

# GREENLAND'S PORTS WEREN'T BUILT IN A DAY

(SIKUKI NUUK HARBOUR FINANCING)

AS GREENLAND CONTINUES TO DEVELOP, the availability of larger, modern ports is essential. The importance of the country's ports led to the foundation of Sikuki Nuuk Harbour A/S, which has as its purpose to construct, own, operate and develop harbour areas in Nuuk, crucial to the territory's ingress and egress of goods and services.

In 2015, Sikuki Nuuk Harbour A/S appointed us to advise on the financing of a new national port. We needed to create an unusual, and, in point of fact, innovative structure to make the transaction possible. We aimed to complete a "project financing" but infuse the structure with the terms and flexibility found in investment grade deals. We also had to do so within the jurisdiction of Greenland, which is not accustomed to intricate financing structures.

Greenland, because of its unique autonomy from the Kingdom of Denmark and its distinctive laws, which, for instance, do not have the concept of land ownership, was unfamiliar to investors and their counsel. An inability to take a security interest in the underlying property varied from most other jurisdictions, which resulted in intensive negotiations among the parties. The goal of these negotiations was for investors to acknowledge the company's need to operate beyond the project phase. We achieved this by giving investors the priority security interests that they needed, but with conditions that still allow the company to finance other assets to be used as part of the port and harbour project once it opens and business expands.

The transaction is comprised of three elements: notes, secured by mortgages on the buildings erected at the port; a collateral assignment of the lease between the company and the port's principal operator; and a security interest in certain cranes. Although Sikuki Nuuk Harbour A/S is owned by the Government of Greenland, the transaction was completed without a government guarantee.