

TITULO: Three firms in La Araucana debt restructuring in Chile				
Nº	FECHA	MEDIO	SECCIÓN	PÁGINA
214668	2018-03-28	Latinlawyer.com	On Line	SP

Imagen 1/1

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28 March 2018



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Chilean social security fund administrator Caja de Compensación La Araucana has hired [Guerrero Olivos](#) and [Nelson Contador & Cía](#) to carry out an amendment to a landmark debt restructuring agreed two years ago.

La Araucana's debt pile is thought to amount to some US\$600 million.

[Garrigues \(Chile\)](#) advised Banco de Chile and Banco Santander Chile as trustees and representatives of the creditors. The creditors, the majority of which are bondholders, accepted the amendment on 13 February.

[Guerrero Olivos](#) advised on corporate matters and [Nelson Contador](#) on insolvency law.

La Araucana's debt restructuring was approved in 2016 after the company defaulted on a US\$68 million bank loan in 2015. The agreement marked Chile's largest debt restructuring since the government updated its insolvency legislation in 2014 and restructured some US\$620 million worth of debt. [Nelson Contador](#) advised La Araucana and [Morales & Besa](#) worked with the creditors.

The amendment establishes two new tranches for La Araucana's payments to creditors. Almost 80% of the credit is subject to tranche one, maturing on 27 March 2024 and paid quarterly at a 7.75% interest rate. Almost 10% of the credit will be paid back in stages from 2018 and 2023 and the remaining 90% will be paid on the maturity date.

Some 21% of La Araucana's credit is subject to tranche two, maturing on 27 March 2024 and paid quarterly at a 6% interest rate. Some 22% of the credit will be paid back between 2018 and 2023 followed by the remaining 78%, to be paid on maturity date.

The amendment also sets out for La Araucana to sell non-core assets, the proceeds of which will fund the company's operations.

The deal is [shortlisted](#) for the Deal of the Year in restructuring.

Counsel to La Araucana

In-house counsel - Regina Clark

[Guerrero Olivos](#)

Partner [Juan Enrique Allard](#) and counsel [Miguel Coddou](#)

[Nelson Contador & Cía](#)

Partners [Nelson Contador](#) and [Luis Felipe Castañeda](#) and associate [Juan Cristóbal Pino](#)

Counsel to Banco de Chile and Banco Santander Chile and the creditors

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Practice area : Restructuring & insolvency
Country : Chile
Industry : Banking and Financial Services