

REPUBLIC OF PERU

**LIMA CALLAO MASS TRANSPORT
ELECTRIC SYSTEM
CONCESSION LINE 1**

EXECUTIVE SUMMARY

**AGENCIA DE PROMOCIÓN DE LA INVERSIÓN
PRIVADA**



**COMITÉ DE PROINVERSIÓN EN PROYECTOS DE
INFRAESTRUCTURA Y DE SERVICIOS PÚBLICOS**

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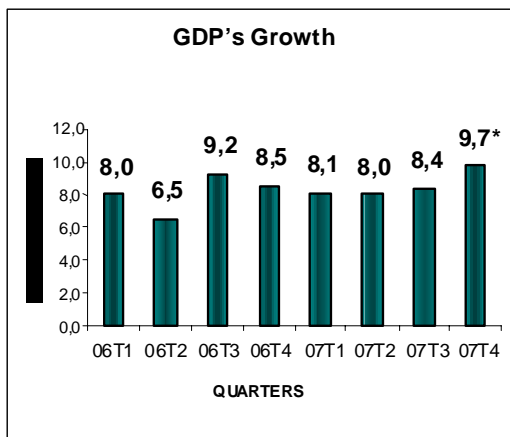
1. Peru

Peru is South America's third largest country, after Brazil and Argentina. It spans over 1.28 million Km² and has a population of 27 million people and 21 inhabitants per square kilometer population density. It is located in the west central portion of South America's Pacific coast, a position that poses it as a regional business hub as well as a strategic bridge among the markets of South America, the United States and Asia.



In terms of GDP, Peru shows a sustained growth and registered an 8.99% increase in 2007, the highest growth rate in the last 14 years. In this same year per capita GDP reached almost US\$ 3 931.

Since 2002, Peru has enjoyed a positive trade balance that reached US\$ 8,4 billion in 2007, as a result of a permanent growth in the export levels.



(*)Estimated
Source: BCR / INEI



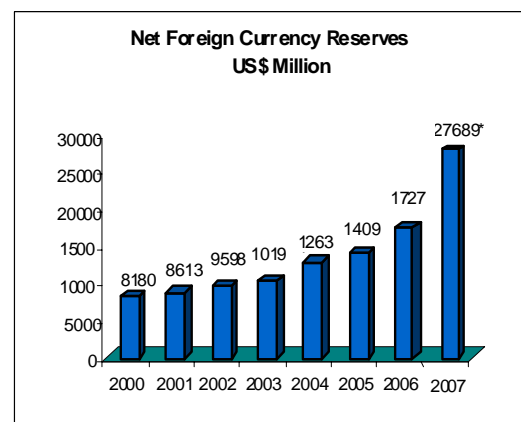
Source: BCR / INEI

Likewise, exports reached a new record in 2007. It registered US\$ 28 billion, which represents a 17% increase compared to 2006. This increase is mainly attributed to a greater product diversification, favorable price evolution in foreign markets and access to new ones.

Net Foreign Currency Reserves reached US\$ 27 689 million as of December 2007, while Foreign Debt was estimated at 28,9 % of GDP.

Peru has an active capitals market. In 2007 transactions in the Lima Stock Exchange totaled US\$ 12 400 billion.

In 2006, the Lima Stock Exchange (BVL) earned 168,3%, and became the world's most profitable market in that year.



Source: BCR / INEI Source: BCR / INEI

2. Lima

Lima contributes 48% of the national GDP, thus reflecting this region's weight nationwide. It concentrates a broad range of economic activities from manufacturing through commerce, financial and other services, to tourism and agriculture.

Its public services, transportation and logistic infrastructure are significant. It includes Jorge Chavez International Airport, franchised in 2001 to Lima Airport Partners, and the Callao Port, Peru's most important, located 5 km from the Jorge Chavez Airport. In July 2006 a new concession was granted for the containers terminal at the Callao Port – South Pier. The award was given to the P&O Dover/Dubai Ports World and Uniport S.A. consortium.

Peru: Main demographic and economic characteristics

	Surface*	Population**		PBI	
		Total	Urban	US\$ 1/.	%
Lima	35	8 994	8 776	32 765	48
Peru	1 285	27 219	19 922	68 397	100

* In thousand of Km²

** In thousands

1/. Estimated by Instituto Cuánto (in million of US Dollars)

Source: INEI, Instituto Cuánto: Perú en Números

Figures from the 2005 population and housing census published by the National Statistics Institute (INEI) show Lima's population reached 8,9 million people, while Metropolitan Lima (Lima and Callao districts) totaled 6,9 million or 22% higher than in 1993. These figures reveal the strong concentration of Peruvian population in the nation's capital.

Arequipa, Trujillo and Chiclayo are the three largest cities after Lima.

Of the 49 districts comprised in Metropolitan Lima, the most densely populated are San Juan de Lurigancho, San Martin de Porres, Comas and Ate Vitarte.

Peru: Larger cities

City	Population*
Lima	6954,6
Arequipa	861,7
Trujillo	765,2
Chiclayo	738,1
Total Population	27219,2

(*) Thousands of people

Source: Censo de Población y Vivienda 2005-INEI

Metropolitan Lima: 10 Largest Districts

District	Population*
San Juan de Lurigancho	812,6
San Martin de Porres	525,2
Comas	464,8
Ate Vitarte	419,7
Callao	389,6
Villa el Salvador	367,5
Villa Maria del Triunfo	355,8
San Juan de Miraflores	335,2
Lima	289,9
Los Olivos	286,6

(*) Thousands of people

Source: Censo de Población y Vivienda 2005-INEI

3. Public Transport in Metropolitan Lima

The car fleet of public service in Metropolitan Lima (Lima districts and El Callao) is over 35 thousand registered public transport vehicles—27 thousand in Lima and over 8 thousand in El Callao—, including buses, minibuses and vans, reveal figures from Metropolitan Lima's Municipal Urban Transport Bureau.

Characteristics of automotive park of public transportation of Lima Metropolitana and El Callao

Vehicle Type	Capacity (passengers sat and stand-up)	Average life of fleet (Years) (1)	Number of vehicles (2)	%
Bus	80	18	6 336	18 %
Minibus	35	17	11 616	33 %
Van	15	15	17 248	49 %
Total	-	-	35 200	100 %

Source: (1) Gerencia de Transporte Urbano - GGTU MML, 2007

Source: (2) Information obtained counting vehicles (24 hours) in the six more important public transportation corridors of mixed traffic in Lima and Callao, 2001

There are 652 registered public transportation routes, 483 belonging to Lima and 169 to Callao. Moreover, there are 464 registered public transportation businesses in Lima and 139 in Callao, which create permanent traffic congestion, according to the Lima's Municipal Urban Transport Bureau. The number of vehicles and trips may grow 25% by 2025, reveals Metropolitan Lima's Municipal Transport Master Plan.

Number of public transportation routes in Metropolitan Lima

Province	Routes	Companies
Lima	483	325
Callao	169	139
Total	652	464

Source: Urban Transport Bureau – Metropolitan Lima's Municipality

Besides the excess of vehicles, there is also too much public transportation routes, disseminated along winding and long routes that generate permanent traffic jam. Likewise, more than 50% of cars circulating by some main routes are non-registered and registered taxis. According to the study of Master Transportation Plan for the Area of Metropolitan Lima and Callao elaborated by JICA in 2004, the number of trips by car would grow by 118%, trips by taxi by 40% and public transportation by 35% in 2025.

Characteristics of trips in Metropolitan Lima 2004 - 2025

Trips by transportation means	years		% Change
	2004*	2025*	2025/2004
Public Transportation	9 365,1	12 647,8	1,35
Car	1 853,3	4 041,7	2,18
Taxi	900,1	1 261,3	1,40

Source: Urban Transportation Master - Plan Lima and Callao JICA 2004

Division de Ingeniería - Municipalidad de Lima, 2007

(*) in miles

In order to fight against public transportation problems in Metropolitan Lima and Callao derived from the population growth (1,9% per year), larger number of public transportation units, and improvement of urban economy that proportionally influences growth rates of private transportation units, there is an inexorable alternative. This alternative is the implementation of the Plan of Rationalization of Routes (already elaborated) and a system of massive, efficient, comfortable and safe transport public, like projects of Distributed Corridors of High Capacity operated by articulated buses and railway technology. This service must allow moving million passengers per day through a system of rationalized transport that may reduce the time of trip and operation costs, fundamental variables of an efficient and effective transport system.

4. Lima – Callao Mass Transport Electric System – Line 1

This project was proposed as a way to correct the imbalances within the public transport system and gradually address urban transport difficulties faced by travelers in Metropolitan Lima. The project includes providing the technical facilities and investing in connected infrastructure and services for the type of transport included in this tender.

The project main characteristics include the following:

- An existing 9,2 kilometer route and seven passenger stations linking the districts of Villa el Salvador and San Juan de Miraflores (Atocongo terminal), and 32 train cars.
- The investment made in the existing segment reaches US\$ 320 million.
- The projected segment will stretch over 11,7 kilometers between Atocongo (San Juan de Miraflores) terminal and the Dos de Mayo Hospital station on Grau avenue (Cercado de Lima), as well as 9 additional stations, every 1,2 kilometers on average.
- The Villa El Salvador – Hospital Dos de Mayo (Av. Grau) Line 1 goes through the districts of Villa el Salvador, San Juan de Miraflores, Surco, Surquillo, San Borja, San Luis, La Victoria and downtown Lima.
- The average commercial speed is 40 kilometers per hour.

Lima City Train Network



Source: Web Site Tren Urbano

5. Main Concession Characteristics

The main characteristics of the concession are as follows:

- Concession granted through a comprehensive project competitive bid. The franchise will design, provide partial financing for the total investment, build, operate and maintain the special project for the Lima Callao Mass Transportation Electric System, comprising the Line 1 Villa El Salvador - Hospital 2 de Mayo (Av. Grau) segment for the entire term of the concession. At the end of the concession period, the facilities will be transferred to the Metropolitan Lima Municipality.
- The Bidder will bring up to date or prepare the detailed engineering design for the Atocongo (San Juan de Miraflores) Terminal – Av. Grau (Cercado de Lima) segment.
- Term of the concession: 33 years.
- Estimated Investment: Approx. US\$ 280 Million (including Sale Taxes- IGV)
- Competition Factors: Lowest co-financing and demand required.

6. Process Schedule

Publication of Envelope N° 1	February 22, 2008
Publication of Envelope N° 2 and N° 3	March 28, 2008
Opening of Envelope N° 3 and Bid Award	March 31, 2008
Closing date	April 2008