

Karolinska Hospital PPP

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For any country the leap from small scale project financing to a major social infrastructure PPP is always a challenge.

History is dotted with countries whose reach exceeded their grasp with projects such as Alexandria schools in Egypt [\[Projects Database\]](#) earlier this year. When complete, the project will provide a link between the Sønderjyske motorway E45 and the Alssund area, and is expected to promote economic development in the area.

Conclusion

While there can be no doubt that in terms of its technical nature and future impact on society the Karolinska hospital project can - and should - be heralded as a triumph, the challenging nature of the financing has left a bad taste for many associated with the project.

Difficulties that are overcome in the spirit of co-operation and pursuit of a common objective can serve as a learning curve for all those involved - building confidence, expertise and enthusiasm for future deals.

However by the same token where difficulties are approached in a manner of obstinacy - or even confrontation - then the likelihood of a positive future relationship is small, particular given the stakes involved.

As such the future of social infra PPP in Sweden - particularly on a large scale project - is unlikely to be bright in the short-term without a significant change in cultural attitude.

The project at a glance

Project Name	Karolinska Hospital PPP
Location	Stockholm, Sweden
Description	The project involves building a new 335,000m ² 800-bed facility in Stockholm. The facility will include 300 dedicated beds on top of a further 100 in a patient hotel
Sponsors	Skanska/Innisfree
Project Duration (Including construction)	30 years
Construction Stage	4 years
Total Project Value	SEK 10.5 billion (US\$1.3bn)
Total equity	SEK 1.2 billion (US\$154m)
Equity Breakdown	Skanska - 50 per cent - SEK600m (US\$77m) Innisfree - 50 per cent - SEK600m (US\$77m)
Total senior debt	SEK5 billion (US\$640m)

Senior debt breakdown	SHB - SEK1.3 million (US\$167m) SEB - SEK800 million (US\$103m) BBVA - SEK500 million (US\$65m) Crédit Agricole CIB - SEK500 million (US\$65m) DNB NOR - SEK500 million (US\$65m) Nordea - SEK500 million (US\$65m) Lloyds Banking Group - SEK300 million (US\$37m) Mizuho - SEK300 million (US\$37m) Natixis - SEK150 million (US\$19m) KfW - SEK150 million (US\$19m)
Senior debt pricing	STIBOR (Stockholm Interbank Offered Rate) +215bps
Debt:equity ratio	88: 12
Mandated lead arrangers	SHB SEB BBVA Crédit Agricole CIB DNB NOR Nordea Lloyds Banking Group Mizuho Natixis KfW
Legal Adviser to sponsor	Ashurst
Financial Adviser to sponsor	RBC Capital Markets
Legal adviser to banks	Clifford Chance
Legal adviser to government	Mannheimer Swartling
Financial adviser to government	PwC
Technical and commercial adviser to government	White
Date of financial close	30 June 2010

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