

Linking Cities to Finance Financing Strategic Urban Infrastructure

Stadium Financing – Singapore Sports Hub PPP Project

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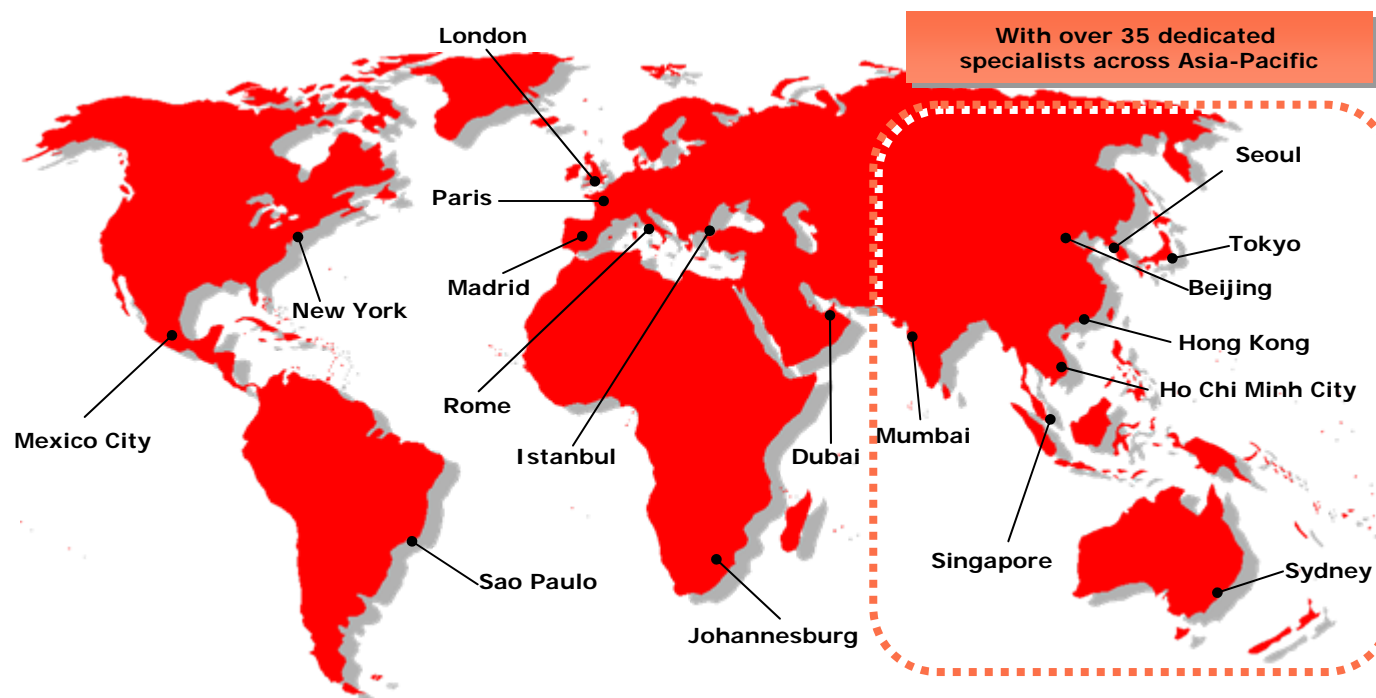
HSBC Project and Export Finance – Global Team

Strong global and Asian team

The global network of project and export finance professionals offers client access to:

- Deep local market knowledge
- Significant combined experience
- Innovative structuring and financing solutions

- Fully-integrated team in excess of 200 specialists with representatives located globally
- Our team delivers specialist advice in Asia through an experienced team of professionals with local and industry knowledge
- Execution centres are complemented by executives from representative offices in the respective countries of transaction, and build on the strength of the global HSBC network



HSBC – A Leading Project Finance Advisor and Arranger

Award-winning Project Finance team

Proven advisory and arranging capability in Asia and globally

Advisory Track Record

Currently advising US\$30bn+ projects, advised on >US\$10bn of Asian projects in 2007-9

Arranging Track Record

20 Asian project awards received in 2007 - 2009

- Leading project Finance Advisor and Arranger
 - Euromoney Best Project Finance House in Asia 2007, 2008 and 2009
 - The Banker, Most Innovative Bank in Project and Infrastructure Finance 2009
 - 7 project finance deal of the year awards 2008
- Extensive experience advising on large, complex projects
 - Including Fujian LNG, Chinese coal conversion projects, Thai petrochemical transaction, Singapore SportsHub
- As a leading Project Finance advisor and arranger, HSBC has worked with a large number of
 - Fund providers (banks, multilaterals, export-credit agencies)
 - Consultants / advisors / counsels
- We have strong balance sheet with proven capability to play lead underwriting role for Project Finance



HSBC – Active in PPPs in Asia and Globally

- HSBC was the financial advisor, equity investor and lender to the SportsHub Consortium. As financial advisor HSBC provided input on bid and financing strategy and structuring and raising the financing for the Project
- HSBC is active on PPP projects globally with PPP / Infrastructure teams in many locations including UK, France, America, Hong Kong, Singapore, Australia and Middle East
- Recent PPP Projects include:
 - US\$ 1.5bn M25 Road PPP Project – largest PPP project in the UK. Financial Close in 2009
 - US\$ 3.5bn PPP Desalination Plant, Victoria, Australia – largest water PPP in Australia. Financial Close in 2009
 - US\$ 280mn ITE College PPP, Singapore – first social /education PPP in Asia. Financial Close 2008
 - Basic Wing Course PPP, Singapore – first MoD PPP in Singapore. Financial Close, 2007
- HSBC has acted as financial advisor to Governments as well as private sector to successfully develop and finance PPP projects globally
- HSBC is also able to invest equity into PPP Projects via its HSBC Infrastructure Fund

The Sports Hub Vision

SSC's Vision for Sports in Singapore :

Fully Integrated Sports, Entertainment & Lifestyle Hub for Everyone in Singapore

Singapore Sports Council is the lead government agency responsible for sports promotion
– participation, excellence, industry

Objectives

1. Integrated Lifestyle Hub for World-Class Sports & Entertainment Events
2. Commercially Viable Business Model
3. National & Global Landmark



Desired outcomes

1. Thriving sports & entertainment ecosystem
2. Key driver for 'Sporting Singapore' vision
3. Platform for business partnerships
4. Preferred sports & entertainment destination
5. Urban regenerator of urban city area
6. Vibrant lifestyle hub with world-class customer service

SportsHub Facilities: Specified Requirements

1. National Stadium (55,000 capacity) - with Retractable Roof, International Federations Specs
2. Multi-Purpose Indoor Arena (3,000 capacity)
3. Aquatic Centre cum Water-Leisure facilities (6,000 capacity)
4. Water Sports Centre
5. Existing Singapore Indoor Stadium (11,000 capacity)
6. Office space for SSC & NSA's
7. Sports Information & Research Centre
8. Sport Medicine and Sports Science Centre
9. Commercial Retail Development (41,000 sqm)

Developing the Project as a Private Public Partnership

- Project tendered as a PPP where the bidders had to submit proposals to design build finance and operate the SportsHub over a 25 year concession period based on a desired output specification
- Government makes annual unitary payments which commence at operations and payments are linked to level of agreed service / availability parameters. Project also generated revenues from events / commercial activities.
- Allocation of risk under the concession contract based on international PPP precedents

Evaluation Criteria & Scoring

Appeal of sports, leisure, and entertainment programming	Ability of the Bidder to deliver an appropriate programming calendar, including proposed events programs and facility promotion
Functionality and Quality of Design	Design and technical evaluation, including program, deliverability, functionality and urban integration
Financial and Legal Appeal	Compliance with the PPP Contract drafted by SSC; financing of the construction program
Facility Management	Support service proposals for the management and operation of the facilities

*Price (NPV's & Cost Comparisons) were evaluated separately in conjunction with above criteria.

The Proposals

SSC issued the tender in early 2007 after prequalifying the bidders.

Three very different, exciting & innovative proposals

All three are fully compliant with SSC's requirements – both hardware (buildings) & software (sports programming & FM)



The Preferred Bidder: The Singapore Sports Hub Consortium

The Singapore SportsHub Consortium comprising HSBC Infrastructure Fund (major equity investor), Dragages (EPC Contractor), United Premas (Facilities Manager) and Global Spectrum (Stadium Operator) was selected to undertake the Project.

Financial close was delayed by the Global Financial Crisis which affected financial liquidity in all markets

Financing re-tendered end 2009, financial close achieved August 2010



Delivering the Financing

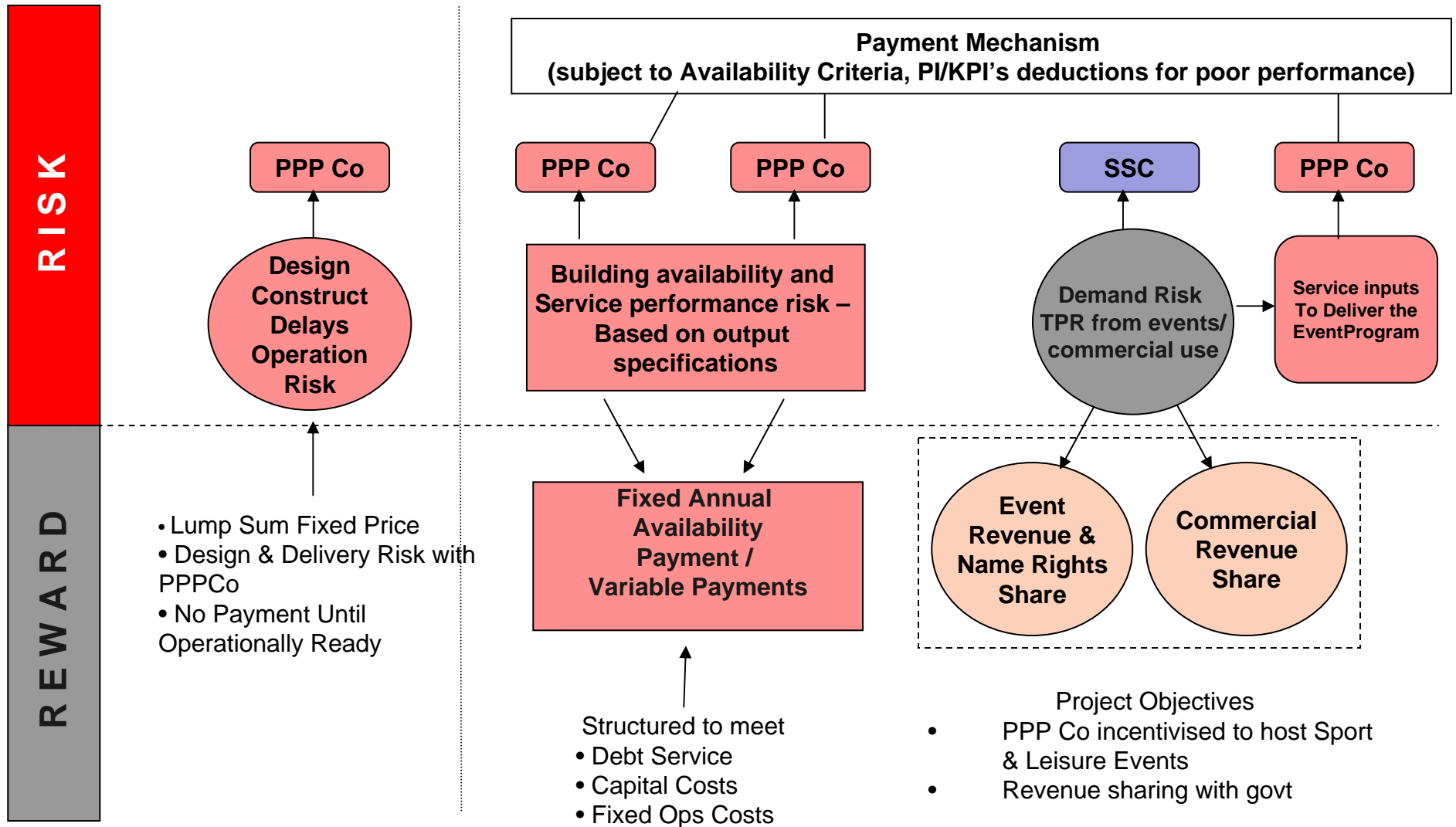
Challenges

- Mixed success of stadium financings globally
- An appropriate payment mechanism was key securing competitive long term financing
- Credentials of the consortium to be able to deliver the project according to the specified requirements on a long term basis
- Sensible contractual risk allocation between private sector and government to achieve a bankable contract
- Construction requirements – multi-facility site, stadium roof
- Mix of contractual arrangements - long term facilities management contracts, short term sports contracts
- Global Financial Crisis

Financing the Project

- Financing was raised in the Singapore banking market. Availability of long term financing in SGD bank market
- The \$1.8bn 10 year loan was provided by a club of 11 international and Singapore banks. The funding was raised on a circa 85:15 debt to equity ratio.
- The financing was structured on a limited recourse basis, based on the detailed output specifications, an agreed payment mechanism, and risk allocation based on international precedents acceptable in the banking market
- Consortium was financially credible with proven track record in their respective roles
- SSC commits to make an fixed annual payment once the SportsHub Project is operational and available to agreed parameters in accordance with the concession contract –this permitted financing long term financing to be raised
- Sponsors also incentivised to generate activities at the stadium and additional revenues via the payment mechanism
- SSC shared in the third party revenues generated by the SportsHub Project by way of a revenue sharing mechanism
- Dedicated government project team and advisors worked with the consortium and advisors to agree the concession contract

Risk Allocation & Payment Mechanism



Concluding Remarks

- The SportsHub Project is the largest PPP in Asia and largest sports and leisure PPP globally
- One of the few large infrastructure PPP projects conceived before the GFC which eventually achieved financial close post GFC
- The project will play a critical role in Singapore's wider strategy and visions for community and sports development
- A number of innovative features – inclusion of sports content and programming as part of the service delivery, sharing of third party revenue to ensure aligned objectives, financing developed to cater for post GFC financing conditions
- A number of proven features – use of international PPP contract precedents, risk allocation acceptable to banks and suited to private sector expertise / capabilities, dedicated project SSC team (credible advisors), output specification based in international precedents but tailored to project requirements and local conditions
- Strong support by the Government and SSC team, working closely with the Consortium, to deliver a successful project

Thank You

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