Case Study 17
Athens Road Ring Project

Case Study Assignments

1. What are the main characteristics of project finance and public – private partnerships? Please comment on the characteristics of infrastructure as an asset class. Who would be interested in investing in such infrastructure project and why?

2. What are the risks associated with the Athens ring – road project? Do you believe that the concession structure proposed by Mr. Papadopoulos, as shown in case Exhibit 8, can ensure mitigation of those risks? Would you recommend any modifications to the concession structure, and if so, what would those be?

3. How do the cash flows and the structure differ from conventional project evaluation? What are the financial returns to the private and public sectors? What are the key drivers of the returns? If you were a fund manager would you invest in the project?

4. What are your concerns with your IRR estimate from the previous question? If it was an all equity investment (assume that no debt is used and that in lieu of debt, all funding is provided by equity sponsors), what would be the project's IRR? Does it make more or less attractive the project?

5. Assume again the base case that you estimated in question 3. Would the project be attractive for the equity sponsors if the cost of debt were 10%? What would the government's options be in such scenario? What if the sponsors could push the DSCR down to 1.5?