

INTERNATIONAL FINANCE LAW

Explain the role and function of each of the parties and documentation involved in setting up a transaction for the construction of a large £500 million hotel tower in Shanghai Pudon (the Glasgow Hyatt) on the basis of a series of different finance structures:

- 1. International syndicated loan over 20 years at 5% with lead bank and 10 syndicate banks**
- 2. A long 20 year bond issue fixed 5% with 500 bonds of £1 million each (autostrade)**
- 3. 10 year MTN programme rolling over twice with 1000 notes of £500,000 each**
- 4. 5 year euro note programme rolling over 4 times with 5000 notes of £100,000 each**
- 5. MOF with MTN programme up to £400 million (1000 notes of £400,000 each) and commercial papers programme up to £100 million (3, 6 and 9 paper tranches of £1 million each) and supporting credit line provided total borrowing does not exceed £500 million**
- 6. £500 million project finance using both a £400 million syndicated for land purchase and construction purposes and £100 million note issue for fitting out**
- 7. Securitization of 1000 separate market plots purchase by nominees over period of 3 years for land purchase purposes with SPV purchase for £100 million but with nominees having only paid £50,000 on dCh underlying plot**
- 8. Series of currency and interest rate swaps, futures and options to protect against currency and interest rate risk during construction period.**

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1. LOANS AND BONDS

SLIDE 3

(1) ISSUE AND SALE FORMALITY

(1) LOANS **Simple**

(2) BONDS **Complex**

(2) DOCUMENTATION COMPLEXITY

(1) LOANS **Single Agreement**

(2) BONDS **Multiple Documentation**

(3) TRANSFERABILITY

(1) LOANS **Limited**

(2) BONDS **Inherently Negotiable**

(4) CREDIT CONTROL

(1) LOANS **Significant**

(2) BONDS **Limited**

(5) DEFAULT AND RECOVERY

(1) LOANS **Credit Risk**

(2) BONDS **Sell-onss**