

# DIGITALLY WISE

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**Transport and Climate Change Week**

**El Camino hacia la Electrificación de Flota: Mecanismos y Soluciones de  
Financiamiento**

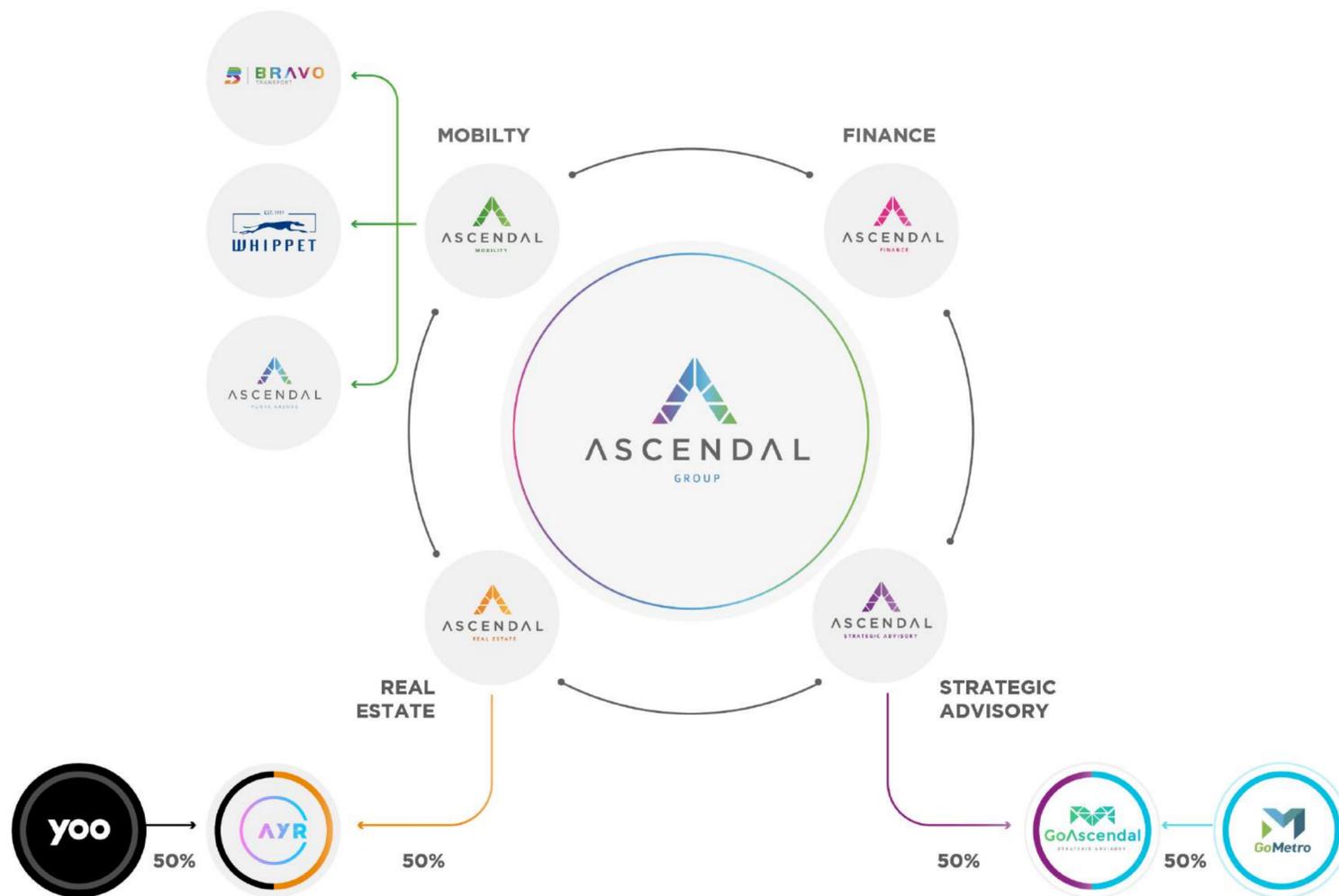
26 de Junio, 2021

# 01 Ascendal Group

## About Us



# Our Divisions



Ascendal Group Founder and Executive Chairman, Adam Leishman, provides a proven track record of transformation in some of the world's leading cities, including **London, Singapore and Sydney**. Adam was a cofounder of Tower Transit in 2013 and led the business as Group CEO during its rapid growth and success achieved both in London and Singapore, epitomised by being awarded **British International Company of the Year in 2017**.



Inspired by what was achieved at Tower Transit, in particular the transformation that occurred in Singapore and the impact that it had on millions of people's lives, Adam founded **Ascendal Group** with a specific focus on empowering cities that desire radical transformation. Ascendal is a unique organisation that combines multiple disciplines, but all with the same focus – **bringing cities to life through public transport**.



Ascendal aims to implement world class solutions to deliver step changes in how public transportation is perceived, accepted and delivered. Delivering high quality public transport systems is one of the major challenges that cities and governments around the world face today. The challenge, however, is not an isolated transport issue as it should be approached with the overall development strategy of a city at its core. **Through combining mobility with technology, real estate, financing solutions and strategic advisory, we provide a unique platform for change, a proven approach for delivering transformation to the world's top cities.**

# Ascendal Group Structure

## > ASCENDAL MOBILITY

-  Operations in **3** continents
-  Oversight of almost **2,000** vehicles
-  Specialists in hydrogen fuel cell and electric vehicles

## > AYR

-  JV with expert placemakers, YOO
-  Focus on Lifestyle Oriented Developments
-  Flagship project with Thomas Heatherwick Studios in Central London

## > ASCENDAL FINANCE

-  Asset financing solutions for vehicles, depots and other infrastructure
-  Fleet financing in place for **70** buses in Chile
-  Facilitates the transformation of transport systems vehicles

## > GOASCENDAL

-  JV with leading transport technology experts, GoMetro
-  Advisory contracts in over **50** cities globally
-  Key clients include World Bank, C40 and the Inter-American Development Bank

## INTERNATIONAL PRESENCE

**10+** Offices in International Locations

**60+** Projects in different cities globally



### VISION

Our vision is to transform the way cities work, encouraging a holistic development strategy with public transport at its core. We want to improve people's lives by connecting communities.

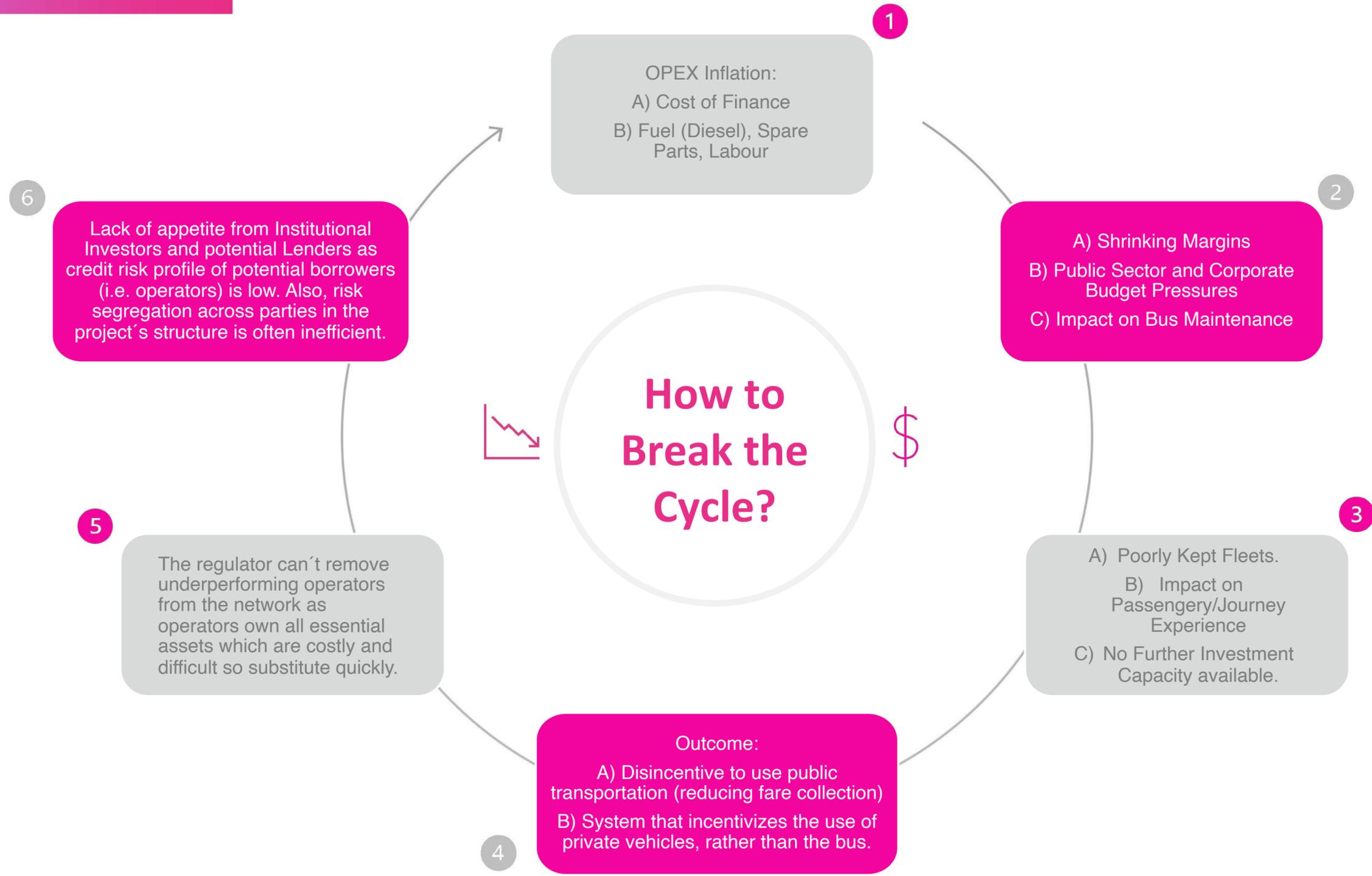


02

# Ascendal Finance

## The Transport Sector's Finance Landscape





# Our solution: Bus Management Company (BMCo)

## Rationale & Objectives

Ascendal Group proposes to segregate and differentiate the operational risks of the provision of public transport services, from the risks associated with the procurement and ownership of the assets in order to:

1. Liberate operators from the responsibility to secure financing to procure modern zero emission fleets leaving them to stay in the network as transport operators (core expertise).
2. Allow stronger capitalized entities backed by contracts with the regulators to procure the assets required for a mobility project.
3. A predictable cash-flow, at arms-length from Operational risks, will enhance credit risk profile and bring comfort to potential investors /lenders.
4. Simultaneously, the localisation of assets outside of operators allows for a more balanced relationship between transport authorities and companies, facilitating reform, transparency, accountability and service KPI compliance.
5. Transfers risk assessment from operators to typically safer government risk profiles.
6. Fares, credit enhancement instruments or subsidies, can then cover financing costs, depending on the nature of the project.
7. Align incentives across the different project stakeholders towards improvement in passenger/journey experience.
8. Facilitates and promotes further equity investments and debt provision to city urban development projects through the *scalable* and *add-on* nature of the structure.
9. Fosters competitiveness, innovation and creating a system where service quality is more easily rewarded.



**Our Adopted**  
Financing Approach



**The Best**  
of Public Sector



**The Best**  
of Private Sector

03

# Bus Management Co.

## Financial Structure



**Our solution:  
Bus  
Management  
Company  
(BMCo)**

**Key Items to  
Consider**

- A. Ownership of the assets (fleet, patios, batteries and chargers, etc.) falls to a special purpose vehicle (SPV) under a project-finance or quasi-project-finance structure.

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- B. Robust sovereign or sub-sovereign stable sources of payment and guarantees. Fares can be used, but gaps must be covered.

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- C. Shift asset-repayment risk profile away from the Operator's performance and farebox/demand risks.

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- D. Electronic fare collection system to ensure transparency over the Flow of Funds. Also allows transparency over demand data and project payment capacity.

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- E. Suitable risk segregation among key players. Each party manages and mitigates the risks they control. "Who breaks the bus, pays for the bus..."

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- F. Robust, enforceable and balanced contracts between the parties as per international business standards (step-in rights, acceleration clauses, etc.). Disassociates asset provision from operations contracts. Assigns roles and responsibilities accordingly.

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- G. Audit the upkeep of the assets to ensure their useful life is adequately preserved.



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**Our solution:  
Bus  
Management  
Company  
(BMCo)**

**Key Items to  
Consider**

- H. Payment distribution managed through a Project Trust Fund, Trust Account or Escrow Account via a suitable fiduciary institution.

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- I. Contract Term allows for amortization of assets without impacting project liquidity (can be matched to assets' useful life). E.g. 10 – 15 years for e-buses.

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- J. Suitable project design, demand forecasts/studies and operational plan for the corridor/route. Project economics' assessment will dictate the need for subsidies if needed.

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- K. Assets are exclusively tied to the project and cannot be used discretionally across the system.

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- L. Structure allows project *add-on* and *scalable* qualities for further infrastructure and other city required investments.

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- M. Operator failure will not disrupt continuity of service provision as the assets remain in the service.

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- N. Full regulatory compliance to foster transparency and best international procurement practice.

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- O. Regulator should recognize lease contract, cession of economic rights among other acts as relevant.

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**Our Adopted**  
Financing Approach

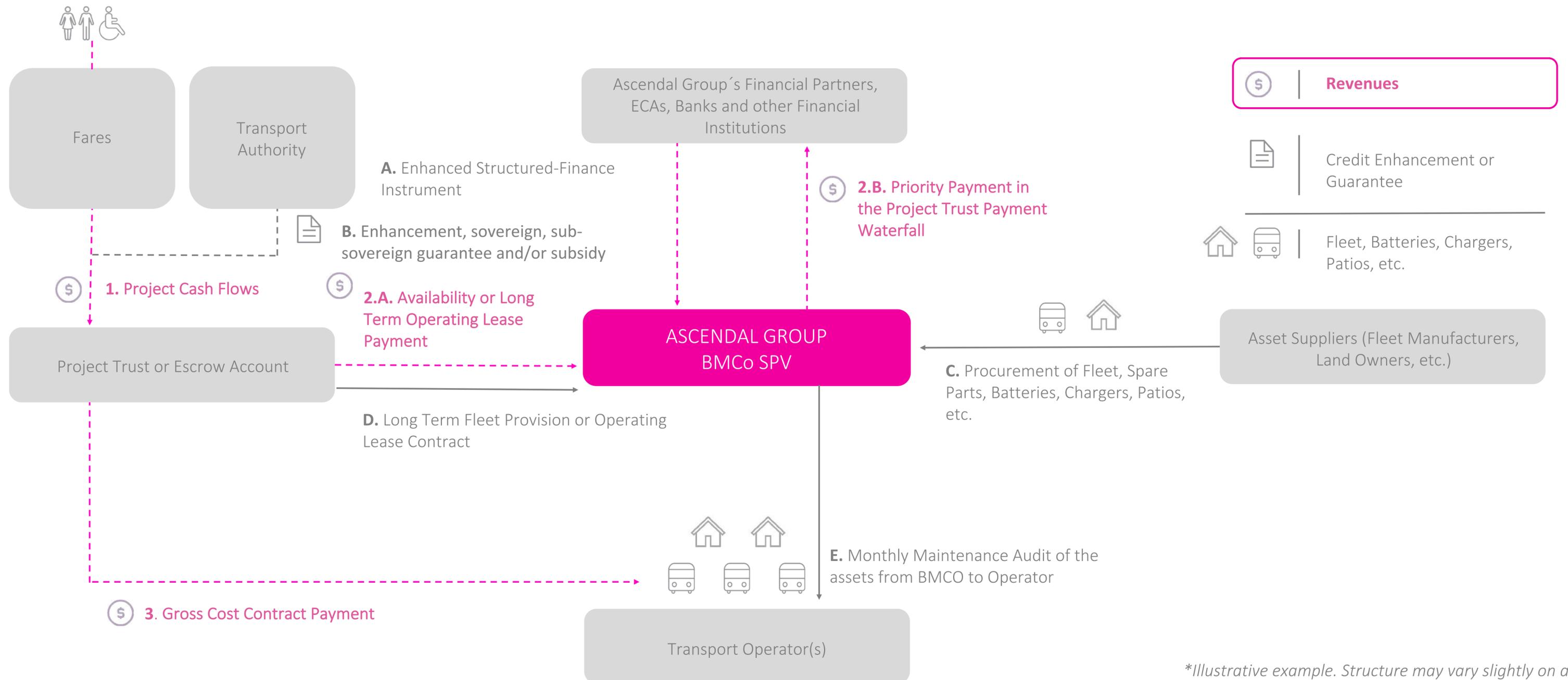


**The Best**  
of Public Sector



**The Best**  
of Private Sector

# Structure Diagram



*\*Illustrative example. Structure may vary slightly on a project basis.*

04



# Success Story – Punta Arenas, Chile



# Ascendal Punta Arenas – Case Study

## Introduction

Ascendal Punta Arenas is a completely renewed transport service located in Chilean Antarctica. As of October 2020, a brand new operation begun, operated by **Ascendal Mobility**, utilising a fleet of 70 new fully equipped, 9-meter buses with the same standard to those circulating in Santiago, Chile's capital. These vehicles symbolise a step-change in the quality of the public transport network within the region.

Transforming the region's bus network has been made possible by **Ascendal Finance**. This is an exemplary fleet provision/operation segregation structure – a best practice concept we have been strongly advocating – for which the roll-out across the country, is also currently underway.



To learn more,  
visit:

[ascendalpuntaarenas.cl](https://ascendalpuntaarenas.cl)

# Ascendal Punta Arenas

## Financial & Legal Structure

- 1. Incorporation of Ascendal Punta Arenas SpA:** Ascendal incorporates an SPV, Ascendal Punta Arenas SpA, to sign and execute the Contract to operation public transport services in the city of Punta Arenas (the Transport Contract) with the Ministry of Transportation and Telecommunications (MTT) and irrevocably cedes economic rights under the Transport Contract to the Escrow Account.
- 2. Incorporation of Ascendal BMCO SpA:** Ascendal incorporates a second SPV, Ascendal BMCO SpA, to purchase the Fleet to be registered as affected assets for -and be used in the operation of- the public transport service of the city of Punta Arenas. Both SPVs sign an Operating Lease Contract for the Provision of the Fleet (the Lease Contract).
- 3. Supplier Credit:** MarcoPolo / Volare, the fleet manufacturer, and Ascendal obtain a debt facility in USD and execute the sales and purchase of the Fleet with MarcoPolo / Volare.
- 4. Credit Enhancement and Exchange Rate Management:** International insurance company provides first loss guarantee for 85% of the supplier credit loan. As part of the requisites of this instrument, Ascendal BMCO SpA contracts exchange rate hedging instruments across the life of the transaction.
- 5. Escrow Account:** Ascendal BMCO SpA sets an escrow account to distribute payments and secure any shortfall in the amortization instalments agreed between the lender, MarcoPolo and Ascendal BMCO SpA. The Escrow Account shall pay operational expenses to both SPVs, amortization instalments, administer the currency hedging instruments, and build relevant reserves.



# Digital Wires

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