



Majes-Siguas II Project



Investment Opportunity

Opportunity to participate in Majes-Sihuas II BOT concession for 20 years, one of Peru's largest hydric project

Annual revenues of US\$37M (approx.) guaranteed by the Peruvian Government

Take advantages of the existing infrastructure worth of US\$850M

A US\$100M – US\$120M co-financing by the Peruvian Government

Country's stable macroeconomic and legal environment

Majes Sigwas Comprehensive Project (“Comprehensive Project”)

The Comprehensive project includes 2 stages.

First Stage
<p>Works:</p> <ul style="list-style-type: none">• Condoroma Dam (240 HM3)• Tunnels (93 km.)• Canals (10 km.)• Tutti Intake• Water distribution network and irrigation infrastructure to Majes <p>Water and Cultivated Area:</p> <ul style="list-style-type: none">• 15,000 has(85% fodder crop)• Investment of US\$850M

Second Stage Component 1
<p>Water consolidation works</p> <ul style="list-style-type: none">• Angostura Dam(1,140 HM3)• Angostura – Colca Deviation (18 km.)• Lluclla – Sigwas Deviation• Water distribution network and irrigation infrastructure.

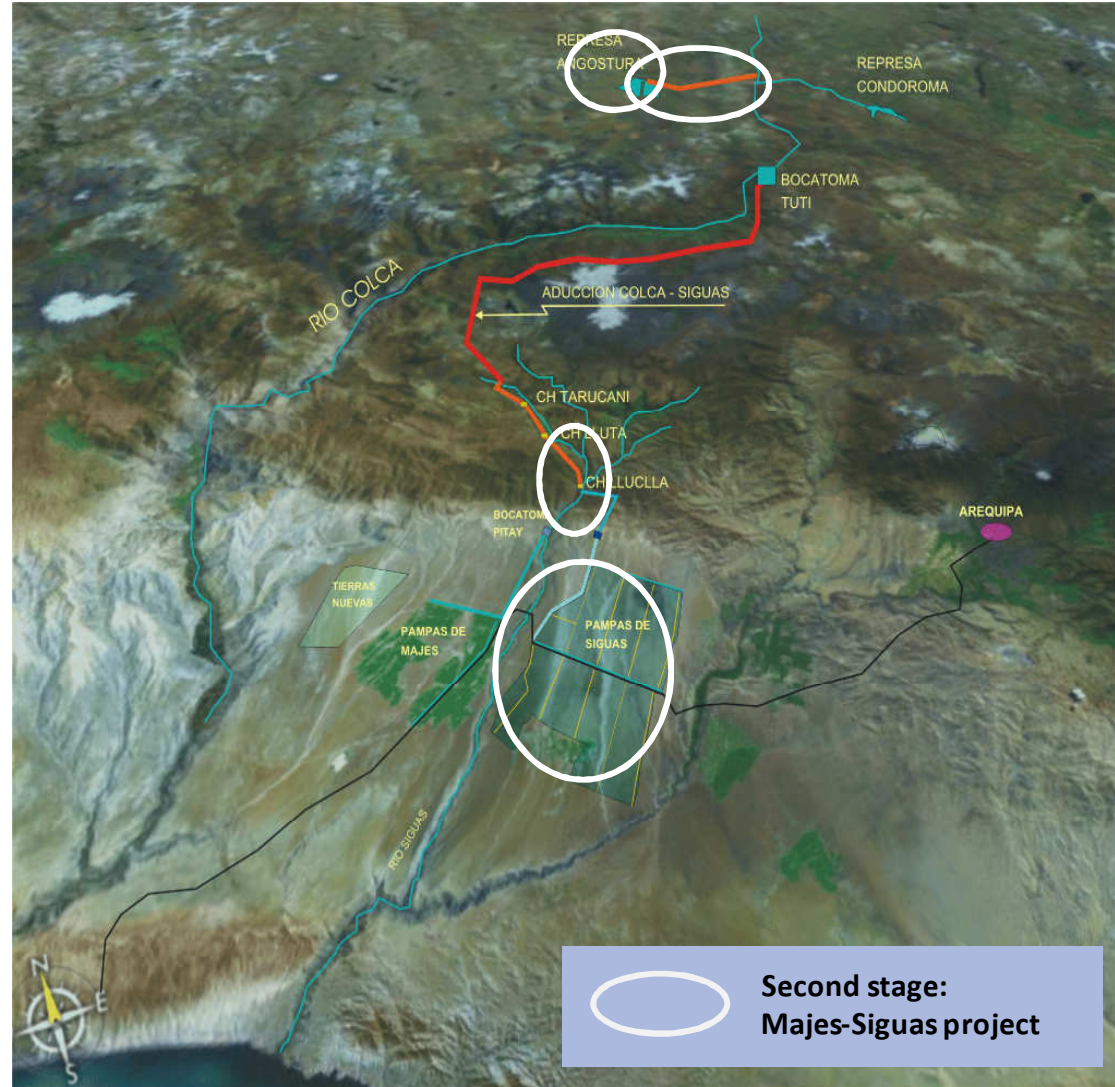
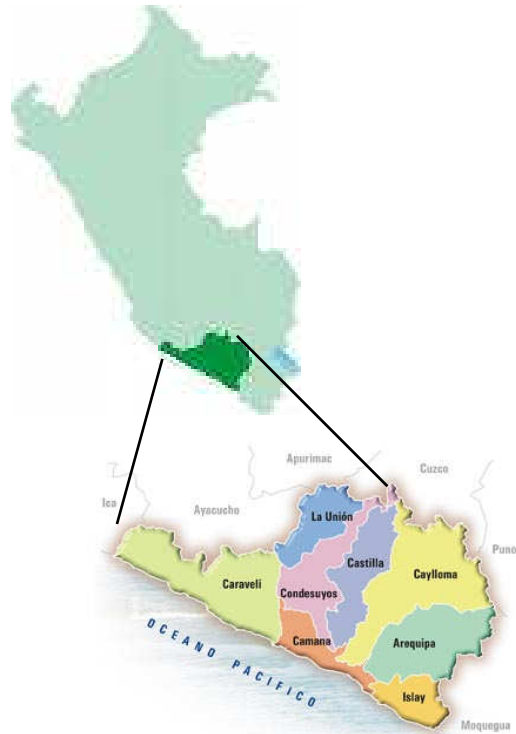
Second Stage Component 2 and 3
<ul style="list-style-type: none">• Auction of 38,500 has in Sigwas and 7,000 has in Majes• Structuring an integral plan which includes the scheme of a sales process for the land, a promotion plan, public services and urban development in the area to be auction

Second Stage Component 4
<ul style="list-style-type: none">▪ The Concession project of (530MW) electric energy service, through at least two Hydroelectric Plants.



The Comprehensive Project’s main objective is to establish a highly profitable agro exporter business model for Pampas de Majes and Sigwas

Majes Siguas Comprehensive Project (“Comprehensive Project”)



Project Majes-Siguas II

Project Majes – Sihuas II is a “Comprehensive Project” only works characteristics are established

**Take advantage
of the existing
infrastructure**

The Project aims at utilizing the existing hydraulic infrastructure and building new works as a complement to the irrigation water grid so sufficient water to irrigate and revalue 38,500 ha.

The Project’s concession holder will design and build the following engineering works:

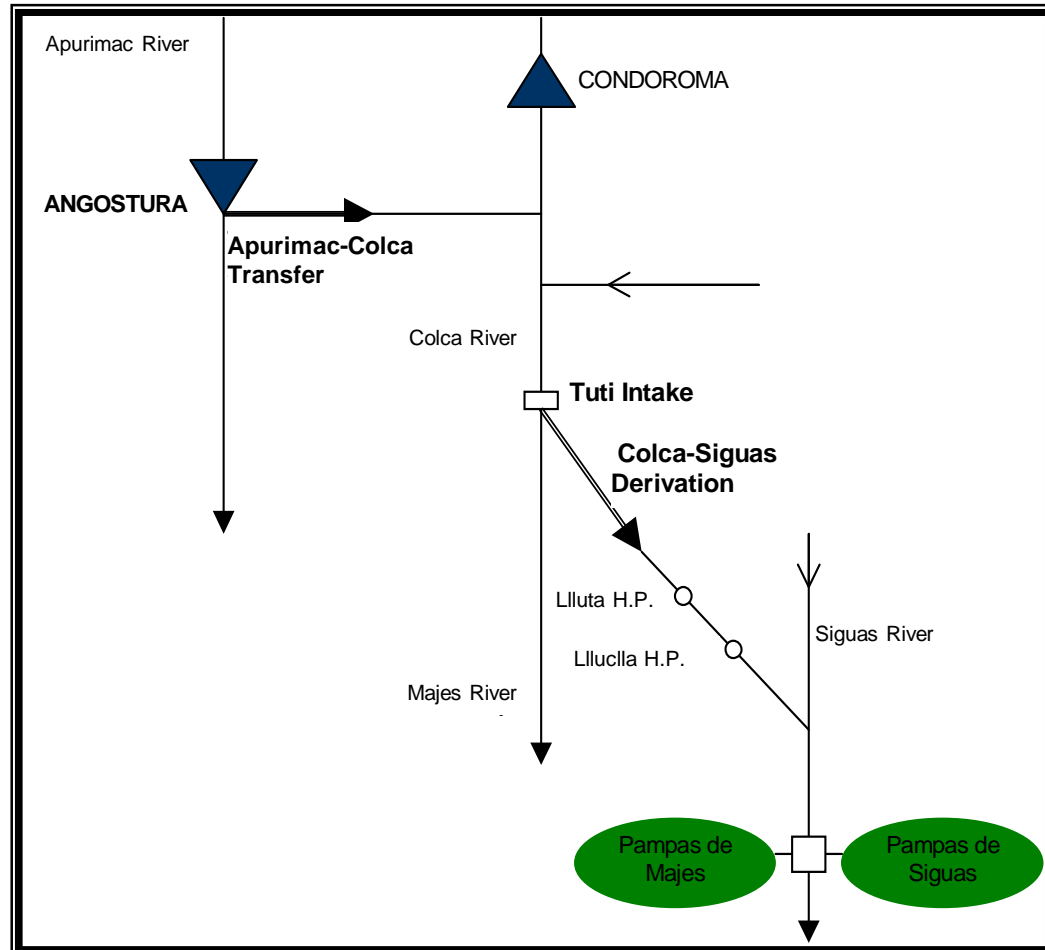
- Angostura Dam (105m maximum height , 330m maximum length, 1,140Hm³ reservoir)
 - Angostura-Colca Deviation (Tunnel) (18.3 km. length, 30 m³/seg. Capacity)
 - Lluçlla-Siguas Deviation (Tunnels and canals) (16 km. length, 23 m³/seg. capacity)
 - Mother Canal (14.4 km. length, 23 m³/seg.capacity)
 - Irrigation infrastructure distribution network to irrigate 38,500 ha in Pampas de Siguas (7 lateral intakes, 7 regulation dams, 7 lateral intakes, sub-lateral takes to supply the plot’s pressure systems)
- Maintenance and operation activities of new and existing works (ie. Condoroma Dam, Tuti Intake, and Pitay Intake among others)

**Engineering
works
Characteristics**

Project Majes-Siguas II

The concessionaire must finish water works to supply irrigation water for actual and future users of Pampas de Siguas

- Construction, operation and maintenance of Angostura Dam and Angostura-Colca Deviation (tunnel tras Andean) ;
- Construction, operation and maintenance of deviation works and distribution to Pampas de Sigüas;
- Operation and maintenance of the existing hydraulic infrastructure.
- Supply of irrigation water to current users and land owners in Pampas de Majes.
- Supply of irrigation water to futures users of Pampas de Siguas.



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The investor must guarantee the transportation and distribution of a minimum irrigation water annual volume of 530 million m³ to Pampas de Sigvas

Minimum volume

- The investor must guarantee the transportation and distribution of a minimum irrigation water annual volume of 530 million m³ to Pampas de Sigvas (38,500 ha). Additionally, the concession holder must ensure block delivery of water to present current users in Pampas de Majes and Santa Rita de Sigvas

Revenues

- Concession holder's revenue will come from providing irrigation water supply to Pampas de Sigvas, and will be equal to the volume of demanded water in the Project's area multiplied by the fee per m³ set out in the concession holder's economic proposal. The State will guarantee a minimum income.

Concession Period

- 20 years (including 4 construction years and 16 operation years). At the end of the concession, the infrastructure works must be transferred to the State.

Investment Opportunity

**Referential investment budget for the Project is estimated at US\$300 million
(including General Sales Tax - IGV or VAT)**

STATE OBLIGATIONS (PERUVIAN GOVERNMENT)

- Co-financing: Between US\$ 100 - US\$120 million.

Guarantees

- Delivering contributions and guarantees of the National and Regional Government to make the concession's scheme feasible.
- Deliver the land for the works construction.
- Promoting the sale of new lands and their agricultural development for providing the irrigation water supply.

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The concessionaire must fulfill the following requirements.

Operator's Share

- The strategic investor (who contributes with technical experience) must maintain a minimum share of 35% on the concessionaire society's shareholding structure, for the term of the construction periods (4 years) and post-construction period (5 years after the Project's commissioning certificate).

Technical experience

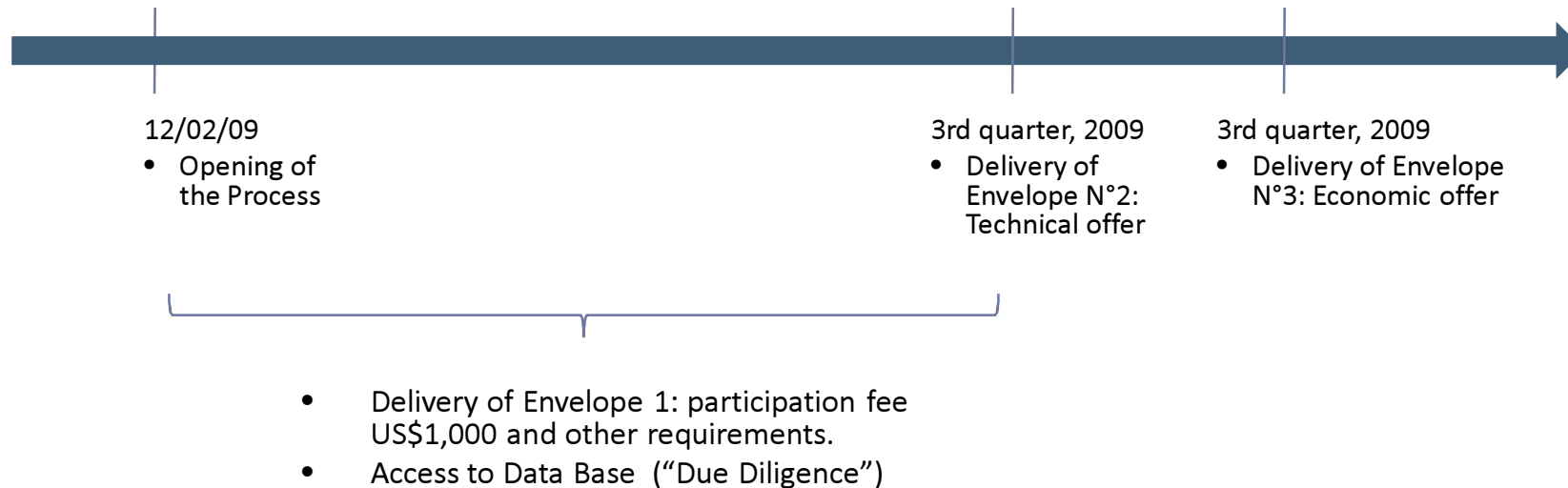
- Proved experience in the last 10 years:
- Construction of at least 20,000 m of tunnels, regardless of the section, diameter or construction method
- Construction of at least 10,000 m in hard rock environment with 15 m² minimum section
- Construction of at least one roller compacted concrete dam of no less than 200,000 m³ fill, or a concrete screen rock dam of no less than 800,000 m³, or a mass concrete dam less than 100,000 m³
- Construction of irrigation water distribution and carrying infrastructure consisting of at least 5,000 meters of concrete-lined main ditches at least 6 m² cross section, and 10,000 meters of smaller canals

Financial

- Net equity of at least US\$ 35 million

Investment Opportunity

The process is opening to new short-listing bidders



- **Competition factor:** Lowest unit remuneration per cubic meter of irrigation water supplied to Pampas de Siguar and less co-financing amount required by State.

Advantages to Investors

- Concession of Large Water Consolidation Works and Infrastructure for Irrigating Pampas de Sigwas (Region of Arequipa)
- Exploitation of capture services, transportation and distribution of water for farming in agro-export, high-yield and secure revenue businesses
- Agro-exporting industry provides significant opportunities for growth as Peru builds stronger trade relations with the world through its many bilateral and regional trade agreements and removes all obstacles to international trade
- A clear and transparent legal and regulatory framework to promote private investment

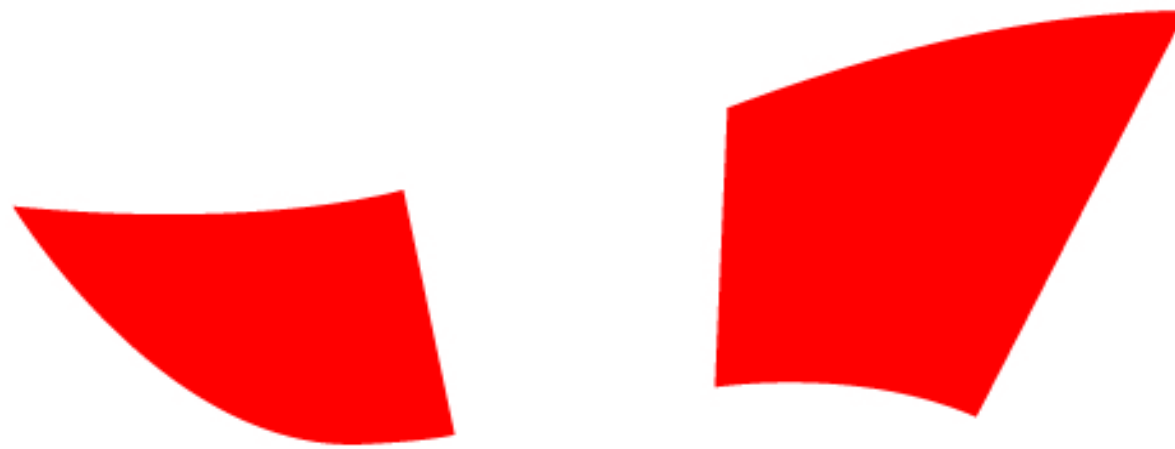
Contact information

Mario Hernandez	Head of Agriculture and Hydroenergetic and Irrigation Projects
Telephone:	(51-1) 612-1200 extension 1327
E-mail:	mhernandez@proinversion.gob.pe
Luis Pita	Technical Advisor
Telephone:	(51-1) 612-1200 extension 1327
E-mail:	lpita@proinversion.gob.pe

Important Notice

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