

Appendix 1

Methodology and design of the database

1. Information sources:

- Stock Exchange Announcements/Regulatory News Service, Company Notices and Press Releases.
- Company Interim and Annual Reports & Accounts.
- UK Companies Houses filings (including Jersey and Guernsey).
- Infrastructure fund share prospectuses.
- Construction and PPP company websites.
- Partnerships UK database (now at Local Partnerships).
- HM Treasury PFI current projects.
- Securities & Exchange Commission 8K filings for US stock exchange companies.
- PPP, financial, construction and infrastructure journals.

Over 750 company annual reports and accounts were examined. Each transaction in the database had to be compiled from several sources.

2. There are sometimes differences in figures between those in an RNS announcement of a sale of equity and the sale price and profit later recorded in the Annual Report and Accounts. The database records the latter figure.

3. Where PPP projects were sold in a bundle of two or more projects, the time between financial close and the sale of equity is calculated for each project using Table 26 and an average time calculated for the entire bundle of projects. When the date of sale of equity is not known, a mid-year point, 1 July, is used. It was not possible to take account of the relative value of each project or the profit attributed to each project because this information was not publicly available. The averaging process is not ideal, for example, the rate of return in transactions where a large bundle of PPP projects is sold with significant variation in financial close dates may not be precise. However, it is unlikely to affect the overall figures, which are based on 93 transactions and 226 PPP projects.

4. The time between the projects date of financial closure (HM Treasury, Partnerships UK and company accounts) and the sale of equity used the month/percentage in Table 26 to calculate the total time.

Table 26: **Percentage of year used in rate of return calculations**

Number of months	Percentage
1	0.08
2	0.17
3	0.25
4	0.33
5	0.42
6	0.50
7	0.58
8	0.67
9	0.75
10	0.83
11	0.92
12	1.00

5. There is sometimes a delay between the formal announcement of the sale of equity and the actual sale itself. The database uses the announcement date by vendor and/or purchaser.

6. Information gaps meant that the total value of equity sales and the average price paid for each transaction were calculated using the number and value of projects for which data was

available to arrive at an annual value for all transactions. The same approach was used to estimate the total value of the sale of secondary market funds and the total value of the global sale of PPP equity.

7. Name of Special Purpose Vehicle or Company – the specific name of each company can be obtained from:

HM Treasury PPP current projects list

http://www.hm-treasury.gov.uk/infrastructure_data_pfi.htm

PartnershipsUK database - <http://www.partnershipsuk.org.uk/index.aspx>

8. Changes in company ownership and names:

HICL: HSBC Infrastructure became HSBC Infrastructure Company Limited (HICL) when it floated on the London Stock Exchange in March 2006 and changed its name to HICL Infrastructure Company Limited (HICL) on 7 March 2011. The database uses the HSBC up to 29 March 2006 and the HICL abbreviation from that date.

John Laing: Between 2001-2003 the construction, housing and property development divisions of Laing were sold off and John Laing plc became a developer, investor and manager of infrastructure assets. Henderson Global Finance acquired John Laing in December 2006. The John Laing Infrastructure Fund (JLIF) was established in November 2010 as a Guernsey registered company, listed on the London Stock Exchange, to acquire operational PPP projects.

Babcock Brown Public Partnerships (BBPP), listed on the London Stock Exchange in 2006, changed its name to International Public Partnerships in 2009.

Secondary Market Infrastructure Fund (SMIF) became Trillium and then Semperian PPP Investment Partners in 2009

Sample

9. Transactions in red constitute the sample of equity transactions where profit and rate of return information is available. It is based on 93 UK transactions and 226 PPP projects between 1998 and 30 June 2012.

10. References to 'see above' in the Price, Profit, Average time between financial close and sale of equity and Annual rate of return columns refer to the total provided on the first line of the transaction. Figures for individual projects were not available.

11. Abbreviations used in databases

AR	Annual Report and Accounts
RNS	Regulatory Notice to Stock Exchange
Press	Press release issued by company
Interim	Interim Report or Results
SEC 8K	US Securities & Exchange Commission 8K Filing
n/a	not available