

A9 Gaasperdammerweg expansion PPP, Netherlands

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Although institutional debt providers have shown since 2013 that they are keen on European PPP construction projects, the latest mega Dutch road project is the third in the country to stick to the traditional bank debt solution. The pricing is testament that banks remain highly competitive on long tenor deals.

The €700 million (\$873 million) A9 Gaasperdammerweg road expansion PPP reached financial close on 13 November 2014 with a bank debt solution involving six commercial lenders and the European Investment Bank (EIB).

Efficient procurement

The winning bidder, provisionally [announced in July 2014, was the IXAS Zuid-Oost](#) consortium comprising four sponsors with equal shareholdings:

- Ballast Nedam
- Fluor Infrastructure
- 3i Infrastructure
- Heijmans Capital, which is a joint venture between 3i (80%) and Heijmans (20%).

They beat out competition from BAM PPP/PGGM and DIF/Hochtief/VolkerWessels. The Dutch PPP procurement is known for its efficient timescales. From formal contract award in mid-August the sponsors had until the end of November to reach financial close and achieved this in good time.

Banks maintain the edge

The sponsors had to submit fully committed bids with only one solution at best and final offers in July, and all three bidder consortiums opted for a bank financing solution. This was not for lack of strong institutional interest in the project, but banks in the end provided the best financial solution. A source advising on the deal said that it came down to a combination of pricing, deliverability and complexity.

Bank debt in this instance offered a tenor of 23 years, and offered the additional benefits of not having a fixed rate of interest and not requiring prepayment fees. "Whilst the sponsors' relationship banks played a part, appetite was strong and the final group is very international, with players from the Netherlands, Germany, Belgium, France and Japan", the source added. *IJGlobal* understands that banks priced the deal exceptionally low at around 140bp over Libor.

Rijkswaterstaat is the procuring authority representing the Directorate-General for Public Works and Water Management, part of the Ministry of Infrastructure and Environment. Rijkswaterstaat was one of the first government authorities that adapted its concessions to allow for institutional debt.

The Dutch [N33 widening PPP](#) in 2012 featured an inflation-linked institutional refinancing of the senior debt entering after construction with APG. However for the A9, those involved said Rijkswaterstaat was not pushing any particular financing solution.

The [A12 Veendendal-Ede-Grijsoord](#), a smaller project at €80 million, closed with two bank lenders in September. The [A1/A6](#) widening was a mega project at €750 million and a bank solution won out. The two unsuccessful bidders had both opted for ING's PEBBLE product which sees institutional debt ranked above junior bank debt.

The financing

The project financing that adviser Deutsche Bank put together features approximately €410 million of senior fully amortising debt, of which the European Investment Bank (EIB) provided half. The commercial lenders with equal tickets were:

- BNG Bank
- DZ Bank
- ING
- KBC Bank
- SMBC
- Societe Generale

The EIB tranche featured a tenor of 22 years, whilst the commercial bank debt was one year longer.

The commercial bank lenders also provided a €140 million milestone construction bridge facility. Construction is scheduled to start in the third quarter of 2015 and last until 2020.

The sponsors contributed about €50 million of equity.

The construction

The availability-based concession for the A9 Gaasperdammerweg is for a period of 25 years, including five years of construction. The contract involves design, construction, financing, management and maintenance of new and existing infrastructure for the A9 motorway between Diemen and Holendrecht.

The sponsors will reconstruct and expand the motorway between the junctions of Diemen and Holendrecht, building a bridge over the river Gaasp and a 3km overground tunnel between the Gaasp River and Amsterdam-Utrecht railway. The tunnel will be the longest land tunnel in the Netherlands. They will also build a park above the tunnel. The project will expand the section from 2x2 lanes to 2x5 lanes.

This is the second PPP project as part of the expansion of the Schiphol-Amsterdam-Almere route, and the third in line out of five sub-projects.

Dutch PPPs abound

The Dutch government is firmly behind the PPP model to develop a strong pipeline of upcoming roads projects. The A9 Gaasperdammerweg is the second of four PPP projects to redevelop the Schiphol-Amsterdam-Almere route. So far the A1/A6 is in construction and €700 million A9 Amstelveen in 2017 and the A6, costing €300 million, in 2015 are due to follow to tender.

The N18 Groenlo-Enschede contract notice is due this month and the project should cost in the region of €300 million. The A13/A16/A20 DBFM near Rotterdam, due to cost €900 million, is due for tender in 2015/2016. Other projects to follow in the pipeline are a tunnel near Rotterdam and an expansion of the A50 to deal with traffic at Maastricht.

The advisers

The advisers for the A9 Gaasperdammerweg sponsor consortium were Deutsche Bank as financial adviser and Stibbe as legal adviser. Ernst & Young provided tax and accounting advice and AON was insurance adviser.

For the commercial lenders, Norton Rose Fulbright provided legal counsel and Clifford Chance advised the EIB. Pels Rijcken was legal adviser to the procuring authority and PwC financial adviser.

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