

Ferrocarril Central, the largest-ever PPP financing in Uruguay, closes mezzanine financing with IDB and GIP

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Last year Grupo Vía Central, integrated by SACYR, NGE, SACEEM and Berkes, obtained the largest project financing ever in Uruguay – for up to US\$ 855 million – to fund a public-private partnership (PPP) railway project, known as the Ferrocarril Central Project.

Ferrocarril Central is the largest infrastructure project in the history of Uruguay, consisting of the construction and maintenance of a 276 km railway connecting the departments of Montevideo and Tacuarembó, in central Uruguay, where Finnish forestry company UPM is building its second pulp mill in the country. Such UPM's investment is expected to exceed the amount of US\$3 billion.

The Ferrocarril Central project also includes a dozen secondary tracks for train crossings, a section of track for industrial access and more than 40 railway bridges. In addition, 9 passenger trains in each direction will connect Montevideo with the city of 25 de Agosto (Florida) every day, with their corresponding stops.

Grupo Vía Central, which obtained the contract in late 2018, is formed by Sacyr, Uruguayan counterparts, Saceem and Berkes, and the French constructor NGE.

Now the consortium has closed an A/B mezzanine financing with IDB, with the B loan to be provided by Global Infrastructure Partners (GIP), for up to US\$75 million. This loan is subordinated to the senior financing, and reduces the sponsors' equity requirements.

Fernando Jiménez de Aréchaga (jr), partner at Dentons Jiménez de Aréchaga – which advised the consortium throughout the bidding process, as well as on the financing leg – said the financing is one of the largest and most complex Uruguay has ever seen and was completed in a limited timeframe. “This is a landmark transaction in Uruguay,” he added.

Counsel to Grupo Vía Central

In-house counsel to Vía Central – Leandro Iglesias.

In-house counsel to SACYR - Karina Martínez.

In-house counsel to SACEEM - Federico Gianero.

In-house counsel to NGE - Pierre-Antoine Rohan.

In-house counsel to Berkes - Pedro Bellocq.

Baker McKenzie LLP

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Dentons Jiménez de Aréchaga

Partner Fernando Jiménez de Aréchaga (jr) and associates Alfredo Arocena, María José Rovira and Gonzalo Rivarola in Montevideo.

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In-house counsel to IDB Invest - Ignacio Imas Inella.

In-house counsel to CAF - Gonzalo Soriano.

In-house counsel to CAF-AM - Laura Berkman.

Clifford Chance LLP

Partner José Guardo and associates Antonio Sánchez-Cirujano and Eugenio Fernández-Rico in Madrid; partner Fabricio Longhin and associates Eli Keene and Luran Smith in Washington, DC; associates Patricio Abal and Laura Loaiza in São Paulo; and associate Julián Hurtado Vallejo in New York.

Ferrere (Uruguay)

Partners Gonzalo Secco and Sebastián Ramos, and associates Agustina Pérez, Federico Lemos, Tania Cavallo, Laura Oliveros and María Eugenia Gitto in Montevideo.

GIP's international lawyers

Paul Hastings. Lawyers: Robert Kartheiser, María Leonor Tobía, Anna Barbosa.

International lawyers of BID Invest as Mezzanine Lender

A second team of Clifford Chance.

Local attorneys of GIP and BID Invest as Mezzanine Lender

Posadas, Posadas and Neighbor. Lawyers Tomás Gurméndez and Martina Reyes.

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