2 PPP Case studies

Concession arrangement for a highway and partnership contract for a bypass

29 April 2010
A 63 - Highway with high traffic expectations & toll opportunities

- 121 kms of highway
- ~€1Bn
- 40 year contract
- Objective:
  - Many sections had to be widened (from 2x2 to 2x3 lanes)
A 63 - Highway with high traffic expectations & toll opportunities

- **Sponsors**
  - Financial Sponsor + Constructor + Operator

- **Private Partner**

- **Government**
  - 40 year Concession Contract

- **Entry Fee**

- **Equity**

- **Lenders**

- **EPC Contractor**

- **Operator**

- **Credit Agreement**

- **EPC Contract**

- **O&M Contract**

EPC (Engineering, Procurement, and Construction) Contractor

O&M (Operation and Maintenance) Contract

40 year Concession Contract

Entry Fee

Equity
## Infrastructure Tools

<table>
<thead>
<tr>
<th>Concession arrangement</th>
<th>Public Procurement</th>
<th>« Partnership Contract »</th>
</tr>
</thead>
<tbody>
<tr>
<td>All risks transferred</td>
<td>No risk transferred (delay, construction and maintenance overcosts, interface, change in law...)</td>
<td>Risk partly transferred (delay, construction &amp; O&amp;M overcosts, interface)</td>
</tr>
<tr>
<td>Traffic risk transferred / Toll</td>
<td>No traffic risk transferred / No toll</td>
<td>No traffic risk transferred / No toll</td>
</tr>
<tr>
<td>Low financing cost</td>
<td>Upfront payment during construction</td>
<td>Higher financing cost</td>
</tr>
<tr>
<td>No payment (or only subsidies during construction)</td>
<td></td>
<td>Differed and spreadout payment</td>
</tr>
</tbody>
</table>
Tollfree bypass around Tarbes

- 6.7 km road
- ~M40 €
- 20 year contract
- Objectives:
  - Improve traffic circulation
  - Improve road safety
  - Support economic development

No highway nor engineering work
No Toll
No economic profitability

Concession

« Partnership Contract »
Tollfree bypass around Tarbes

Local Government

20 year Partnership Contract

Investment Fee

Maintenance Fee

Sponsors
Financial Sponsor + Constructor + Operator

Equity

Private Partner

Credit Agreement

Lenders

EPC Contractor

EPC Contract

O&M Contract

Operator

Financial Sponsor + Constructor + Operator

Credit Agreement

Investment Fee

Maintenance Fee

20 year Partnership Contract

Local Government

EPC Contractor

Sponsors
Financial Sponsor + Constructor + Operator

Operator

Lenders

Credit Agreement

Investment Fee

Maintenance Fee

20 year Partnership Contract

Local Government

© 2008 Property of Ernst & Young et Associés – Confidential, in compliance with the principles stated in the “Disclaimers”. This presentation, reserved for your internal use, is indissociable from the contextual elements used as a basis for its elaboration and from the spoken comments accompanying it.