



**PPP Project – D4 Motorway
Prague – South Bohemia**

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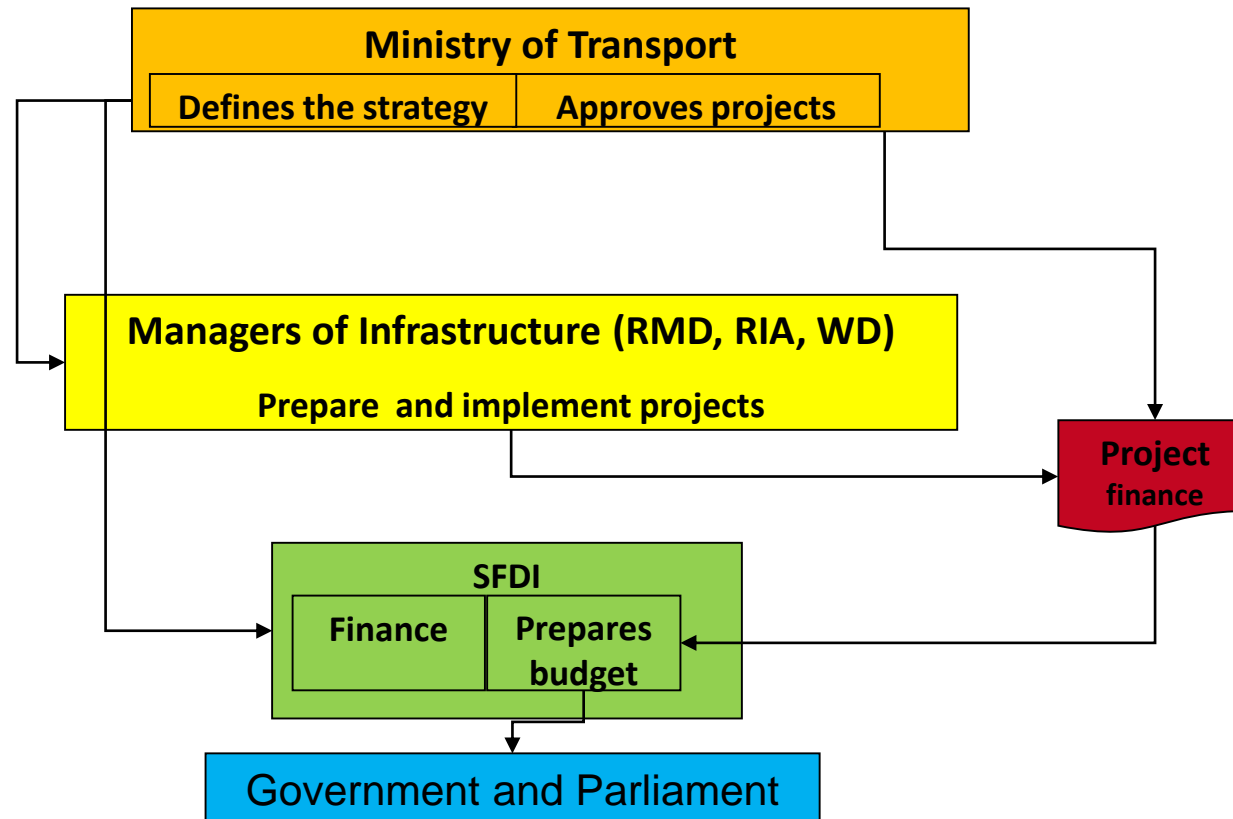




PPP Project - D4 Motorway

Prague – South Bohemia

CZ Transport sector – organizational framework



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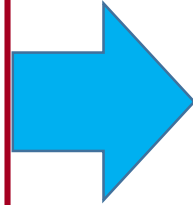


SFDI – Financing scheme



Revenues

- Ministry of Finance subsidies
- EU funds (OPT, CEF)
- Motorway toll
- 9,1 % Consumption Tax from Hydrocarbon Fuels
- 100 % Road Tax
- 100 % Vignettes (the time-related toll)



Expenditures

Roads

Railways

Waterways

Other

(road safety, cycle paths, airports security etc.)



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D4 Motorway The first transport infrastructure project PPP



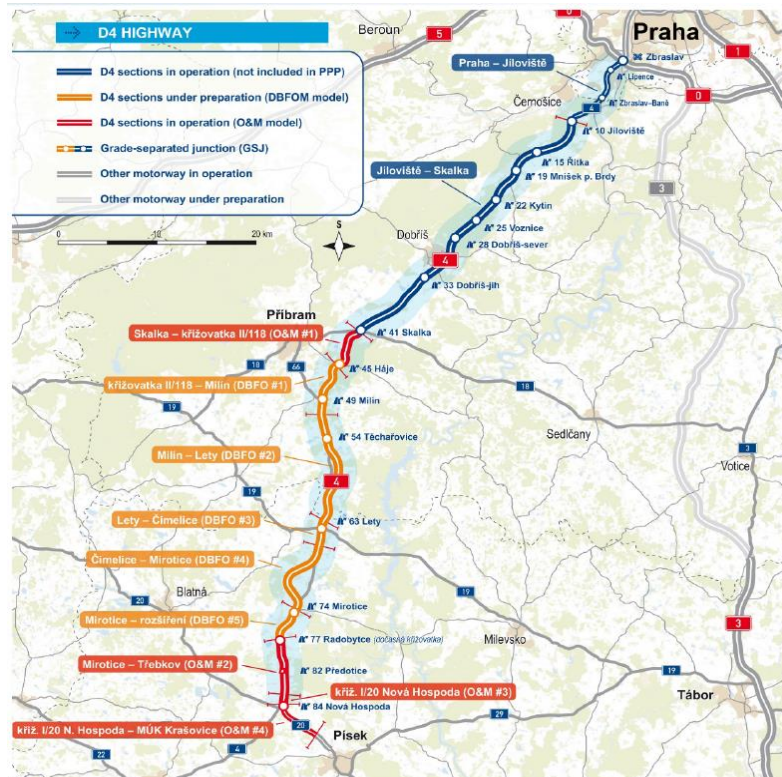
The project consists of construction of approx. 32 km of new motorway – specified as **the greenfield part (DBFOM)**

and

operation and maintenance of approx. 16 km of motorway specified as **the brownfield part (O&M only)**



D4 Motorway – Map of sectors



O&M #1

Skalka – Intersection II/118

DBFO #1

Intersection II/118 – Milín

DBFO #2

Milín – Lety

DBFO #3

Lety – Čimelice

DBFO #4

Čimelice – Mirovice

DBFO #5

Mirovice – extension

O&M #2

Mirovice – Třebkov

O&M #3

Intersection I/20 Nová Hospoda

O&M #4

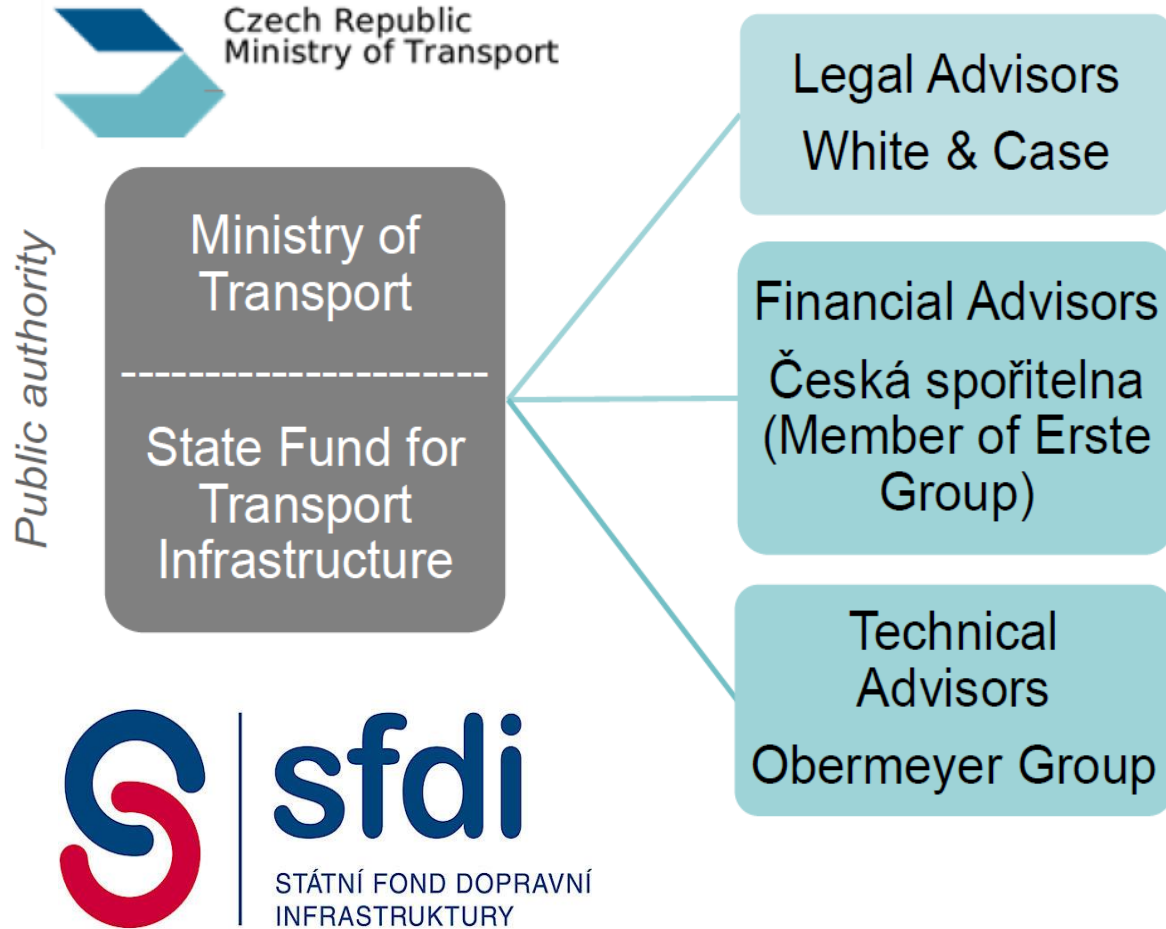
I/20 N.H. – Písek (Krašovice)



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PPP Project D4 Motorway Project Preparation Team



WHITE & CASE



PPP Project D4 Motorway - Financing Structure (1/3)



| | |
|---|---|
| Main bid selection criterion | The lowest present value of availability payments |
| Expected general financing structure | Equity & bank debt |
| Public Authority's Share of Overall Construction Cost | None |
| Multilateral involvement | EIB participation is being considered |



PPP Project D4 Motorway - Financing Structure (2/3)



| | |
|--|--|
| Changes of debt pricing between BAFO and FC | Basis rates – Public Authority Margins – Concessionaire |
| Requirement for off-balance sheet treatment (ESA 2010) | Highly preferable |
| Compensation for early termination | <p>Public Authority's default – outstanding debt (incl. all related loan break costs), outstanding equity and lost profit (IRR)</p> <p>Force majeure – outstanding debt (incl. all related loan break costs), equity investment less equity distributions</p> <p>Concessionaire's default – market value of the concession</p> |



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PPP Project D4 Highway - Financing Structure (3/3)



| | |
|--|---|
| <p>Required level of committed financing at bid submission</p> | <p>Debt: 100% minus expected EIB part Equity: 100% All material lenders' and investors' due diligence completed by BAFO Non-exclusivity under consideration</p> |
| <p>Payment mechanism</p> | <p>Availability payments Performance and availability deductions respecting the principle of proportionality</p> |
| <p>Refi-gain sharing</p> | <p>Up to 33% for the Public Authority</p> |



D4 - Issues for Discussion: Involvement of multilaterals (EIB)



Involvement of EIB under consideration given relatively small size of D4 project

Considerable experience with EIB financing on the PPP market

Involvement of EIB as a positive factor – provision of significant portion of debt, better terms than commercial banks, improvement of project image, supervision of PPP process and tender documents, etc.

Commitment only for the preferred bidder, draft terms and condition to be distributed equally to all bidders



D4 - Issues for Discussion: Currency



The Public Authority is considering pros and cons of scenarios with availability payments in CZK & EUR or in EUR/CZK only.

D4 - Issues for Discussion: Off-balance sheet treatment according to ESA 2010

Structuring the project as off -balance sheet provides less comfort to lenders (limited guarantees, e.g., in the event of early termination due to concessionaire's default) and thus impacts the debt price

Not a condition precedent to financial close for Czech D4 project



PPP Project D4 Motorway – The first round of the competitive dialogue



On 2nd and 3rd of April 2019, the first round of competitive dialogue was held at the Ministry of Transport within the tender procedure for the selection of a concessionaire for the PPP D4 project.

The opening round took place gradually with each of these candidates:

DIVia : VINCI Highways SAS, VINCI Concessions SAS and Meridiam Investments SAS)

HO-ST South Bohemian Link: HOCHTIEF PPP GmbH und STRABAG AG

Via 4 - Southern Link: PORR Beteiligungen und Management GmbH, Macquarie Corporate Holdings Pty Limited, Obrascón Huarte Lain, S.A. and Egis Projects S.A.



D4 - The first round of the competitive dialogue



Fundamental financial issues influencing the form of the concession agreement which were (among others) discussed:

The currency in which the long-term debt of the concessionaire will be obtained, respectively in which the availability payment will be paid (CZK vs. EUR)

Reasons for choosing a qualitative evaluation criterion for the evaluation of bids

The second round of the competitive dialogue will take place in the second half of June and will focus on technical and financial issues.

The end of the competitive dialogue phase is foreseen by the contracting entity in November 2019, followed by a request for bids.



Thanks you for attention:
Tomáš Blecha



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