



# Leveraging Untapped Public Assets

Hidden Value in  
Infrastructure and Leaseholds



# 1: Making Waste Profitable

- IRM = “*Integrated Resource Management*”
- A new approach to water, waste and energy management
  - ◆ Turns waste from a cost into a potential profit
  - ◆ Generates energy
  - ◆ Reduces or eliminates waste
  - ◆ Supports healthy ecosystems

## *Potential Benefits*

Reduce GHGs by 25-33%

Power the equivalent of 10% of homes

Heat the equivalent of 30% of homes

Run the equivalent of 10% of cars

Recover, recycle and re-use clean water

Flexible, scalable, local, incremental, Just-in-Time

Least expensive or potentially profitable

Reduces risk



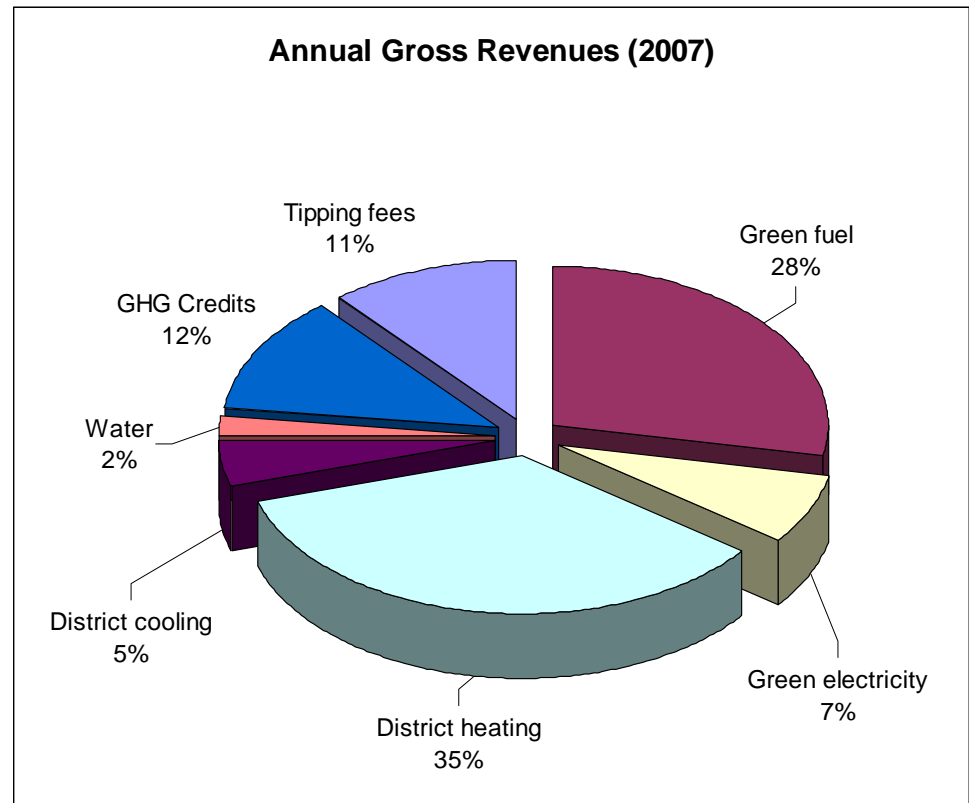
# Business Case Summary

## Example: Victoria, BC

Total cost to implement	-\$671m
Operating revenues	\$114m
Projected annual costs, stabilized	-\$53.0m
Projected net annual profit (loss), stabilized	\$64.7m
ROI (APR, 100% capital debt)	9.64%
NPV @ 8.0%	\$554m
Cash-on-cash return	106%

### Key Assumptions

- Inflation @ 1.9%pa, real discount rate 8%pa, construction inflation assumed at 10%pa
- Fuel & heating at 15% discount from 2007 rates, energy & fuel inflation assumed below Stats Canada historic data
- Water assumed once-through recycling
- More details & scenarios on request





# IRM Study Sensitivity Analysis

	Chosen Values	Optimistic Values	Pessimistic Values
Annual Revenues	\$114,000,000	\$436,000,000	\$60,000,000
Annual Costs	-\$53,000,000	-\$50,000,000	-\$54,000,000
Net annual revenues	\$61,000,000	\$386,000,000	\$5,000,000
Projection to end (yr)	2065	2065	2065
Total NPV, IRM, stabilised	\$505,000,000	\$6,334,000,000	-\$244,000,000
Total Value (cost), stabilised, undiscounted	\$3,053,000,000	\$18,514,000,000	\$45,000,000
Capital Cost (Current Dollars)	-\$671,000,000	-\$600,000,000	-\$748,000,000
Capital cost (Inflated)	-\$870,000,000	-\$594,000,000	-\$976,000,000
Annual reduction in GHG emissions below 1990 in CRD (tonnes/yr)	378,000	404,400	367,500
Annual reduction in GHG emissions below 1990 in CRD (%)	23%	25%	23%
Annual electricity saved (\$)	\$6,000,000	\$12,000,000	\$6,000,000
Annual electricity saved and produced (GWhr/year)	116	129	124
Annual fossil fuel displaced - vehicle fuel (l/yr)	28,405,000	30,590,000	26,220,000



## 2: Leveraging Sustainable Lease Retrofit

- 650 West Georgia Street, Vancouver BC
  - ◆ Purchasers: Great West Life Realty Advisors
  - ◆ \$2.5m air conditioning & energy retrofit
- Claim: 19% ROI
  - ◆ Claim validated
- BUT with green lease, potential for 197% ROI through leveraging rental capitalisation
- Impact
  - ◆ Attractive for landlords AND benefit to tenants
  - ◆ NOT business as usual L/T relationship – *partnership not adversarial*
  - ◆ “Sustainable Valuation” is central
  - ◆ Publication: June 2009





Further information from:  
[www.fidelisresources.com](http://www.fidelisresources.com)