

# IJInvestor Awards 2024 – Refinancing, APAC

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The refinancing of Kinetic’s senior debt facilities across its Australian and New Zealand operations was awarded the Refinancing of the Year in APAC. Judges were impressed with the fact that it was the first infrastructure refinancing of scale for a bus company.

Kinetic in March 2024 entered into a Syndicated Facility Agreement for A\$1.6 billion (\$1.05bn) with a group of 21 bank and institutional lenders. The proceeds of which were used to fund its growth pipeline and meet its decarbonisation goals.

Kinetic, which is owned by OPTrust and Foresight Group, was advised by Macquarie Capital and SMBC was one of the top-tier lenders in a highly competitive process.

One judge said: “The submission clearly demonstrates innovation and an impact in the field of infrastructure through MacCap’s ability to reposition the sub-sector and allow transition from the leveraged bank finance structure to an infrastructure-style credit. The ability to come up with a flexible distribution policy was an additional plus.”

While another member of the independent judging panel said: “This successful transaction has demonstrated innovation and impact in the emerging infrastructure sub-sector.”

This was the first infrastructure refinancing of scale for a bus company, articulating the key credit characteristics of the business to transition the credit from leverage to core plus infrastructure.

Financial institutions on the refinancing were:

- Australia and New Zealand Banking Group
- Aware Super
- Bank of China
- Bank of Communications
- BlackRock
- BNP Paribas
- Canadian Imperial Bank of Commerce
- Commonwealth Bank of Australia

- Industrial and Commercial Bank of China
- ING Bank
- KfW IPEX-Bank
- Macquarie Bank
- MUFG Bank
- National Australia Bank
- Norddeutsche Landesbank Girozentrale
- Oversea-Chinese Banking Corporation
- Siemens Bank
- Societe Generale
- Sumitomo Mitsui Banking Corporation
- Westpac Banking Corporation

The submission said: “Unlike other essential social infrastructure (rail, airports etc.) bus companies have not been banked as infrastructure credits due to the high levels of perceived operational risk. This has led to leverage finance structures being the predominant means of financing for businesses in the sector historically.

“As the market has continued to consolidate, a handful of key players have emerged and the credit profile of Kinetic has become more akin to other comparable infrastructure companies.

“Kinetic was already heavily banked in the Australian market and Macquarie Capital undertook a significant education process to re-frame the credit as infrastructure with existing lenders and 11 new lenders to better match the risk profile of the business. This will also help position it for further growth as additional capital requirements intensifies through the need to decarbonise and electrify the industry.”

Advisers:

- Macquarie Capital – financial
- KWM – legal to borrowers
- Allens – legal to lenders

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