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Canadian Pension Funds Buy Chicago's Toll Road for \$2.8B.

Three of Canada's largest pension plans have agreed to buy Chicago toll-road operator Skyway Concession Co. for \$2.8 billion from a group led by Spain's Ferrovial SA.

Canada Pension Plan Investment Board, Ontario Municipal Employees Retirement System, and Ontario Teachers' Pension Plan said they will each own a third of Skyway under the terms of the deal, contributing \$512 million each.

"Skyway represents a rare opportunity for us to invest in a mature and significant toll road of this size in the U.S.," Cressida Hogg, Canada Pension's head of infrastructure, said in a statement Friday. "This investment fits well with CPPIB's strategy to invest in core infrastructure assets with long-term, stable cash flows in key global markets."

The Canadian pension funds, which collectively have about C\$499 billion (\$374 billion) in assets under management, have been acquiring alternative assets, such as toll roads, ports, and other infrastructure, for the long-term, stable returns they offer.

Canada Pension, for example, is currently part of a group led by Qube Holdings Ltd. that is trying to acquire Australian rail and port operator Asciano Ltd.

Madrid-based Ferrovial is selling its 55 percent stake alongside its partners Macquarie Atlas Roads Group and Macquarie Infrastructure Partners, which own the remaining stake. The transaction is expected to close after it receives the necessary approvals from the City of Chicago, Ferrovial said in a statement. Ferrovial said the sale will return roughly \$269 million to the company.

Skyway is a 7.8-mile (12.6-kilometer) toll road that forms a link between downtown Chicago and its south-eastern suburb. The Chicago Skyway Concession was awarded to Ferrovial and its partners for \$1.83 billion in 2005. The concession was the first privatization of a highway in the U.S. and the sale process began in June, Ferrovial said.

Ferrovial, through its subsidiary Cintra, manages 1,300 miles of highway across 28 concession in Canada, the U.S., Europe, Australia and Colombia, including the 407 ETR concession, which it owns in partnership with Canada Pension and SNC-Lavalin Group.

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