



NOVARA NEW TEACHING AND RESEARCH HOSPITAL

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EY Advisory

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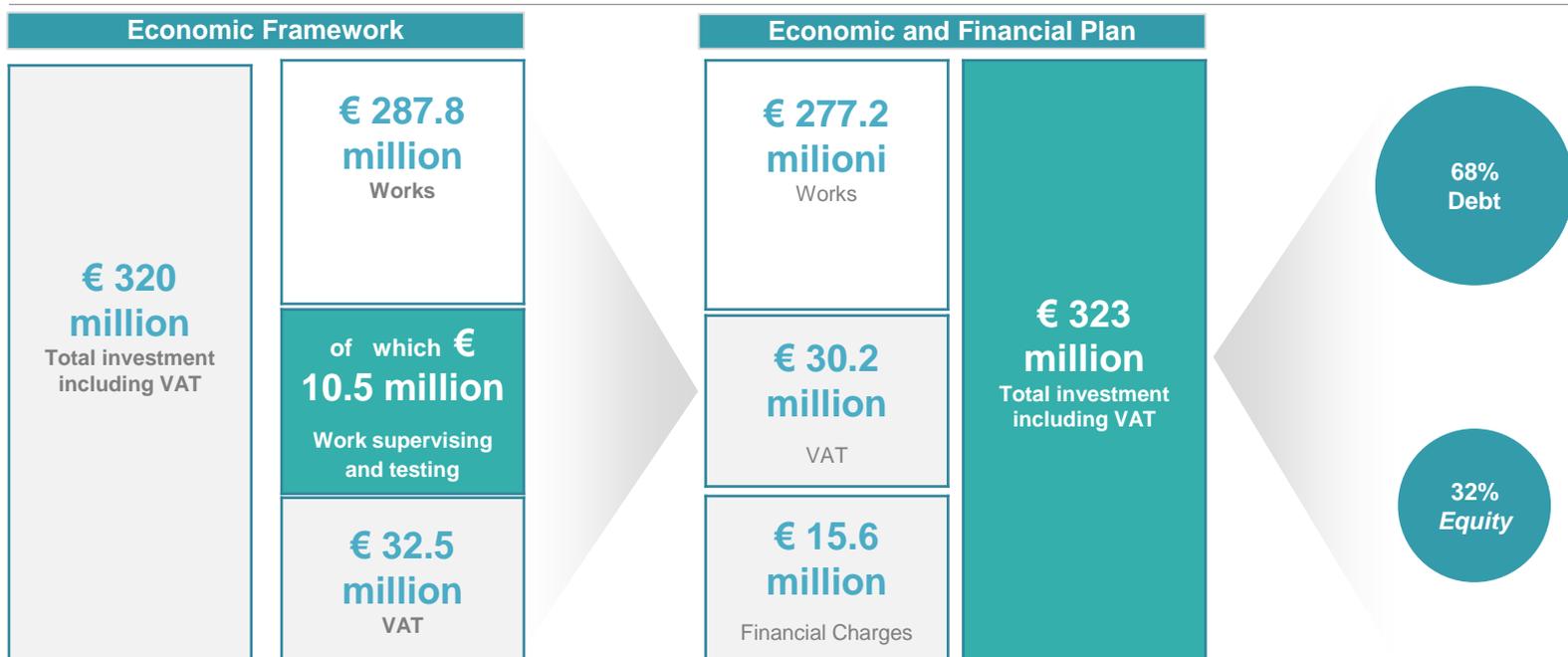
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ECONOMIC AND FINANCIAL PLAN: FROM ECONOMIC FRAMEWORK TO FINANCING

PIEMONTE A FUTURE-ORIENTED BUSINESS DESTINATION





ANALYSIS OF THE PROJECT ECONOMIC AND FINANCIAL FEASIBILITY

PIEMONTE A FUTURE-ORIENTED BUSINESS DESTINATION

ANALYSIS GOAL

Check the Project capability to:

- Create value;
- Generate an adequate profitability level for private investors based on the invested capital;
- Generate enough cash-flow to re-pay the funding.

FEASIBILITY AND SUSTAINABILITY METRICS

- Project Net Present Value;
- Project Internal Rate of Return;
- Shareholder's Net Present Value;
- Shareholder's Internal Rate of Return;
- DSCR.

VAN – Net Present Value
TIR – Internal Rate of Return
DSCR – Debt Service Coverage
Ratio (ratio between operating cashflow and service of the debt)

5 MAIN PHASES

- Estimate of the time line and the investment cost;
- Estimate of revenues / costs related to (i) concessionary services and (ii) commercial areas;
- Definition of the availability fee;
- Definition of the best Investment financial structure

MAIN INPUTS

- Technical and infrastructural data;
- Parametric values defined by National Authorities concerning management activities;
- Financial data estimated on analyses carried out for similar cases, evidence of the economic sector literature, studies and national observatories



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MAIN PHASES OF THE PROJECT: ESTIMATED TIME LINE AND INVESTMENT COST

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Investment Cost

€ 277 mln

- Cost of Works (including parking) → € 206.8 mln;
- Expenses for Furniture → € 15.5 mln
- Re-development of area → € 49.7 mln
- Procedural Charges → € 5.3 mln
- Financial Costs → € 15.6 mln

Time Line

$$\begin{array}{c}
 30 \text{ years} \\
 = \\
 4\text{-year Planning / Construction} \\
 + \\
 26\text{-year Concession}
 \end{array}$$



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MAIN PHASES OF THE PROJECT:

REVENUES / COSTS RELATED TO CONCESSIONARY SERVICES AND COMMERCIAL AREAS

PIEMONTE

A FUTURE-ORIENTED BUSINESS DESTINATION



Concessionary Services

- Heating / A/C
- Building Maintenance and Management
- Green Areas

Fees (for SPV) related to concessionary services

€ 5.7 mln

- Remuneration = (Quantity to grant) x (Historic costs covered by the Azienda Ospedaliera)
- SPV costs separate a 13% mark up from revenues



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Revenues (for SPV) related to commercial areas

€ 1.6 mln

- Revenues from parking € 1.2 mln
- Revenues from commercial space exploitation € 0.4 mln
- Estimated costs related to the commercial area management € 0,6 mln



MAIN PHASES OF THE PROJECT: AVAILABILITY FEE

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Availability Fee € 18.6 mln

The fee was defined in order to ensure:

- A target return of the operation according to the risk level;
- The coverage of:
 - Overall service of debt;
 - Ordinary and extraordinary maintenance of buildings and technical systems;
 - Other work charges, licensee's margins and liquidity provisions;



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MAIN PHASES OF THE PROJECT: INVESTMENT FINANCIAL STRUCTURE

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Investment Financial Structure

€ 79.9 mln
Public Contribution

€ 71.4 mln
Capital Stock

€ 22.2 mln
VAT Line Debt

€ 151.8 mln
Senior Debt

- Cost of Equity: 8.7%
- Cost of Debt: 4.52%
- Disbursement: Max 5 instalments
- *Grace Period*: 5 years
- Duration: 19 years



FEASIBILITY AND SUSTAINABILITY METRICS

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RESULTS OF THE ECONOMIC AND FINANCIAL PLAN

€ 2.8
mln

**Project Net
Present Value**

Slightly above zero in order to ensure the effective operational risk into the concession contract

6.76%

**Project Internal
Rate of Return**

1.56

Average DSCR

VAN – Net Present Value

TIR – Internal Rate of Return

DSCR – Debt Service

Coverage Ratio (ratio between operating cashflow and service of the debt)



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