

Project's key elements: The Financial Model

Turin, 18.10.2018



TRH overview (1/2)

The realization process of the TRH will be articulated in 2 lots:

Lot 1: Healthcare and Clinical training Centre + Research Centre

Lot 2: Teaching Centre (School of Medicine) + Accomodation facilities

TRH (€/000)	Construction work (including car parks)	Health technologies, furnishings	Technical expenses ⁽¹⁾	Other costs (financial, structural oper. costs)	VAT ²	Total
Reclamation of area	15,800		1,100		1,580	18,480
Healthcare and Clinical training Centre	293,000	90,500	31,507	49,013	62,972	547,992
Reaserch Centre	21,000					
Total Lot 1	329,800	90,500	32,607	49,013	64,552	566,472
Teaching Centre	54,273	4,828	6,664	8,392	10,163	97,765
Accomodation facilities	12,365	1,080				
Total Lot 2	66,639	5,908	6,664	8,392	10,163	97,765
GRAND TOTAL	396,439	96,408	39,271	57,405	74,714	664,237

Notes:

- 1) Technical expenses equal to 31.5m Euros are composed of: € 29.2 mln are technical expenses related to the construction works and € 2.3 mln are technical expenses related health technologies and furnishings;
- 2) VAT is calculated also on the structural operational costs of the initiative estimated equal to € 21.5 mln.

TRH overview (2/2)

Tender perimeter (€/000)	Lot 1	Reclamation of area	Health technologies, furnishings	Technical Costs*	Structural op. costs on health tech.	PEF perimeter
Reclamation of area	18,480	(18,480)				-
Health tech. & furnishings	90,500		(90,500)			-
Construction work	293,000					314,000
	21,000					
Technical expenses	31,507			(9,836)	(2,271)	19,400
Structural operational costs	49,013					21,500
Financial costs						27,513
VAT	62,972		(19,910)	(2,164)	(500)	40,398
GRAND TOTAL	566,472	(18,480)	(110,410)	(12,000)	(2,771)	422,811

Analysis of the economic and financial feasibility of the project

PURPOSE OF ANALYSIS

Verify if the project is able to:

- Create value;
- Create an appropriate level of profitability of the invested capital;
- Generate adequate cash flows for the loans repayment.

5 MAIN PHASES

- Estimate timeline and investment costs;
- Estimate of revenues/costs related to (i) concessions and (ii) commercial areas;
- Definition of the availability fee;
- Definition of financial structure of the project.

FEASIBILITY & SUSTAINABILITY METRICS

- Project NPV;
- Project IRR;
- Shareholder NPV;
- Shareholder IRR;
- DSCR.

MAIN INPUTS

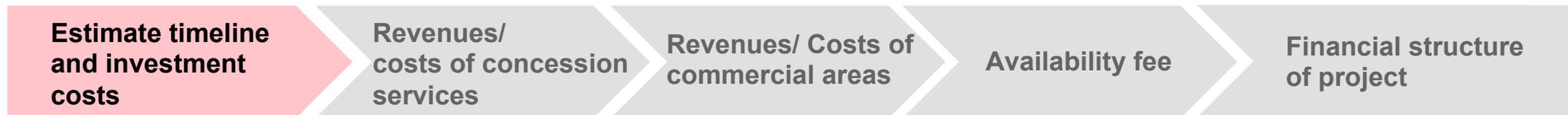
- Technical and infrastructural data;
- Parametric values related to the management activities, defined by National Authorities;
- Financial data based on similar cases provided by best practices, sector literature, Finpiemonte, Advisor's experiences.

NPV – Net Present Value

IRR – Internal Rate of Return

DSCR – Debt Service Cover Ratio

Main phases of the analysis: Estimate of timeline and investment costs



Investment costs

Timeline

- Construction work (including car parks) → € 314.0 mln
- Technical costs → € 19.4 mln
- Structural operational costs → € 21.5 mln
- Financial costs → 27.5 mln

30 years



5 years

Works duration



25 years

Concession duration

Main phases of the analysis:

Revenues/ costs of concession services and commercial areas



Concession services

- Heating management services
- Energy management services

Fees (for SPV) related to concession services

- Quantity X services costs (based on historical data)
- Fees include a mark-up of 13% related to SPV costs

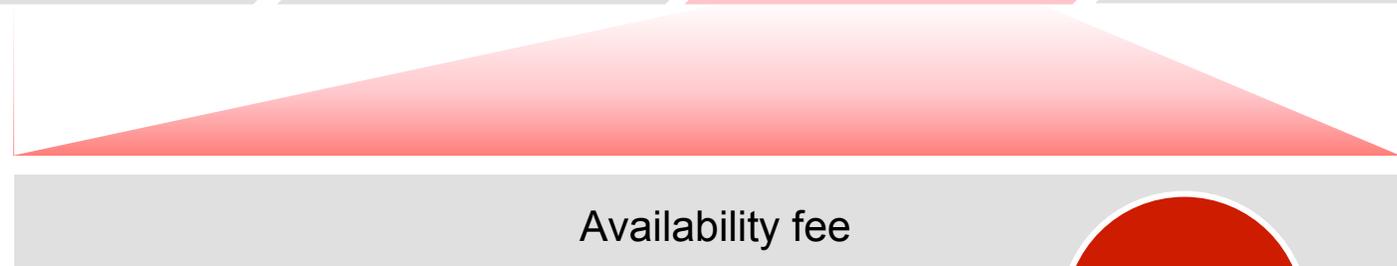
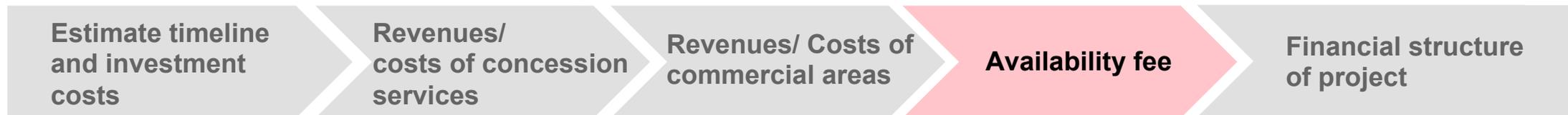
€ 6.2 mln

Fees (for SPV) related to commercial areas

- 2,600 sqm rental areas
- No costs related to commercial areas

€ 370 K

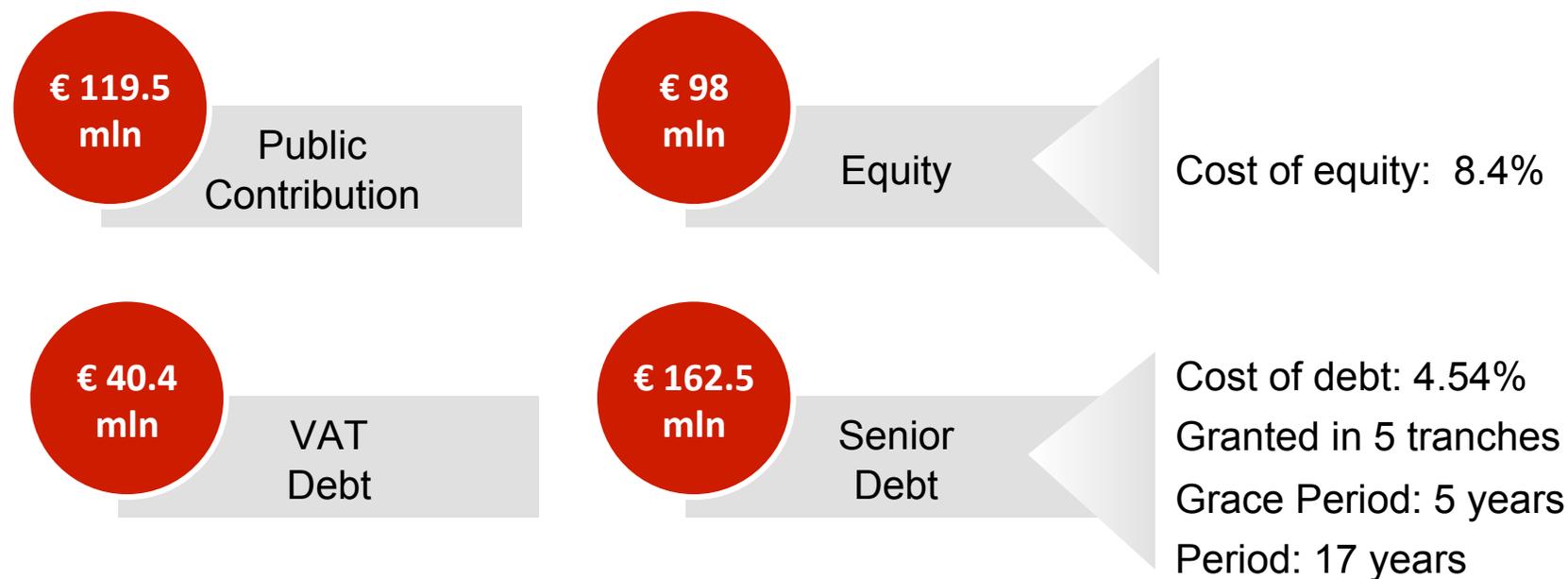
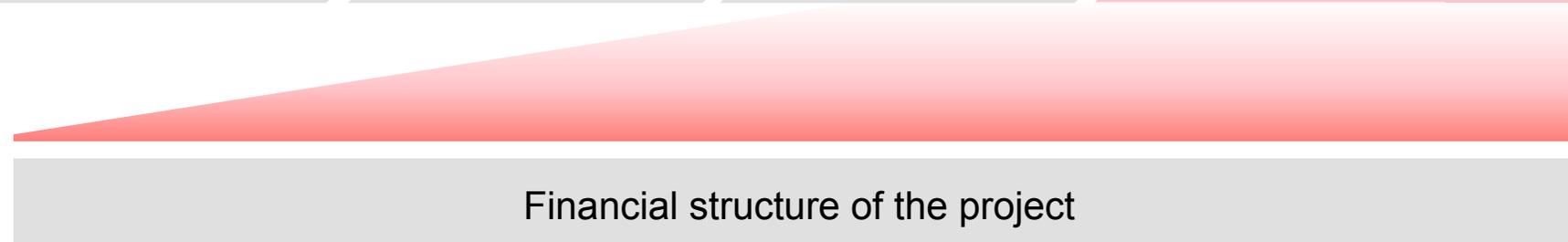
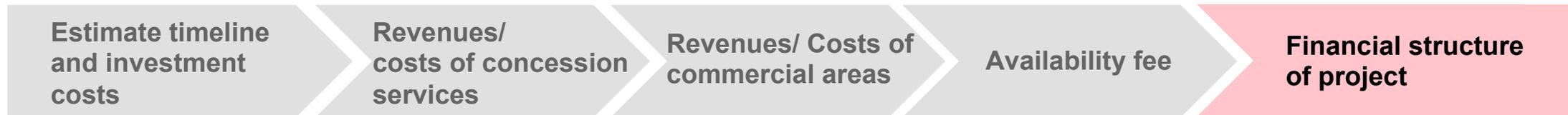
Main phases of the analysis: Revenues/ costs of availability fee



€ 26.1
mln

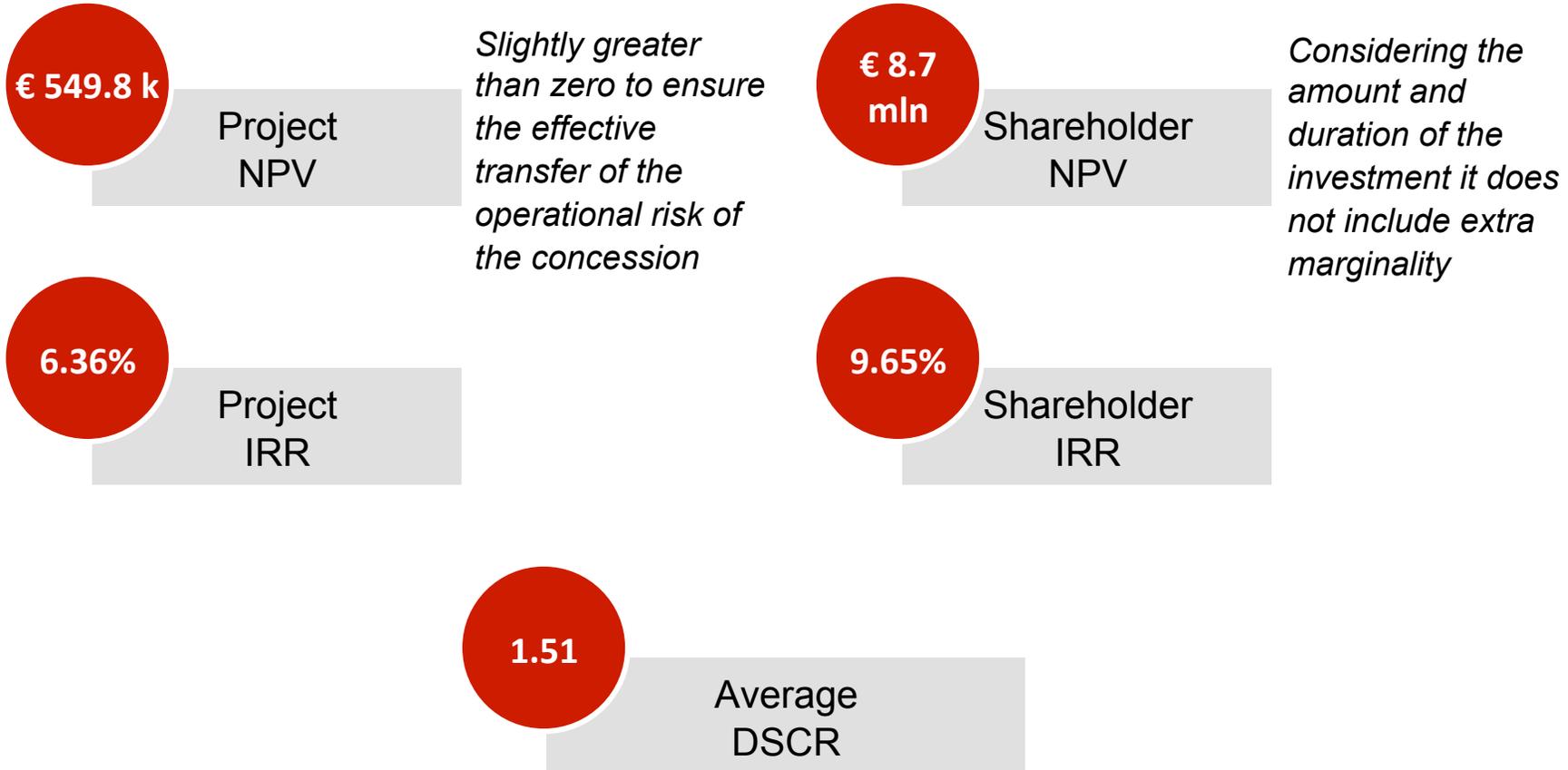
- Guarantee a target return of the project
- Estimated regarding the following:
 - Total debt service;
 - concession services;
 - Other construction costs, margins for the concession and liquidity.
- 20% → coverage of maintenance costs;
- 80% → return of the investment.

Main phases of the analysis: Financial structure of project (1/2)



Feasibility and sustainability metrics

FINANCIAL MODEL RESULTS



NPV – Net Present Value
IRR – Internal Rate of Return
DSCR – Debt Service Cover Ratio