Partnerships 2018 BOOK OF THE NIGHT



WELCOME

Welcome to the Partnerships Awards 2018.

Now in its 20th year, the Awards continue to be a bellwether for the PPP industry. Despite the increasingly negative view being formed of the PPP model in the UK by politicians, the media and the wider public, this event in the capital offers a clear demonstration of the good that can come from the public and private sectors working together for a common goal.

This is the first year in which entries for Asia Pacific projects and teams have been stripped from the London Awards, thanks to the huge success of our inaugural PPP Awards held in Sydney last November.

But back to tonight. We have once again seen projects come in from across Europe, the Middle East and Africa, bringing with them new examples of financing and delivering projects in ways that are pushing the market forward to create new norms for the industry to follow.

As ever, we would like to thank our judging panel for their continued commitment to highlighting projects and organisations that are at the cutting edge of the PPP world, and a special thank you must go to our Head Judges for once again giving up their time to deliberate on the final outcome.

And there was plenty of deliberating to be done. There were ties in several categories, with often little to choose between the different candidates.

The Awards are all about pushing the envelope of PPP and being at the forefront of developing and improving market practice. So tonight's winners won't always be the biggest company, with the largest global reach. The key question for our judges is always not how many deals a company has done, but what is the quality of those deals and where has there been true innovation.

Finally, thank you to all our sponsors for their continued support, and congratulations to all tonight's finalists and especially the winners. Enjoy your evening!

Paul Jarvis Managing Editor – Partnerships Bulletin





HEAD JUDGES



Barry White Chief Executive, Transport for the North



Darryl Murphy Partner, Aviva Investors



Dr Sue O'Connell Executive Director, Community Health Partnerships



Matthew Vickerstaff Head of Project Finance, IPA



James Stewart Vice Chair, KPMG in the UK



Jason Radford Partner, Ashurst



Marcos Martínez Garcia Senior PPP Specialist, EBRD



Sean Cook Head of Infrastructure Origination (UK & Ireland), NORD/LB



HEAD JUDGES



Michael Woodhead Chief Executive, HCP Social Infrastructure



Robert Marr Director, Infrastructure and Project Finance, Artelia



Russell Dallas Manager, Infrastructure & Investment Solutions, Mott Macdonald



Graham Thomson Chief Executive Officer, Affinitext



Dan Rudley Deputy Director, Private Finance, Education & Skills Funding Agency



Gary McCarthy Director, WSP



Paul Smith Partner, CMS Cameron McKenna Nabarro Olswang



Paul Nash Partner, Global Head of Infrastructure, DIF





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BEST TRANSPORT PROJECT



Gold Award Madagascar Airports Concession

This 28-year concession covers the two largest airports in Madagascar: Ivato, the capital city airport, and Nosy Be. It is the first standard airport concession to be completed in sub-Saharan Africa where the upfront capital expenditure obligations are included under the concession, as practiced in the rest of the world. As one of the 10 lowest GDP per capita countries in the world, reaching financial close on a standard, non-recourse €205m private financing facility on a project with traffic risk demonstrates the ability to get deals away in a range of territories, provided they are structured correctly. The project has triggered a full modernisation of the air transport sector, including a bilateral agreement with the UAE and the modernisation of the national carrier.

The judges felt that this project stood out from the crowd due to its success in reaching financial close in one of the most economically challenged locations anywhere in the world. They were impressed with the ability to structure a bankable project in such conditions and marked it out as a role model for other nations to follow when considering PPP deals.



Silver Award Rock Rail South Western

The judges commended the innovative approach used to deliver this rolling stock project and welcomed its ability to deliver improved value compared to past schemes. They also appreciated the success in bringing institutional investment into the sector.

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EQUITY FUND MANAGER OF THE YEAR



Gold Award InfraRed Capital Partners

Applying over 20 years of infrastructure investing to the broader infrastructure market, InfraRed made its first investments in several new markets and sectors over the course of 2017. Among these were its first demand-based assets, such as High Speed 1 in the UK; its first transmission project, through the UK's OFTO programme; and its first Combined Cycle Gas Turbine (CCGT) plant in Mexico. Over the course of the last year, the fund manager has successfully led the industry in a number of areas, particularly in resolving operational PPP issues, such as construction defects that have arisen on historic schemes and preparing for and then dealing with the fallout of the collapse of Carillion.

InfraRed's strong examples of developing new markets and its clear commitment to responsible investment impressed the judges. They also welcomed the entry's demonstration of how InfraRed has helped to drive the market forward with new approaches to financing in different parts of the world.



BEST FINANCIAL STRUCTURE – SOCIAL INFRASTRUCTURE



Gold Award Izmir Bayrakli Hospital

A landmark project in the Turkish government's massive hospital investment programme, the Izmir Bayrakli Hospital PPP Project brings together international financial institutions and international commercial banks to lend on similar terms. It is the first healthcare PPP project financing in Turkey to involve co-financing by OPIC and EDC, as well as being the first in Turkey to include lending in different currencies. The financing brought together US originated US dollar financing and Europe originated euro financing into one currency euro financing. In order to optimise pricing, the European Bank for Reconstruction and Development (EBRD) is providing a fixed interest rate euro loan, while the remaining loans have a floating rate. Despite facing challenging times – including an attempted coup and Turkey's credit rating downgrade – the financing package was concluded, demonstrating the robustness and bankability of the agreement.

The judges considered this to be a great solution to a difficult situation. They were particularly impressed by its use of a multi-currency arrangement and recognised that there had been significant risk management and appropriate apportionment of risks.



Silver Award Ikitelli Hospital

The judges were impressed with the level of innovation accomplished in the deal, as well as its ability to reach financial close in difficult political and financial times. Not only did the judges welcome the ability to bring in a Japanese lender, they also praised the knock-on impact that the financing approach had on the delivery of the deal.

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LEGAL ADVISER OF THE YEAR



HERBERT SMITH FREEHILLS

Gold Award Herbert Smith Freehills

One of the leading legal advisers on PPP anywhere in the world, Herbert Smith Freehills once again demonstrated its role in the market in 2017 by working on a number of cutting edge, complex transactions. Its deals have ranged from road and rail projects to water and solar schemes, across the UK, Continental Europe, the Middle East and other emerging markets. The diversity of its work is demonstrated in some of its landmark deals, such as the first project to reach financial close under Russia's federal PPP transport project programme – the Moscow central ringroad – and the complex restructuring of the Manchester Waste PFI deal in the UK. One is a trailblazer that could open up a new PPP market, while the other is dealing with a long signed deal in one of the pioneering PPP countries.

Described by the judges as a global force in the PPP world, Herbert Smith Freehills impressed with its ability to successfully work on multi-faceted contracts, including some of the most complex in the market.



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Silver Award CMS Cameron McKenna Nabarro Olswang

The judges considered CMS to be one of the key players in the market in 2017, with an impressive range of sector and international activity. They also welcomed its clear evidence of good client engagement and relationships demonstrated in the entry.

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BEST UTILITIES PROJECT



Gold Award Kigali Bulk Water Supply

Under this agreement, the private partner is responsible for the design, financing, construction and operation of the bulk water facility, while the Rwandan government is taking the demand risk. This risk has been mitigated in several ways through the contract, for example through a demand assessment carried out to ensure the plant was the right size for the needs it was to cater for. A Ministry of Finance guarantee was provided as a backstop to the relatively new water utility's payment obligations. It has proved a trailblazing project, with other countries in the region already having shown interest in learning from the experience.

The judges recognised this project as a breakthrough deal that encourages investors into new markets. They praised the work of the IFC in getting the risk allocation right for the complex deal.



DEBT PROVIDER OF THE YEAR



Gold Award Nord/LB

Nord/LB closed 12 PPP transactions as MLA or Sole Arranger in 2017 across a diverse range of sectors and jurisdictions. It has continued to demonstrate leadership in the global PPP market, bringing new approaches to the table, such as the use of its Luxembourg covered bond pool, investing in OECD PPP assets to provide a pool of long-term liquidity. This was used on the Berresgasse campus project in Vienna, which as only the second PPP to close in the city also required a new contractual framework to be developed to meet the tight timeframe set by the authority. Nord's model is driven by an ambition to maintain strong relationships, as demonstrated by its continued engagement with the Scottish Futures Trust and other participants on the Hub programme.

Nord's drive for new business and willingness to genuinely seek alternative solutions to financing projects were praised by the judges, who considered the bank to be in-tune with the current market and therefore the stand-out debt provider in the PPP industry.

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BEST SOCIAL INFRASTRUCTURE PROJECT



Gold Award Dalbeattie Learning Campus

Dumfries & Galloway Council (DGC) procured the project through the Hub South West partnering agreement, providing one 'whole of life' learning campus to replace Dalbeattie's existing nursery, primary and secondary schools. Early funder and supplier engagement facilitated a regular review through a combined risk register, allowing for items to be addressed early, and thereby streamlining the financial close process. Agile and flexible learning has been delivered in this facility as well as versatility and multi-use of space to ensure it is well utilised. Classrooms are smaller but smarter in terms of fit-out, with access to extended social and flexible space. It has been designed to have layers of use for different ages of children and young people. The success of the partnership has been so effective that the brief, design development and final design solution have acted as the template for the much larger and more complex Dumfries Learning Town initiative.

The judges saw this project as an important example of a new approach to traditional school building and welcomed the strong evidence of community engagement that was included in the entry.



Silver Award West Calder High School

The judges were impressed with this project as another example of a new approach to the educational concept, and the way in which that was reflected in the design and delivery of the building. They also recognised the strong community benefits that the project has provided.



SPONSOR/DEVELOPER OF THE YEAR



Gold Award Hub South East Scotland

In 2017, Hub South East Scotland managed the construction of three projects, including the £68.9m East Lothian Community Hospital, which was the largest Scottish Hub design-build-finance-maintain project to reach financial close. It also managed the development phase of three more schemes, including the £95.8m Royal Edinburgh Campus Phase 2 project. A further four projects' concession phases were also managed by the entity. Through its strong relationship with both supply chain partners and client, the organisation has been able to drive down costs and has shown the benefit of a long-term partnering arrangement. As well as driving the partnership agenda, Hub South East has also led the way in its low carbon approach, which it sees as becoming a benchmark for future design in Scotland.

The judges were impressed with the excellent delivery of programme and partnership models and recognised Hub South East as having created an efficient, powerful and connected procurement vehicle that demonstrates how a successful partnership can deliver positive results. They also welcomed the large number of public sector endorsements and testimonies in the organisation's entry.



BEST FINANCIAL STRUCTURE – TRANSPORT







Silver Award D4/R7 Highway

Praised for its creative approach to making this project bankable, the judges felt that this scheme should be commended for its delivery of a solution that best utilised the sources of funding available. They were pleased to see a scheme showing that projects can reach financial close even in a market that has a limited and not always successful track record.

Gold Award Rock Rail South Western

This rolling stock project developed a funding platform that allows a large group of institutional debt investors to invest alongside each other on a club basis. The approach has brought new investment opportunities to the rolling stock sector and offers a potential model for other sectors to bring in more institutional investment in the future. Building on the experience in smaller rolling stock deals, the project involves a long-term alignment of interests between the franchise operator, the Department for Transport, the manufacturer, debt and equity investors and Rock Rail. As sponsor and equity participant, Rock Rail has a vested interest in the deal beyond closure, extending throughout the life of the trains and ensuring an alignment of interests with the funders and co-equity investors. Requiring £1bn, the lending group comprised nine institutions providing long-term fixed rate debt, resulting in the largest unwrapped, unrated private placement ever in the UK greenfield infrastructure space.

The judges welcomed the creation of an alternative way to invest and recognised the approach as a potential disrupter in the market, helping to drive forward both the rolling stock and wider PPP industry. They described the approach as providing the optimal solution for all stakeholders.



INDIVIDUAL CONTRIBUTION OF THE YEAR



Darryl Murphy, head of infrastructure debt, Aviva Investors

With over 22 years' experience in infrastructure financing, Darryl Murphy joined Aviva Investors from KPMG in April 2017. Since then, he has continued to be a strong presence in the PPP industry and is widely regarded as an important voice in getting the message on PPP across to those outside the market. Murphy had been at KPMG since 2010, before which he was European head of project finance at HSBC for three years. Prior to that, he worked at RBC Capital Markets, CIT and Societe Generale, having begun his career at Hambros. In his current role, he is responsible for origination, structuring and execution of new infrastructure debt transactions.

The Head Judges agreed that Murphy has acted as a strong spokesperson for the PPP market in recent times, a role that he has continued to pursue since moving to Aviva. With a background that has covered all the bases in PPP financing, and having been involved in the UK PPP market from the early days, he has been well-equipped to counter the negativity from both the media and politicians. In a continuing climate of hostility towards PPPs in the UK, Murphy's ability to explain the benefits of the model to a wider audience has been vital.



SPV MANAGEMENT COMPANY OF THE YEAR



Gold Award

Appointed by three separate investors to manage a further 12 PPP projects during 2017, HCP initiated Change Management Programmes including cost-saving plans to benefit the public sector. It proactively resolved long-standing, previously intractable, issues successfully in challenging timescales. Its drive to deliver best value has meant proactively managing its contracts and undertaking workshops to identify cost pressures and finding joint approaches to tackle inefficiencies. As well as changing behaviours and improving best practice within SPVs, HCP has also had an eye on environmental performance and has created a novel solution to a request for help from the Cleveland Tactical Training Centre. This has resulted in a major response across a large number of PPP projects (including ones not managed by HCP) involving the coordinated reuse of discarded doors. HCP is committed to finding more schemes in 2018 between public and private sector establishments beyond that of their own projects. The aim being to encourage partnership, find suitable initiatives that combine cost savings with environmentally innovative solutions, and prompt positive stories of success in the public's perception of PPP projects.

The judges were enthusiastic about HCP's commitment to improving performance and its effort to include the local community and to promote the PPP model. They were also impressed with the number and breadth of testimonials provided by HCP to support its assertions.







Largs Learning Campus





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BEST HEALTHCARE PROJECT



Gold Award Gaziantep Integrated Health Campus

Located very close to the Syrian border, the city of Gaziantep has one of the highest in-migration rates in Turkey, and has experienced a significant influx of refugees displaced by the conflict in Syria. The hospital complex has been specifically designed for ease of access, with new link roads being constructed to cater for the anticipated increase in traffic flows. The site is located close to the local airport, and additional infrastructure such as water and electricity is included as part of the overall local area development. Despite not being required under Turkish regulations, the sponsors carried out a comprehensive Environmental and Social Impact Assessment – thus introducing international best practice into the local PPP market. The project is notable for being the first in the pipeline to involve Korean investment, both in the form of Samsung C&T as lead sponsor, and through the involvement of export credit agencies Korea Exim Bank (KEXIM) and Korea Trade Insurance Company (K-Sure).

The judges praised the ability of the parties to reach financial close on this deal during the difficult political and economic environment in the country at the time. They welcomed clear and effective transfer of appropriate risks in the deal.



Silver Award Orkney New Hospital and Healthcare Facilities

The judges felt this project deserved recognition for the important social value that the project has added to the community. They also praised the unusual financing arrangements that were required as it became a 'hybrid' PPP-public investment scheme.



TECHNICAL ADVISER OF THE YEAR



Gold Award Mott MacDonald

Mott MacDonald insists that every one of its projects must identify and focus on sustainability as a core objective, working with stakeholders to ensure that it promotes the greatest possible economic and social well-being. In 2017, the firm was at the heart of a number of groundbreaking transactions and developments, having worked on 164 partnership projects in 26 EMEA countries. Among its efforts to promote and improve the partnership model, Mott MacDonald is the only transaction adviser sitting on the Sustainable Infrastructure Foundation's International Infrastructure Support System's strategic committee, to review and improve sector-focused templates for the development of infrastructure projects. In 2017, its PPP specialists reviewed the World Bank's Draft Consultation on Contractual Provisions in PPPs 2016, while the firm also provided advice to the EBRD's Infrastructure Preparation Facility.

Its strong experience and good sense of spreading best practice across the PPP industry was heralded by the judges as making Mott MacDonald stand out from the crowd. They were also impressed by the testimonials provided on some of the key contracts that the firm was involved in over 2017.



BEST OPERATIONAL PROJECT



Gold Award The Swarcliffe Estate Project

A transformative scheme to redevelop the 1950s estate and deliver a modern estate that would help to narrow the gap between the more affluent and poorer parts of Leeds. Having signed in 2005, the project has helped Swarcliffe become an extremely popular area of Leeds, with more than 300 bids on each council house which becomes available for rent and an average waiting time of 18 months. When houses are put up for sale, they usually sell within one week. The partnership is delivering a range of community services and benefits that go above and beyond the strict requirements of the contract, such as enabling young offenders to undertake community work and holding volunteer days that help maintain a sense of community within the estate.

The judges were impressed with the testimonies provided and recognised that the project has become an example of how regeneration can be delivered in a way that enhances an area for everyone, improving the lives of those that live there.



Silver Award Cleveland and Durham Police Tactical Training Centre

The judges appreciated the project's collaborative working approach on a project that often needs to react quickly to a changing environment and different operational needs. They felt the scheme showed how partners can successfully provide flexibility within a long-term contract.

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FINANCIAL ADVISER OF THE YEAR

OPERIS

Gold Award Operis

Operis has delivered consistent success in a difficult climate: in a year that has seen fewer primary PPP deals reaching financial close than normal, Operis has advised clients across a range of sectors and geographies including on the new generation of road PPPs in Norway. Its deep understanding of the market has allowed it to advise on a number of complex deals and has also worked on some of the most innovative projects coming to market. Operis was considered instrumental in developing the funding model for the Rock Rail rolling stock deal – an important scheme in bringing new investors into this market. Through its analytical work and funding market knowledge, Operis has been able to drive the evolution of PPP across a range of markets and sectors.

While the judges recognised that Operis may not have had as diverse a portfolio as others in this category, they nevertheless were impressed by the quality and depth of knowledge demonstrated in their deals. They welcomed the "impactful" testimonials that demonstrated the ongoing positive relationship that Operis has developed with its clients.



Silver Award

The judges were impressed with QMPF's clear examples of innovative approaches that have been implemented to deliver projects and address external challenges. They also welcomed the team's ability to react to the changing needs of the PPP market, suggesting its nimble approach could offer an example to others across the world.

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BEST FINANCIAL STRUCTURE – UTILITIES



Gold Award Grand Est FFTH

A 35-year concession contract for the design, build, operate and finance of a fibre to the home (FTTH) network, this deal is the largest of its type to reach financial close in Europe. The network roll-out covering 1,006,964 fibre optic connections in 3,427 municipalities is expected to last up to six years. It will generate revenues from wholesaling capacity over the FTTH network to local and national internet/ telephone/TV/other service providers on the basis of the number of subscribers. The project will bear demand risk, primarily ramp-up risk as revenue generation will depend on the pace at which end customers will switch from copper internet access to fibre broadband internet access. The long construction period and corresponding drawdown period, which entails staged deliveries, requires a financial structure that accommodates for the fact that the network is commercialised from year two and that therefore revenues are earned during the construction period and may be used to partially finance the investment costs.

The judges recognised the deal to be a landmark across Europe in terms of its ability to develop a financial structure that allowed such a large deal to be delivered in a relatively new sector. They hailed it as being at the forefront of developing a new market, setting a useful precedent for future deals.



PUBLIC SECTOR TEAM OF THE YEAR



Gold Award University of Hull

Since August 2016, the university has been working with UPP to deliver over 1,400 new bedrooms comprising nine accommodation blocks. The team at the university behind the project was considered to be "amazingly cohesive" by those that worked with them and were found to be highly effective at making sure they provided the attention to detail that is required in a major complex project such as this. The private partners also praised the team for its willingness to recognise that appropriate risk transfer across the project is a critical factor in ensuring the best outcome, not only in terms of the final buildings, but also regarding the overall cost of the deal. The partner was also impressed with the way in which the university's leadership team helped drive the project forward and ensured that members of the team with little or no experience of a PPP scheme were helped through the procurement, furthering their professional development in the process.

The judges welcomed the impressive and powerful testimonies from the private sector parties involved in the project, who offered a clear explanation of the university team's mature approach to contract negotiation and management. They praised the team's ability to develop a way of working that was in the best interests of the long-term nature of the contract.





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GRAND PRIX



Kigali Bulk Water Supply

The Government of Rwanda's Water & Sanitation Corporation (WASAC), with support from the IFC as lead transaction adviser, have structured a project to deliver the first bulk surface water supply PPP in sub-Saharan Africa. With capacity limited within Kigali's public water utility – both in terms of developing and implementing the PPP and reforming the utility to ensure its long-term sustainability – the IFC mobilised funding from the World Bank's Public-Private Infrastructure Advisory Facility (PPIAF) to support capacity building for the national water utility and the water sector reform process that would help ensure the sustainability of the PPP. The result is a project that provides a working model of a well-structured transaction for future projects in the region and demonstrates that bulk water supply PPPs can be a viable model for addressing water supply constraints in Africa.

The judges felt that this project stood out from the crowd thanks to its trailblazing nature and ability to act as a standard bearer for the PPP industry across emerging markets. They welcomed its success in encouraging investors into both new sectors and new parts of the world, as well as the high impact that the project has had on its community.

