

Carillion, Fengate, EllisDon close on C\$2bn hospital

The public-private partnership hospital in Ontario will be funded with C\$543m of long-term bonds, a C\$587m completion payment from the public authorities and C\$110m of equity. Fengate said it will invest in the project on behalf of five infrastructure funds.

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A consortium comprised of UK developer Carillion, Canadian contractor EllisDon Corporation, and Fengate Capital Management has reached financial close on a C\$2 billion (€1.4 billion; \$2.03 billion) public-private partnership (PPP) to build a new hospital in Ontario, Canada.

The winning consortium, known as Hospital Infrastructure Partners, was selected as preferred bidder for the 30-year PPP to build the 1.5 million-square foot hospital in June, beating competition from Australian developer Lend Lease and UK-based PPP-investor Innisfree. The hospital PPP is entirely backed by availability payments, or payments given to the private partner in exchange for making the hospital available in good condition.

The majority of the project (90 percent) will be financed with a mixture of short-term bank debt and long-term bonds, according to Canadian ratings agency DBRS. A total of C\$447 million will be provided by a club of banks including Bank of Montreal, Dexia Credit Local, the Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Sumitomo Mitsui Banking Corporation, Credit Agricole Corporate and Investment Bank, and Bank of Tokyo-Mitsubishi UFJ.

The bank facility will help fund the 12-month design-build contract, valued at C\$975.5 million, and will be paid off by a substantial completion payment from the public authorities of C\$587 million, according to DBRS. An additional C\$544 million in debt, coming from 34-year bonds underwritten by Scotia Capital and National Bank Financial, are also part of the debt package.

The remaining equity funds – amounting to 10 percent of the project – will come from the Hospital Infrastructure Partners consortium and amount to about C\$110 million, DBRS stated. Carillion has said it will contribute 40 percent, or C\$44 million, of the consortium's total equity commitment, while EllisDon has agreed to contribute 10 percent, or C\$11 million, according to a company spokesperson.

Fengate Capital will invest the remaining 50 percent, or C\$55 million, in the project on behalf of five infrastructure funds, according to a statement. Those funds are Fengate Greenfield, Labourers' Pension Fund, Operating Engineers, Teamsters Canadian Pension Plan, and Toronto Electrical Workers. Fengate said it has invested about C\$250 million in Canadian infrastructure projects to date, while Carillion said in a statement that the project represents the developer's sixth hospital PPP in Canada.