

IPFA Training

Melbourne

Understanding Project Finance & PPPs Programme

Introduction to Project Finance for Australian PPP's covers everything from procurement, risk management (from government and private sector perspective) through to cashflows and finance structure.

Through discussion of project contractual structures, and risk management techniques used in Project Finance and PPP projects, participants will gain a comprehensive understanding of PPP procurement process and current trends, how risks are managed and allocated in a PPP project, the commercial structuring of PPPs, the role of the SPV and counterparties, and basic financial modelling principles and debt term sheets.

The course will be facilitated by Ian Greer and Martin Locke leading practitioners in the project finance market and will include detailed course materials, interactive discussions, working groups and case studies. Each delegate will also receive a certificate on satisfactory completion of the course, plus 18 CPD points.

The course is beneficial for a range of participants;

- ✓ Those new to the industry wanting an understanding of the overall process,
- ✓ Practitioners who have been involved in a specialist role and want to understand the broader aspects of the PPP process, and
- ✓ Experienced practitioners who are new to PPPs or seeking a refresh.

COURSE AGENDA

DAY 1

09.00 – 09.30 Introduction to Course

09.30 – 11.00 Understanding Project Finance

- Limited recourse and bankability
- The parties to a project finance and their counterparty risk
- An example Project Finance Structure
- Contract structure
- Typical finance structure components
- Due Diligence

11.00 – 11.15 Coffee Break

11.15 – 12.45 Understanding PPP

- Distinction between Funding and Financing
- Why use PPPs
- Distinction between Economic and Social Infrastructure
- Developing a Business Case
- Distinction between Economic and Financial Appraisal
- Value Capture

12.45 – 13.30 Lunch

IPFA Training

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13.30 – 15.00 Project Finance Risk Management tools

- Project Design and Construction
- Contract Risk allocation
- Capital structure – debt, subordinated debt, equity
- Debt Sizing and repayment profile
- Cashflow controls – waterfall, reserves, liquidity management
- Role of Insurance

15.00 – 15.15 Coffee Break

15.15 – 17.00 Risk

- Risk Allocation
- Impact of Collaborative Contracting
- Interface Risk
- Social Licence
- Case Studies

DAY 2

09.00 – 10.30 Cashflow Analysis

Using a report from a financial model, participants will review the cashflows and identify potential cashflow risks and the options for managing them. This is not a session on financial modelling.

- Reviewing the cashflows
- Interpreting the DSCR and other ratios
- Structuring Reserve Accounts

10.30 – 10.45 Coffee Break

10.45 – 12.30 Commercial Structuring Workshop

In this workshop delegates will be split into teams to review a contemporary case study and explore critical thinking around commercial structuring.

12.30 – 13.15 Lunch

13.15 – 14.45 Case Study – Traffic forecast

Using an actual traffic forecast groups will gain an introduction to the analysis of traffic risk and the confidence to question an expert report. Establishing your own base and downside cases with a view to managing this risk through finance.

14.45 – 15.00 Coffee Break

15.00 – 16.00 Public Procurement Process

- Public Sector Comparator
- Procurement strategy
- Market Soundings

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- Evaluation methodology
- Contract Management
- Procurement Case Studies

16.00 – 17.00 Host session

A recent case study or discussion of a current topical issue in the Australian Project Finance market

17.00 – 18.00 Drinks Reception

DAY 3

09.00 – 10.45 Case Study – Counterparty failure and replacement

This case study examines the consequences of a construction contractor that failed and its impact on the various project parties. We examine early warning signs and the ways this risk is managed in a typical project finance structure.

10.45 – 11.00 Coffee Break

11.00 – 12.30 Commercial Contracts

- Payment Mechanism
- Risk Protection
- Augmentation/Dealing with Contract Inflexibility
- Key Commercial Clauses
- Third Party Agreements/Interface Term Sheets
- Integrated Property Development Agreements

12.30 – 13.15 Lunch

13.15 – 15.00 Term Sheet Workshop

Using a Term Sheet, groups will gain an understanding of how project finance lending agreements are structured and the mechanics of the debt structure.

15.00 – 15.15 Coffee Break

15.15 – 16.30 Evolution of PPP

- Hybrid financing models
- State capital contributions
- Government SPV
- Concessional Finance
- Structured Market Engagement and Unsolicited Proposals

16.30 – 17.00 Wrap-up

Training Enquiries

Please contact IPFA's training team with any queries at training@ipfa.org.