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December 2023

CAREY ADVISES ON THE FINANCING OF LATAM'S LARGEST E-BUS FLEET

Chilean companies win contract for LatAm's largest e-bus fleet

Isabella Ankerson

15 December 2023

Chile's Barros & Errázuriz Abogados has helped local infrastructure group Kaufmann and sustainable mobility business Andres Motor win a contract to supply the world's second-largest fleet of electric buses, in a deal valued at US$590 million.

Two Winston & Strawn LLP offices helped the companies' special purpose vehicle (SPV), Suministradora de Buses K Cuatro obtain a US$340 million financing for the project, while the same firm also advised the sponsors of the financing – UK investor Infrabridge and Kaufmann's investment subsidiary.

Two Allen & Overy LLP offices and Carey in Santiago advised the lenders - International Finance Corporation (IFC), IDB Invest and Banco del Estado de Chile – for the financing.

The same Barros & Errázuriz team helped Andes Motor obtain a US$250 million financing agreement from Banco Santander and Banco de Chile to fund the deal, while the Chilean firm also assisted Kaufmann and Infrabridge in the US$340 million financing.

Latin Lawyer understands that Claro & Cía acted as local counsel to Infrabridge and that Morales & Besa advised Italian energy company Enel as it sold its stake in the project but could not confirm this before publishing.

White & Case LLP is thought to have advised Andes Motor for the tender, but Latin Lawyer could not confirm this before publication.

The loan and public tender for the bus fleet both closed on 17 November.

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Carey y Cía. Ltda.
Isidora Goyenechea 2800, 43rd Floor.
Las Condes, Santiago, Chile.
www.carey.cl

Kaufmann and Andes Motors obtained the contract to supply 992 electric buses to the municipalities of San Bernardo and Puente Alto in the province of Santiago following a public tender through its Buses K Cuatro SPV. The offer was valued at US$590 million.

The companies were awarded a 14-year bus contract to supply the vehicles in the fleet of just under 1,000 electric buses by Chile's Ministry of Transportation and Telecommunications (MTT).

The Chilean companies beat out competing bidders, including Chinese automaker BYD.

The e-bus fleet will be the largest to operate in Latin America, and the second largest to operate in the world after China. It will be operated by Santiago's main public transport system, Red Metropolitana de Movilidad.

The electric buses and replace several of its existing diesel-fuelled vehicles. The deal comes as global car brand Mercedes-Benz aims to consolidate its presence in Chile's electric bus market, with Kaufmann being one of the main suppliers of Mercedes-Benz vehicles in the Latin American country.

The project will also help to significantly reduce Santiago's carbon footprint in line with Chile's commitment to achieve net-zero emissions across all transport sectors by 2035.

Under the contract, Buses K Cuatro must also adhere to certain regulatory and service-related terms set by the MTT to ensure the quality and safety of the fleet is maintained.

There has been substantial interest in Latin America's public transport sector this year, particularly in Chile and Colombia. Back in August, Colombia's Financiera de Desarrollo Nacional (FDN)a loan worth US$98 million for investment in electric vehicles. This came just days after Bogotá's public transport system, TransMilenio, inaugurated a special purpose trust totalling US$734 million for the maintenance of its operations. Last December, Australian investor AMP Capital secured financing to acquire electric bus projects and concessions located in Bogotá and Santiago.

Founded in 1990, Santiago-based Kaufmann is one of Chile's leading transport companies and is one of the country's main distributors of Mercedez-Benz vehicles. Its portfolio comprises several vehicles. Including cars, buses, vans and trucks. The company has regional

subsidiaries located across Latin America, with its Divemotor brand covering Peru and its AutoStar counterpart operating in Nicaragua, Costa Rica and Panama.

Andes Motor is a car dealership company that markets a number of international car brands in Chile, such as Chinese lorry company Foton, Italian vehicle producer Iveco and UK car group MG.

For the public tender

Counsel to Grupo Kaufmann and Andes Motor

Barros & Errázuriz Abogados

Partners Francisco De La Barra, Tomás Kovacevic, Carola Trucco and Luis Alberto Letelier, counsel Magdalena Munita, director Daniela Peña, and associates María José Bordalí, Nicole Ubal, Jean Andre Petit, Camila Rubio, Joaquín Uauy, Valentina Villalobos and Paulina Eyzaguirre in Santiago

For the US$340 million loan deal

Counsel to Grupo Kaufmann and Infrabridge

Barros & Errázuriz Abogados

Partners Francisco De La Barra, Tomás Kovacevic, Carola Trucco and Luis Alberto Letelier, counsel Magdalena Munita, director Daniela Peña, and associates María José Bordalí, Nicole Ubal, Jean Andre Petit, Camila Rubio, Joaquín Uauy, Valentina Villalobos and Paulina Eyzaguirre in Santiago

Counsel to Suministradora de Buses K Cuatro, Kaufmann Inversiones and Infrabridge

In-house counsel to Grupo Kaufmann – Pamela Toro

Winston & Strawn LLP

Partner Talbert Navia in New York; partner Richard Puttré and associates Sabrina Rishmague and Javier Daza in Miami

Counsel to the International Finance Corporation (IFC), IDB Invest and Banco del Estado de Chile

Allen & Overy LLP

Partner Jillian Ashley and associates Eduardo Kappel and Sagarika Sridhar in New York; partner Jean Lee in Washington, DC

Carey

Partner Felipe Moro and associates Loreto Ribera, Victoria Alonso, Tomás Águila and Magdalena Menchaca in Santiago

For the US$250 million loan deal

Counsel to Andes Motor

Barros & Errázuriz Abogados

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