

**Concession project “Construction and operation in Almaty of 300-bed capacity
general hospital at Asfendiyarov Kazakh National Medical University”**

SECTION 1. General discussion



**PUBLIC PRIVATE PARTNERSHIP
ADVISORY CENTER**

Astana, 28 August 2015

Sections

Location of object

Preliminary project concept

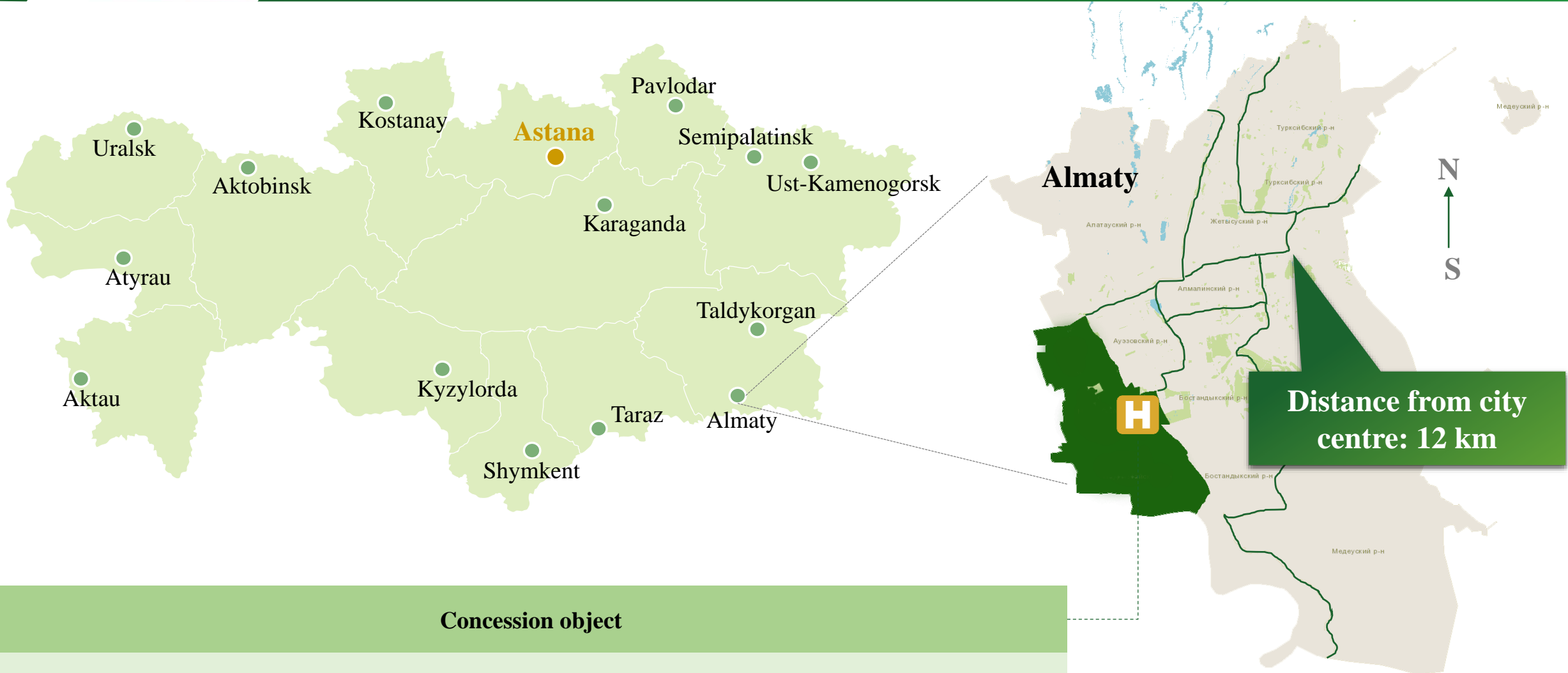
Organisational and legal structure

Payment mechanism

Preliminary cash flows – Construction stage

Preliminary cash flows – Operational stage

Location of object



Concession object

- The object is to be located in the Nauryzbayskiy district of Almaty
- The object consists of a 300-bed hospital and clinics that can handle 300 visits per day

Construction of flagship hospital and clinics on a concession basis

- An investor is invited to build the object, supply equipment, and provide technical maintenance
- The preliminary contract duration is 30 years
- Medical services in the hospital are to be provided by a state operator



Typical pack of other project agreements



- Financing agreement with shareholders
- Agreement with shareholders for the provision of subordinated debt



- Senior loan agreement
- Direct agreement

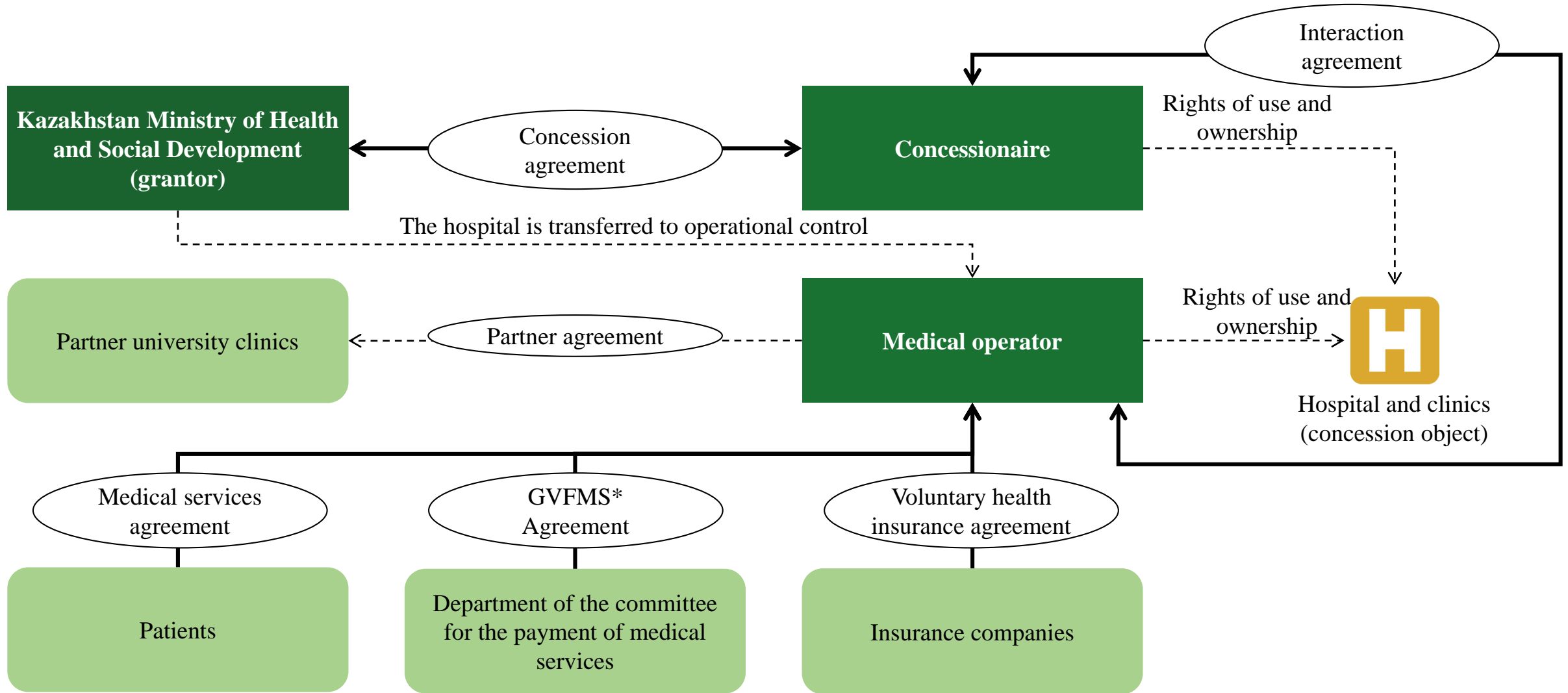


- EPC-contract
- Operation services contract

Legal aspects

- The project is carried out in accordance with the Kazakhstan Law “On Concessions”
- The concessionaire is to design, build and operate a 300-bed hospital and clinics with a capacity for 300 visits per day (concession object)
- The Kazakhstan Ministry of Health and Social Development (MHSD) acts as a grantor
- Upon the start of operation the object is transferred to the state. The concessionaire obtains rights of use and ownership until the end of concession period
- At the end of concession period the concessionaire shall return the object to the grantor in an appropriate condition
- The grantor shall provide a land plot for construction and shall pay an availability payment

Organisational and legal structure



Notes: * GVFMS – Guaranteed Volume of Free Medical Services



Availability payment



Compensation for investment costs



Concession management fee



Compensation of costs for the following services



The availability payment means that the concessionaire should be able to generate guaranteed annual revenue



Availability payment



Compensation for investment costs

Compensation for senior debt service costs

- Repayment of the principal
- Interest payments
- Bank fees
- Security bonds (bank guarantees)



Concession management fee

Compensation of concession object management costs to shareholders

- Repayment of the subordinated debt principal
- Interest payments on subordinated debt
- Shareholder's return on investment in the form of dividends



Availability payment



Compensation of costs for the following services

- **Hospital construction works, the supply and maintenance of medical equipment:**
 - The construction of the hospital
 - The supply of equipment
 - The redevelopment of nearby areas
 - The maintenance of medical equipment
 - Upgrading and replacing medical equipment
- **Utility services:**
 - The maintenance of electricity, water, heat, lighting, air conditioning, IT systems
 - General cleaning services, sanitation
 - The cleaning of nearby areas
 - Waste disposal, medical waste disposal
- **Maintenance services:**
 - Maintenance of the building, technical equipment, elevators
 - Maintenance of the medical gas supply system
- **Other services:**
 - Communication services (including the internet)
 - Security services
 - Disinfection
 - Catering services for patients
 - Laundry services
 - Car parking



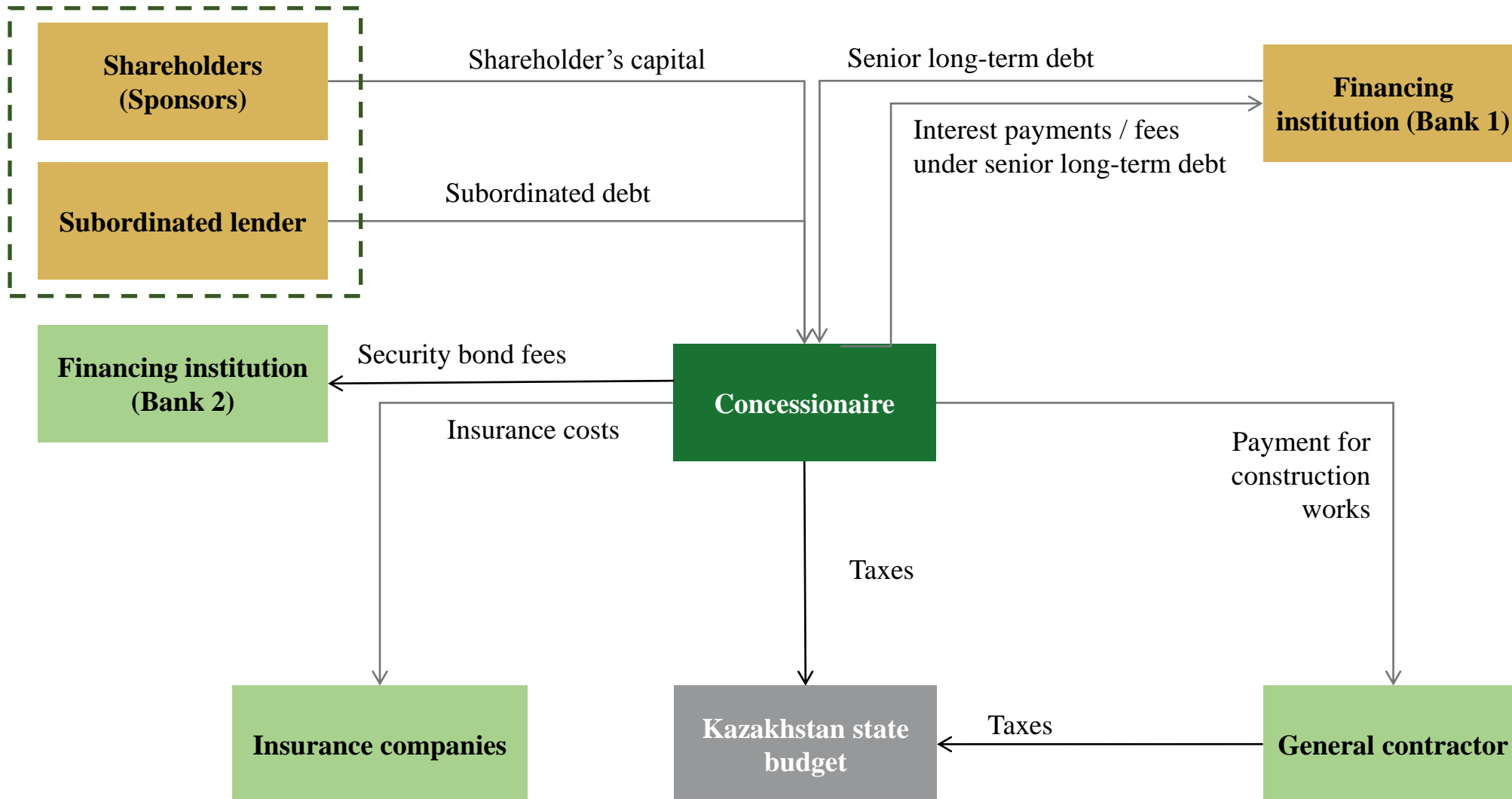
Additional revenue of the concessionaire (not covered by the availability payment)



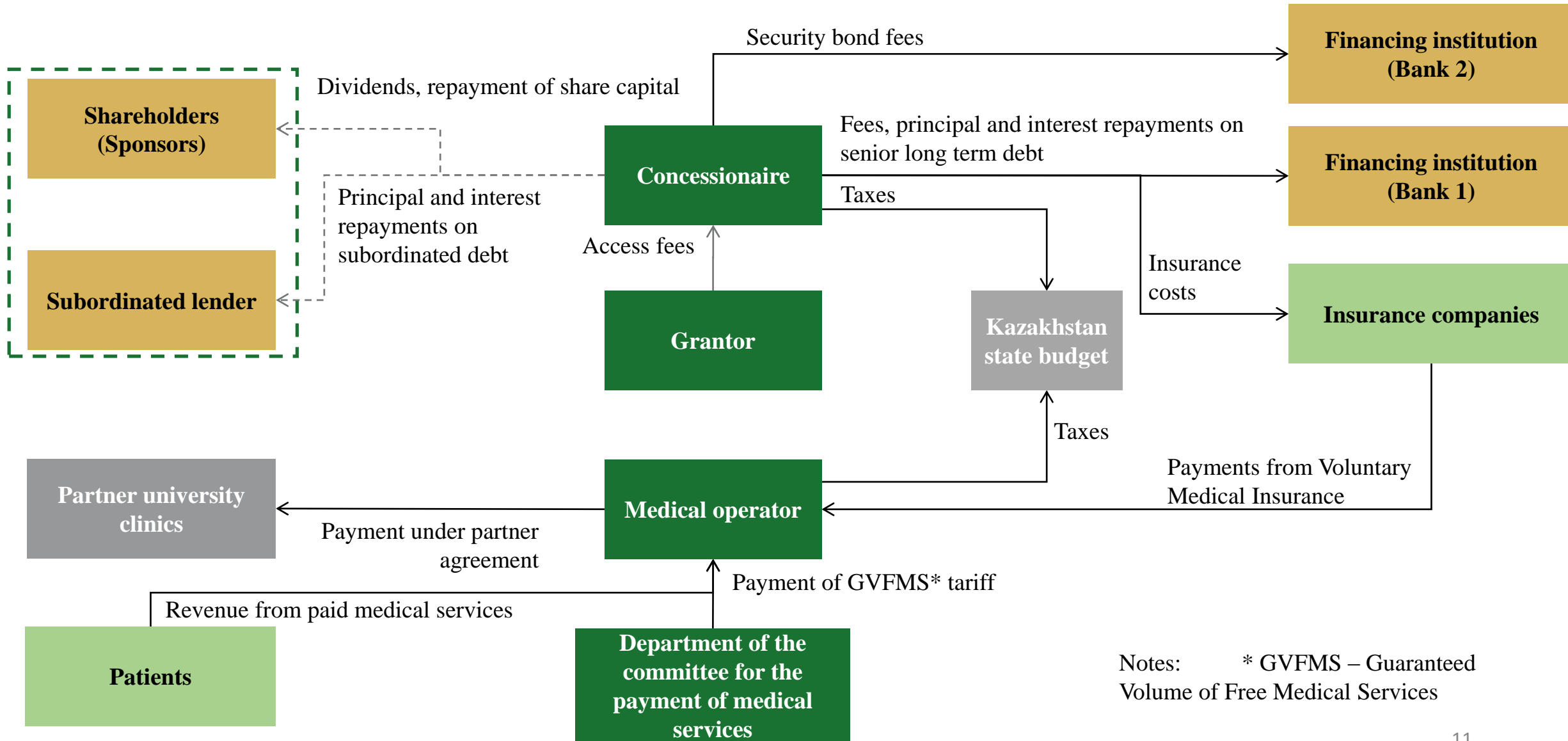
Revenue from additional services

- Additional paid catering services
- Pharmacy sales
- Waste disposal services (B- and C-class waste)

Preliminary cash flows. Construction stage



Preliminary cash flows. Operational stage



Notes: * GVFMS – Guaranteed Volume of Free Medical Services

Thank you for your attention!

Questions?

