

Concession and handback read-through

The concession is the operating manual for the asset (the structuring chapter). For each clause: where it sits in the agreement, what it says in one line, and the cell of the model that prices it. A clause with no cell is a clause the model ignores.

Asset / deal		Prepared by	
Fund		Date	

Clause	Where (article)	What it says	Priced in model (cell)
Term and duration			
Remaining term at closing, in years, and the exact expiry date			
Remaining term at the assumed exit: the figure the terminal value must use			
Extension options, and who holds them			
Revenue mechanism			
Demand risk or availability risk, stated plainly			
Tariff or toll escalation formula, floor and cap			
Compensation for competing infrastructure built by the grantor			
Change-in-law and relief events: what triggers compensation, and how it is computed			
Operating standard and handback			
Technical standard the asset must be maintained to during the term			
Handback standard at expiry, and the inspection that tests it			
Handback capex the independent engineer attributes to the final years, nominal and in present value			
Handback reserve or bond required, and when funding starts			
Financing constraints			
Lender minimum DSCR, and the lock-up level for distributions			
Required reserve accounts (debt service, major maintenance) and their target balances			
Restrictions on refinancing or additional debt			
Termination			
Grantor default: compensation formula			
Concessionaire default: what equity recovers, if anything			
Voluntary termination by the grantor: compensation formula			

Adviser report review

An adviser's report is a tool, not a verdict (the due diligence chapter). One column per report. Read the scope and the caveats as carefully as the conclusions, then compare the reports with each other.

Asset / deal		Prepared by	
Fund		Date	

Question	Traffic / demand	Independent engineer	Legal	Environment	Insurance	Tax
What the stated scope excludes						
Material caveats and qualifications						
Caveats the fund accepts: why, or where they are priced						
Risks described qualitatively: quantified on the follow-up call?						
Downside the adviser was asked to run beyond the original scope						
Inconsistency with another adviser's report						

Capex check	Seller	Independent engineer	Gap	Resolution
Routine maintenance, per year				
Major lifecycle events, total over the hold				
Handback works, final years of the concession				
Escalation assumed				
Contingency assumed				

A material, unexplained gap between the seller's and the engineer's capex forecasts is a reason to reassess the deal, not to split the difference. Three advisers expressing similar low-confidence caveats about different aspects of one issue are a single, larger signal.

Investment committee memo frame

Appendix B. The recommendation, the price and the headline metrics belong in the first paragraph. The downside case and the risks are written as candidly as the thesis.

Asset / deal		Prepared by	
Fund		Date	

Headline metric	Base case	Downside case	Source (sheet, cell)
Price / enterprise value			
Debt and leverage (debt / EV)			
Minimum DSCR, and the year it occurs			
Lock-up headroom in the tightest year			
Levered equity IRR			
Year-1 cash yield on equity			
Equity multiple			
Share of the return that is running yield			
Remaining concession at exit, years			

Section	What it must answer	Your draft, in two lines
Executive summary	The recommendation, the price and the headline return metrics.	
Investment thesis	Why this is attractive, and which specific value creation plan supports the return.	
Asset and market	Physical, commercial and competitive characteristics.	
Financial analysis	Base case, key assumptions, sensitivities and a genuine downside.	
Risk	Each specific risk: mitigated, priced or accepted, and by whom.	
Structuring and financing	Ownership, leverage and the financing terms actually agreed.	
Diligence summary	Complete workstreams, material findings, open items.	
ESG	Material factors only, with the capex they imply.	
Recommendation	The approval sought, and on what conditions.	

Quarterly asset review

The portfolio monitoring chapter. One page per asset per quarter. Every metric keeps the same written definition from quarter to quarter, or the trend means nothing.

Asset		Prepared by	
Fund		Date	

Metric	Underwriting case	Actual	Variance	Driver of the variance
Volume (traffic, throughput, availability)				
Tariff or toll achieved				
Revenue				
Operating costs				
EBITDA				
Maintenance capex against the engineer's plan				
Cash flow available for debt service				
Distributions to equity				

Covenant headroom, computed as the credit agreement defines it	Now	Q+1	Q+2	Q+3	Q+4
DSCR, base case					
DSCR, downside case					
Covenant level					
Lock-up level					

Value bridge, last quarter to this	Amount
Value last quarter	
Passage of time (unwind of the discount)	
Operating performance against forecast	
Change in the forecast itself	
Capital structure (refinancing, calls, distributions)	
Market inputs (discount rate, comparables)	
Value this quarter	

Early-warning indicator specific to this asset	Threshold	This quarter	Action