



agentis
CAPITAL

CFA Victoria

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“Canada aspires to be a leader in public-private partnerships.”

- Finance Minister Jim Flaherty

1. What are PPPs
2. Investment Characteristics
3. Canadian Marketplace
4. Access to PPPs

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What are PPPs

is it new?

- Form of public infrastructure procurement
- 10-20% of infrastructure spending
- Global model
 - UK, Aus, Europe, Singapore, Canada

EXAMPLES



VANCOUVER
AMBULATORY
CARE CENTRE



KELOWNA AND
VERNON
HOSPITALS



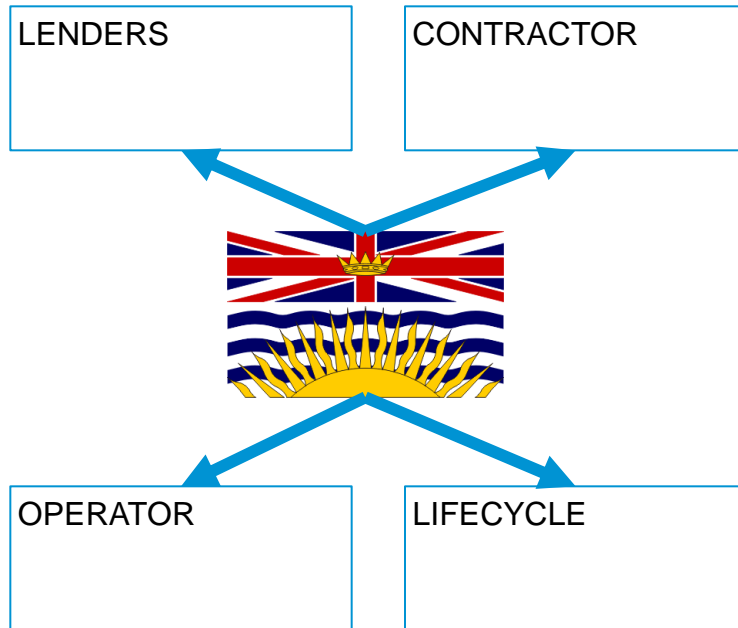
SEA TO
SKY
HIGHWAY



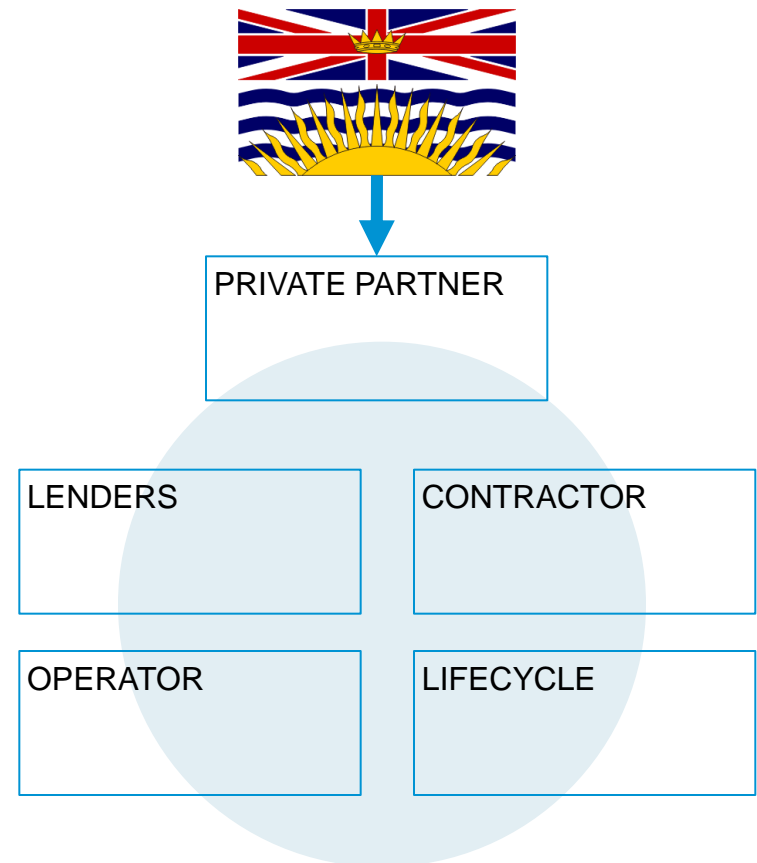
ABBOTSFORD
REGIONAL
HOSPITAL

What are PPPs

why do they work?



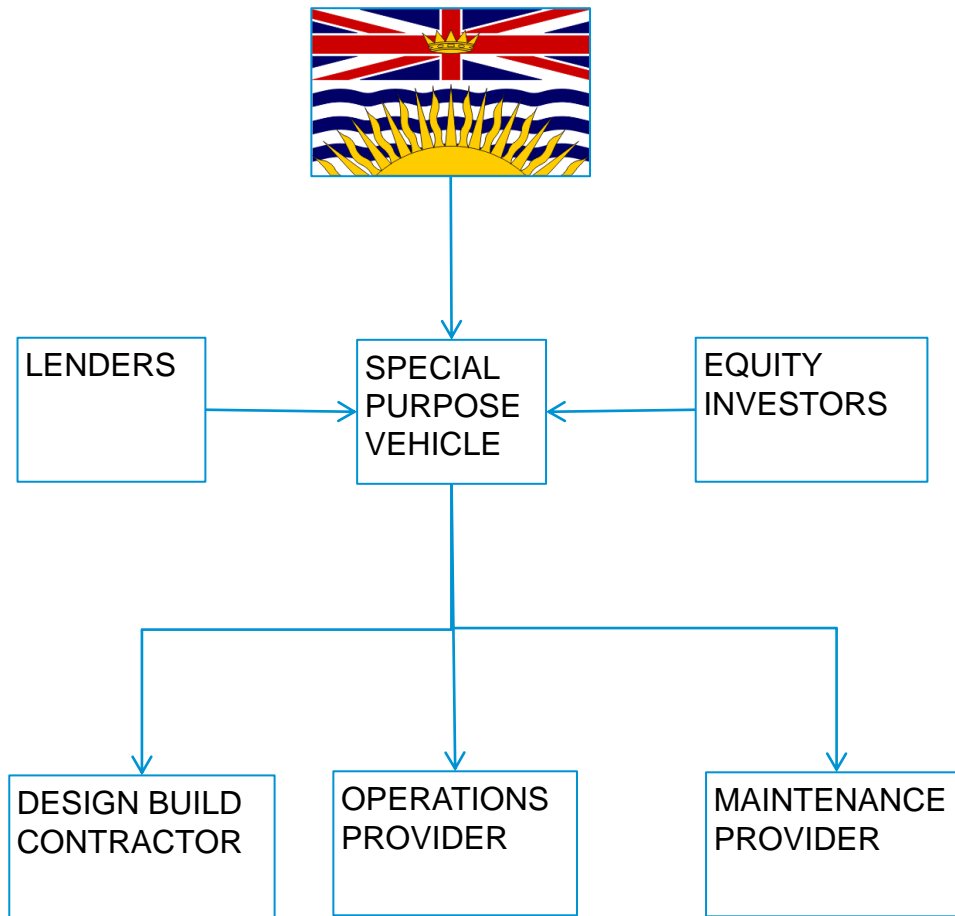
- 'Traditional' approach
- Public retains significant risk



- PPP approach
- Public achieves significant risk transfer

What are PPPs

where is the risk?



- Equity Risk
 - Subcontractor default
 - SPV costs
 - Contract management
 - Well-known & understood
- Reward
 - “Availability” payment
 - Often indexed to inflation
 - 30-year period
 - Subject to performance

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Investment Characteristics

Infrastructure Return Spectrum

RISK SPECTRUM

LOW

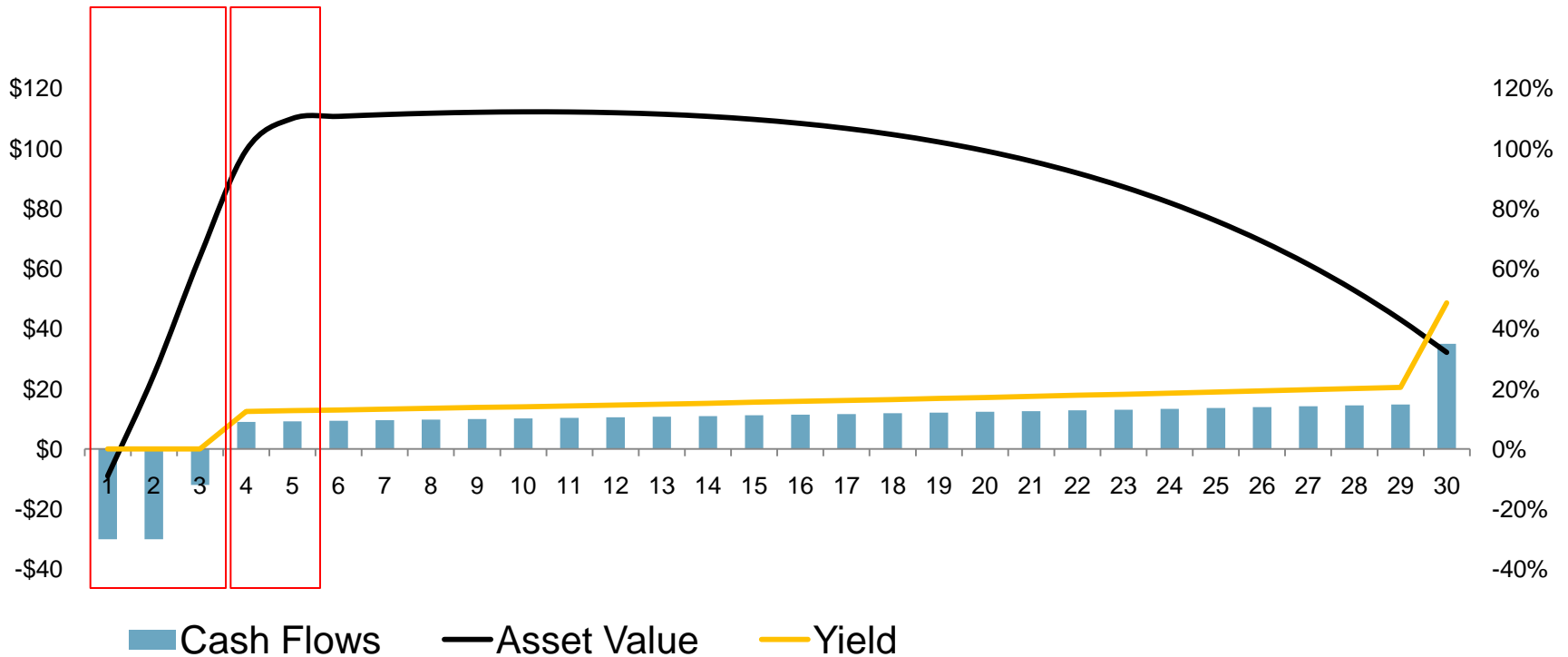
HIGH

CLASS	AVAILABILITY PPP	REGULATORY	VOLUME BASED	MARKET
OPERATING RISKS	<ul style="list-style-type: none"> Operating costs Performance 	<ul style="list-style-type: none"> Regulatory risk Some volume risk 	<ul style="list-style-type: none"> Volume risk Some price risk 	<ul style="list-style-type: none"> Volume + price risk
EXAMPLES	 <ul style="list-style-type: none"> Hospitals Schools Prisons 	 <ul style="list-style-type: none"> Transmission Renewable energy 	 <ul style="list-style-type: none"> Toll roads Airports 	 <ul style="list-style-type: none"> Car parks Service stations

Investment Characteristics

Cash Flow & Yield Profile

- Phase I: Design & Construction
- Phase II: Operational Ramp-up
- Phase III: Operational Maturity



Investment Characteristics

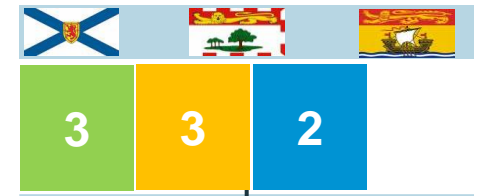
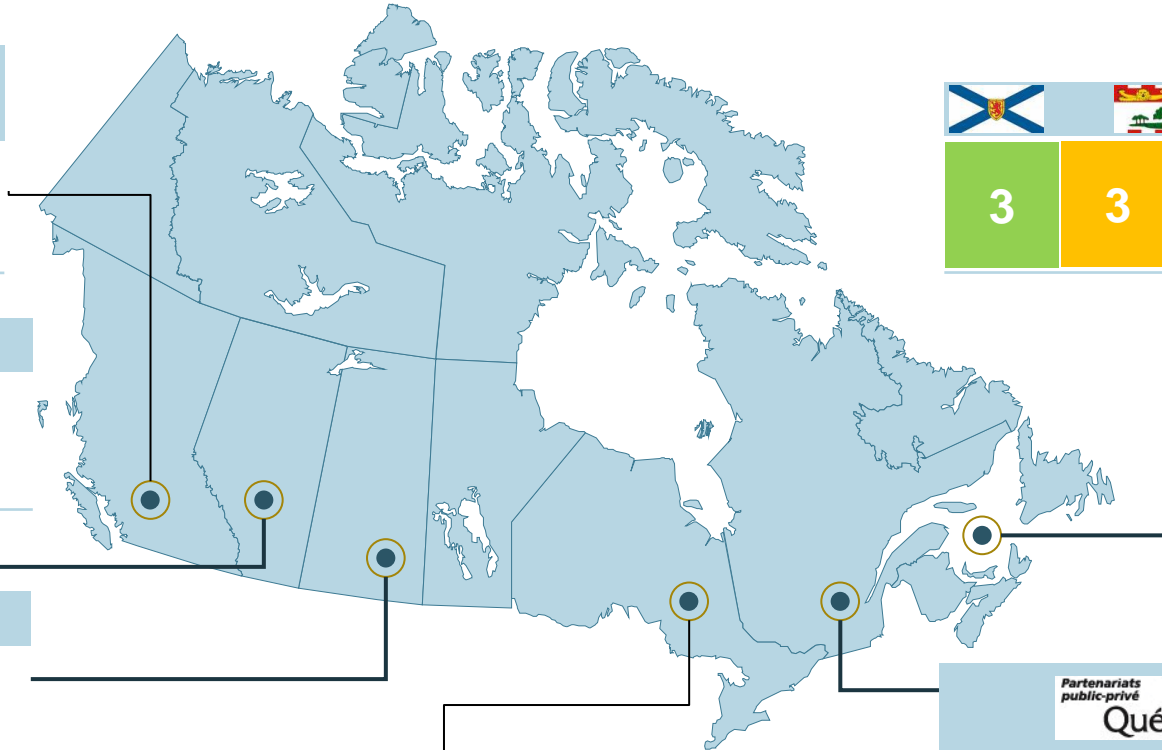
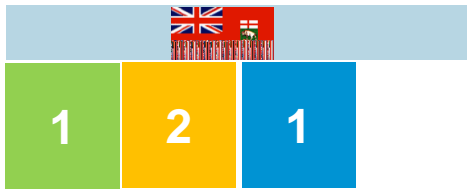
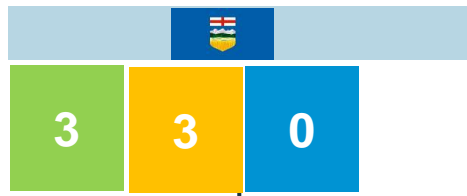
Discount Rates

	International Public Partnerships (LSE: INPP)	HSBC Infrastructure Specialist Fund (LSE: HICL)	Bilfinger Berger AG (ETR: GB)
Description	<ul style="list-style-type: none"> London-listed PPP fund, formerly Babcock and Brown 51 PPP projects 	<ul style="list-style-type: none"> London-listed PPP fund 31 operational PPP projects; 1 in construction 	<ul style="list-style-type: none"> Germany-HQ'd global construction company 18 operational PPP projects; 9 in construction
Risk Premia (over risk free rate)	<p>Operational Stage:</p> <ul style="list-style-type: none"> 3.03% (range: 1.95% - 4.95%) <p>Construction Stage:</p> <ul style="list-style-type: none"> 5.91% (range: 2.45% - 9.53%) 	<p>Operational Stage:</p> <ul style="list-style-type: none"> 4.4% (3.3% in Sep 2008) <p>Construction Stage:</p> <ul style="list-style-type: none"> 6.9% 	<p>Operational Stage:</p> <ul style="list-style-type: none"> 2.0% - 3.0% <p>Operation Start up:</p> <ul style="list-style-type: none"> 2.0% <p>Construction Stage:</p> <ul style="list-style-type: none"> 5.0% - 6.0%
NAV	£420 million	£510 million; generally trades at a premium	€202 million; 10.2% weighted avg. discount rate

- **Low Beta**
 - Availability-style transactions
 - Government counter-party risk
 - Subcontractor default
- **Long term, stable cash flows**
 - Up to 30 years
 - Some have inflation protection
- **IRR Compression**
 - Provides significant value to early-stage investors

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Canadian PPP Market Overview by Province



Note: Only includes availability PPPs

Canadian PPP Market

Projects in procurement

PROJECT	PROVINCE
Interior Heart and Surgical Centre	BC
Surrey Pretrial Services Centre Expansion	BC
Evergreen Line	BC
CRD Core Area & West Shore Wastewater Treatment	BC
Halton Healthcare Services (Oakville Hospital)	ON
Mental Health Centre Penetanguishene	ON
Quinte Consolidated Courthouse	ON
South West Detention Centre	ON
St. Joseph's Regional Mental Health Care	ON
Highway 407 East Extension Project	ON
Humber River Regional Hospital	ON
Sheppard East Light Rail Transit	ON
St. Thomas Consolidated Courthouse Project	ON
Toronto West Courthouse	ON
West Lincoln Memorial Hospital	ON
Montreal University Hospital Centre (CHUM)	QC
Sorel Tracy Detention Centre	QC
Maritime Radio Communications System	NB / NS / PEI

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- Pension funds
 - Investment vehicles
 - Direct investments
 - Small & medium size pension funds
- Unlisted funds
 - Sponsor funds
 - Money manager funds
- Construction funds
 - Canadian
 - Spanish
 - German

Access to PPPs

Retail Investors

- Canada
 - No pure play PPP exposure
 - Several retail funds focussed on broader infrastructure
 - Transaxio
- Global
 - UK

Conclusion

Investment Characteristics

Retail Investors

- Attractive asset
- Evolution and pipeline
- Access limited to HNW & institutional investors

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