Vancouver, British Columbia, Canada
1980s

- Canadian airports operated by government department
- Fiscal deficits
- Demand for air travel increasing
- Local interests lobbying for more control
- Outright privatization politically unacceptable
The Great Canadian Compromise

1990s

- Airports leased to Local Airport Authorities;
  - Private,
  - Not-for-profit,
  - Locally-controlled
Vancouver Airport Authority: Governance

• Board
  • 9 directors appointed by nominating entities
    • professional associations and local governments
  • 6 ‘at-large’ directors to optimize skill set
    • No elected politicians, no civil servants

• Accountability
  • to nominating entities
  • to public at annual meeting
Vancouver Airport Authority: Economics

- No shareholders
- No government subsidies
- Full rate-setting discretion
- Tax exempt
- Ground rent to federal government
  - 60 + 20 year triple-net lease
  - 12% of gross revenues
Vancouver Airport Authority: Economics

• Strong credit rating
  • AA/Stable/--

• Board revenue base
  • 42% Non-aero, 24% AIF, 34% Aero

• Conservative financial practices
  • Operating costs increase held to CPI
  • Strong EBITA: 49-54%
  • Low debt
Our Mission: 1931-2011

Connecting B.C. Proudly to the World:
YVR’s Strategic Plan

The employees of Vancouver Airport Authority come to work every day with one mission in mind: keeping B.C. connected to the world. We are committed to building a great airport, one that British Columbians can be proud of that’s a premier global gateway, an economic generator and a positive force in our community.

The Gateway Goal
Building Vancouver International Airport (YVR) as an Asia-Pacific gateway is an enduring vision – one dating back to the airport’s opening in 1931 – and it’s all about encouraging passengers to connect at YVR between the Americas and Asia. This supports additional flights, more jobs and more connectivity for B.C., and all our plans are based on this fundamental and underlying strategy. Developing as a gateway capitalizes on our

Did You Know?
- A daily flight to Asia creates 186 jobs and $8.6 million in wages in our community annually.
- YVR employs 23,400 people at above-average wages, contributing to 2% of Metro Vancouver households.
- YVR was named the best airport in North America 2 years running by independent survey Skytrax World Airports Awards.
Strong, Non-Linear Relationship with Economic Development

% Change in the Propensity for Air Travel

<table>
<thead>
<tr>
<th>GDP/Capita US$</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>From $5K To $10K</td>
<td>60%</td>
</tr>
<tr>
<td>From $10K- $15K</td>
<td>30%</td>
</tr>
<tr>
<td>From $15K To $20K</td>
<td>20%</td>
</tr>
<tr>
<td>From $20K To $25K</td>
<td>10%</td>
</tr>
<tr>
<td>From $25K To $30K</td>
<td>0%</td>
</tr>
</tbody>
</table>
Propensity for Air Travel: Asia-Pacific

[Graph showing scatter plot with countries plotted based on GDP per capita (US$ PPP 2005) and E-D Pax/Per Capita 2005.]
Investments with Long Horizons

- Aeronautical fees frozen at 2010 level for five years
Investments with Long Horizons
Investments with Long Horizons
Subsidiary Company

• Vantage Airport Group *nee YVR Airport Services*
  • Manages 13 airports on three continents
  • Export of YVR’s expertise
  • Exposed to global best practices
  • Private, shareholder owned company
    • Equal partners with Citi Infrastructure Investors (CII)
“Honest Broker”

• Governance structure allows Authority to be an “honest broker”
  • Bringing private and public sectors together
  • 2010 Winter Olympics Games Planning
    • Many agencies had data and plans
    • Authority functioned as the data warehouse and plan integrator
      • No fear of expropriation for shareholder value
      • Flexibility of private sector
How We Measure Our Performance
Economic Impact of YVR:
Three Dimensions

YVR
- PRIMARY: Airport
- SECONDARY: Visitors to BC
- TERTIARY: Connectivity for BC
Economic Impact of YVR:
Summary

- A daily, international passenger flight:
  - Primary:
    - 150-200 jobs servicing the plane, passengers and cargo at YVR
  - Secondary:
    - the additional visitors support 400 or so jobs in BC’s hotels, restaurants, shops and tourist attractions.
  - Tertiary
    - Better connectivity for BC’s businesses, schools and universities