion Investments.

The debt/equity split is understood to be around 80/20 - with EUR 48m coming from the six sponsors.

The debt package, totalling EUR 191m, includes project bonds as well as debt provided by banks and institutional investors.

The sponsors structured the transaction on their own and did not use any banks as arrangers, it is understood.

Financial close was reached on 31 May.

As part of the financing, an EUR 80m project bond is being subscribed to by French asset manager [Rivage Investment](#) and Austrian infrastructure lender Kommunalkredit. It pays a coupon of 3.662% and matures in 2047. Local rating agency Axesor rated the EUR 80m bond at BBB- with positive outlook.

The remaining EUR 111m of the financing, also with a 30-year maturity, was provided by a mix of banks and institutional investors, including [AG Insurance](#) through its

partnership with Natixis, Crédit Industriel et Commercial (CIC), KDB and Siemens Bank. BBVA acted as agent.

The EUR 111m debt includes a EUR 75m fixed rate tranche from institutional investors and a EUR 36m floating tranche from the banks.

The PPP project, known as the Gipuzkoa Waste Treatment Plant PPP, involves the DBFOM of a new waste treatment plant and an energy recovery plant for 35 years.

The consortium reached commercial close in early April, following a court's rejection of a legal challenge brought by a competing consortium.

The procuring authority is the Waste Management Consortium of Gipuzkoa (GHK), which comprises multiple municipalities in the Basque country and the provincial government of Gipuzkoa.

Advising the procuring authority were KPMG (energy), IDOM (technical), Garrigues (legal due diligence) and Deloitte (financial, legal for the tender process). Ex-Deloitte partner Andrés Rebollo coordinated the team of technical, financial and legal advisors.

PwC advised the sponsors on the financial model. Cuatrecasas and Gómez-Acebo & Pombo were legal advisers to the sponsors and lenders respectively.

Deal Profile

Gipuzkoa (Guipuzcoa) Waste Project

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Grantor Financial Advisor	Deloitte
Grantor Financial Model Advisor	PricewaterhouseCoopers (PwC)
Grantor Legal Due Diligence	Garrigues Abogados
Grantor Technical Advisor	IDOM
Grantor Energy Advisor	KPMG
SPV Financial Model Auditor	PricewaterhouseCoopers (PwC)
SPV Legal Advisor	Cuatrecasas
Funders Legal Advisor	Gómez-Acebo & Pombo Abogados

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