

## **Brief Guide to the Compilation of the Multiannual Business Plan (BP) in Accordance with the Prospectus as per Annex VIII of the Call for Tenders**

The BP, composed of the Forecast Profit/Loss Account, the Forecast Statement of Assets and Liabilities and the Forecast Cash Flow, of which a digital example is provided in Excel format (Annex VIII), is already specifically drafted for entering the input data in a forecast period of up to 50 years, the maximum duration of a redevelopment concession/rental. The calculation models for the financial-economic assessment's and project bankability's indexes, as well as those for the bank loan, are an integral part of the BP.

Data may be entered and modified only within the cells highlighted in yellow. All other cells already contain the necessary calculations for obtaining the various results. Should the applicants be familiar with the spreadsheet proposed, they may modify or customise it, integrating other items in the BP' spreadsheet and eventually even changing the reference annuities. Within the Project Proposal, the applicants shall analyse and assessed separately the following elements:

- a) Duration in years of the BP and concession/rental period: duration between 6 and 50 years for the adequate recovery of the invested capital, proportioned to the achievement of the economic-financial balance of the initiative. Through simple operations made on the spreadsheet, the duration (as well as the following operations) may be customised on the basis of the project for which the economic-financial planning is being proposed.
- b) Revenues and Operating Costs: the BP allows for the insertion of current monetary values at constant market prices for the estimates made with regard to revenues and operating costs. It is considered useful that the applicants, during the compilation of the BP, present the overall revenues in a different section, specifying the procedures adopted for each type, should the project entail more services subject to a fee. With regard to the operating costs, the applicants shall present in a different section of the BP the various accounting entries that shall lead to the assessment of the various types of operating costs for each year: human resources, ordinary maintenance, insurance, advertisement, energy, etc.. This tear-down analysis of the revenues and operating costs must be in line with the specifications set forth in Annex VII - Economic-Timeline Bid and in Annex IX - Call for Tenders Details Sheet. Once the estimates of the revenues and costs levels for the first start-up year are completed - also thanks to the formulation of the aspects related to the market and the management provided for in the previous sections -, it is advisable that those same values record a linear growth until the last year of management of the property (end of concession); the growth to be associated to both entries (revenues and costs) can be set within the limits of the expected GDP's prudential growth and, in any case, within a 2% maximum, taking account of inflation. Should the applicants be in possession of empirical evidence that the asset/services of the project may record higher growth rates, the application of revenues and/or costs' growth rates higher than 2% may be admitted, notwithstanding the adequate justification to be presented in the special Annex IX - Call for Tenders Details Sheet, in the part related to operating costs and revenues.
- c) Discount Rate: the European Commission set the rates at 3.5% for the Community programme period 2014-2020. Generally, the rate can be amended also in accordance with the interest rate owed to the bank, adding to the latter a 1-3% margin, also according to the level of risk perceived by the applicants. For a low risk, usually, 1% is added to the bank rate; in other cases, 2-3% may be added.
- d) Extraordinary Maintenance: it is advisable to forecast an extraordinary maintenance activity every 5-8 years so as to the maintain the structure in full functionality. This activity, too, included in the Excel prospectus, is capitalised under fixed assets.
- e) VAT Management: the BP foresees the possibility to recover outstanding VAT incurred during the implementation of the construction site to the extent of 22% of the investment, within the three following years. Other

recovery procedures, such as the automatic compensation with the VAT receive on revenues, may be accounted for by amending the relevant parts of the Excel prospectus.

- f) Investment Hedging Resources: generally, the projects with a private capital of at least 20-30% and a bank loan not greater than 30-50% of the overall investment's cost are assessed in a better way from a financial sustainability point of view. The spreadsheet contains a section in which, starting from the share of financing envisaged on the total investment figure, it is possible to simulate the yearly debt instalment (also divided per principal and interest) on the basis of the interest rate (fixed condition) and of the duration.
- g) Public Subsidies: The digital BP contains two sections that allow for the insertion of this entry, which can be recorded under Operating Account, Capital Account or both accounts, obviously in so far as the law permits.

**For the sole purpose of facilitating the compilation of the information required in Annexes VIII and IX of the call for tenders with regard to the economic-financial elements**, a mock BP is presented herewith. No numerical value here presented represents a real case and is thus presented solely for demonstration purposes.

The example presented refers to a project with an investment of € 2 million, 2 years of construction site and 48 years of concession. In the example, a € 1 million bank loan is envisaged, with a duration of 12 years (a two-year period of grace and 10 years of instalments) and a 2.5% rate. Both the project's and the shareholders' NPV and IRR are positive, just like the bankability indexes; the DSCER and the LLCR show values higher than the unit for the whole duration of the loan, thus being acceptable for the issue of the bank's approval. For demonstration purposes, the first 15 years of BP are presented below.

**It is recalled that, for the purpose of facilitating the compilation, in the BP's prospectus attached to the call for tenders, the input data must be added only in the fields highlighted in yellow. It may be possible to make changes to the file and to its cells with the pre-set calculation function, but it is advisable to do so only should the applicants have adequate knowledge of the excel platform, as well as of the material economic-financial analysis and assessment methods entailed in a project.**

**Numerical example of BP, according to the prospectus in Annex VIII of the call for tenders, herewith presented solely for demonstration purposes. No numerical value here reported represents a real project case.**

FORECAST INCOME STATEMENT		years	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating revenues					220,000	222,200	224,422	226,666	228,933	231,222	233,534	235,870	238,228	240,611	243,017	245,447	247,902
Concession/Rental fee																	
Operating costs		10	10	10	100	101	102	103	104	105	106	107	108	109	110	112	
EBITDA		-	10	10	170,000	171,710	173,528	175,365	177,222	179,098	180,995	182,911	184,847	186,804	188,781	190,779	192,799
% on revenues					77%	77%	77%	77%	77%	77%	78%	78%	78%	78%	78%	78%	78%
Public subsidy in operating account					10,000	10,000	10,000	10,000	10,000								
Depreciations					100,000	100,000	100,000	100,000	100,000	101,500	101,500	101,500	101,500	101,500	101,500	101,500	101,500
Financial charges			12,500	25,000	25,000	22,769	20,481	18,137	15,734	13,271	10,746	8,158	5,506	2,787			
Pre-tax result		-	12,510	25,010	55,000	58,942	63,047	67,229	71,488	64,328	68,749	73,253	77,841	82,517	87,281	89,279	91,299
% on revenues					25%	27%	28%	30%	31%	28%	29%	31%	33%	34%	36%	36%	37%
Taxes - IRES		24.0%			13,200	14,146	15,151	16,155	17,157	15,439	16,500	17,581	18,682	19,804	20,947	21,927	22,912
Taxes - IRAP		3.9%			4,290	4,376	4,462	4,548	4,634	3,059	3,149	3,240	3,332	3,425	3,519	3,614	3,710
Net result		-	12,510	25,010	37,510	40,420	43,453	46,544	49,693	43,830	47,100	50,431	53,827	57,288	60,814	62,238	63,677
VAT flows (investment VAT recovery)			220,000	440,000	-	146,667	-	146,667									
Receivables from national revenue (investment VAI)		22.0%	220,000	440,000													
Payables to national revenue (VAI)		22.0%			146,667	146,667	146,667										
Net VAI and receivables			220,000	440,000	293,333	146,667											
FORECAST STATEMENT OF ASSETS AND LIABILITIES		years	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
assets																	
Fixed assets			1,000,000	2,000,000	1,900,000	1,800,000	1,700,000	1,600,000	1,530,000	1,428,500	1,327,000	1,225,500	1,124,000	1,022,500	921,000	819,500	818,000
Receivables (VAT)			220,000	440,000	293,333	146,667	0										
Net current assets (change)			-242,510	-3,415,010	-1,639,075	-1,260,498	-876,601	-633,935	-415,717	-169,399	82,713	340,746	604,826	875,085	1,037,400	1,201,138	1,266,315
TOTAL ASSETS			977,490	-975,010	554,259	686,169	823,399	966,065	1,114,283	1,259,101	1,409,713	1,566,246	1,728,826	1,897,585	1,958,400	2,020,638	2,084,315
liabilities																	
Issued capital			1,440,000	0	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000
Public subsidies			50,000	50,000													
Reserves / profits			-12,510	-25,010	25,000	65,420	108,873	155,417	205,110	248,940	296,039	346,471	400,298	457,585	518,400	580,638	644,315
Short-term payables																	
Medium/long-term payables			-500,000	-1,000,000	-910,741	-819,251	-725,474	-629,352	-530,827	-429,839	-326,326	-220,225	-111,472	0	0	0	0
TOTAL LIABILITIES			977,490	-975,010	554,259	686,169	823,399	966,065	1,114,283	1,259,101	1,409,713	1,566,246	1,728,826	1,897,585	1,958,400	2,020,638	2,084,315

FORECAST CASH FLOWS		year	1	2	3	4	5	6	7	8	9	10	11	12	13	14
		s														
Net assets flow of current operating results (EBITDA)					170,000	171,710	173,528	175,365	177,222	179,098	180,995	182,911	184,847	186,804	188,781	190,779
(-) Overall investments (and eventual extraordinary maintenance)		-	1,000,000	- 1,000,000					30,000							
(+/-) Contribution for operating account					10,000	10,000	10,000	10,000	10,000	-	-	-	-	-	-	-
(+/-) Final residual value (if applicable)																
[=] Operating cash flow		-	1,000,000	- 1,000,000	180,000	181,710	183,528	185,365	187,222	189,098	190,995	192,911	194,847	196,804	198,781	200,779
(+/-) Private capital			1,440,000													
(+/-) New financing			500,000	500,000												
(+/-) Public subsidy in operating account			50,000	50,000												
(-/-) Taxes on net income and VAT			220,000	440,000	- 129,177	- 128,145	- 127,073	20,685	21,796	20,498	21,649	22,821	24,014	25,229	26,467	27,041
[=] Available cash flow for debt service			770,000	- 890,000	309,177	309,855	310,601	164,681	135,427	158,601	159,346	160,090	160,833	161,574	162,314	163,738
(-/-) Payment of interest payable			12,500	25,000	25,000	22,769	20,481	18,137	15,734	13,271	10,746	8,158	5,506	2,787		
(-/-) Reimbursement of debt share capital					89,259	91,490	93,777	96,122	98,525	100,988	103,513	106,101	108,753	111,472		
[=] Available cash flow for shareholders			757,500	- 915,000	194,918	195,596	196,342	50,422	21,168	44,342	45,087	45,831	46,574	47,316	162,314	163,738
[=] Progressive net cash flow			757,500	- 157,500	37,418	233,014	429,357	479,778	500,946	545,288	590,375	636,206	682,780	730,095	892,410	1,056,148
Economic and financial assessment of the project		year	1		3	4	5	6	7	8	9	10	11	12	13	14
		s														
Cash flow available to shareholders net of invested capital		-	682,500	- 157,500	194,918	195,596	196,342	50,422	21,168	44,342	45,087	45,831	46,574	47,316	162,314	163,738
DSCR - Debt Service Cover Ratio					1.58	1.59	1.61	1.62	1.38	1.57	1.58	1.60	1.62	1.63	-	-
LLCR - Loan Life Cover Cover Ratio			3.26	0.90	1.99	1.89	1.76	1.58	1.62	1.73	1.85	2.09	2.79	-	-	-
IRR - Project			8.9%													
NPV - Project			2,490,153													
discount rate		3.5%														
IRR - Shareholder			13.2%													
NPV - Shareholder			2,206,317													
discount rate		3.5%														
Bank loan		year	1	2	3	4	5	6	7	8	9	10	11	12		
		s														
Loan instalment (% investment)		1,000,000			114,259	114,259	114,259	114,259	114,259	114,259	114,259	114,259	114,259	114,259		
Outstanding debt			500,000	1,000,000	910,741	819,251	725,474	629,352	530,827	429,839	326,326	220,425	111,472			0
Capital share (reimbursement years)		10			89,259	91,490	93,777	96,122	98,525	100,988	103,513	106,101	108,753	111,472		
Interest rate of forecast bank loan		2.50%	12,500	25,000	25,000	22,769	20,481	18,137	15,734	13,271	10,746	8,158	5,506	2,787		

<p><b>Operating Costs</b>          Indicate the project's main operating costs in which the BP's expenses macro item is articulated – e.g. human resources, maintenance, administration costs (max 1500 characters)</p>	<p><b>Operating Revenues</b>          Indicate the project's main revenues in which the BP's revenues macro item is articulated – e.g. trading receipts from sale of products/Services, hotel management revenues, food &amp; beverage, events, any other activity in existing structures and eventual contributions for operating expenses (max 1500 characters)</p>
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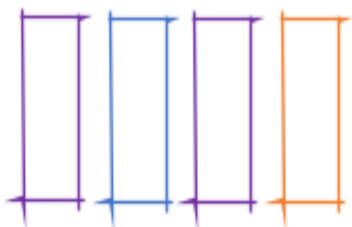
**Totale investimenti per recupero immobile**

**Investments**

Indicate the investments envisaged for the realisation of the project in which the BEP's overall investments macro item is articulated: which ones, how many (divided into investments for restoration and investments for furniture and fixtures) and their sources – e.g. public subsidies in operating account, equity, third-parties non-refundable contributions (foundations, enterprises, citizens) loan repayment (max 1500 characters)

Indicate the distribution over time of the investment expenses by type (investments for restoration and investments for furniture and fixtures) in accordance with the Duration proposed

For each type of investment, specify the main hedging resources envisaged, bearing in mind that this indication is meant as an indicative guide. For each hypothesised hedging resource, indicate the total value of the various annuities of the Duration proposed.



FORECAST CASH FLOWS		years	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Net assets flow of current operating results (EBITDA)					170,000	171,710	173,528	175,365	177,222	179,098	180,995	182,911	184,847	186,804	188,781	190,779
(-) Overall investments (and eventual extraordinary maintenance)		-	1,000,000	-	1,000,000					30,000						
(+/-) Contribution for operating account					10,000	10,000	10,000	10,000	10,000							
(+/-) Final residual value (if applicable)																
[=] Operating cash flow		-	1,000,000	-	1,000,000	180,000	181,710	183,528	185,365	187,222	189,098	190,995	192,911	194,847	196,781	198,779
[+] Private capital			1,440,000													
[+] New financing			500,000	500,000												
(+/-) Public subsidy in operating account			50,000	50,000			128,145	127,073	20,685	21,796	20,498	21,649	22,821	24,014	25,229	26,467
(-) Taxes on net income and VAT			220,000	440,000	-	129,177	309,855	310,601	164,681	135,427	158,601	159,346	160,090	160,833	161,574	162,314
[=] Available cash flow for debt service			770,000	-	890,000	309,177										
(-) Payment of interest payable			12,500	25,000	25,000	22,769	20,481	18,137	15,734	13,271	10,746	8,158	5,506	2,787		
(-) Reimbursement of debt share capital					89,259	91,490	93,777	96,122	98,525	100,988	103,513	106,101	108,753	111,472		
[=] Available cash flow for shareholders			757,500	-	915,000	194,918	195,596	198,492	200,827	21,168	44,342	45,087	45,831	46,574	47,316	162,314
[=] Progressive net cash flow			757,500	-	157,500	37,418	233,014	429,357	479,778	500,946	545,288	590,375	636,206	682,780	730,095	892,410
Economic and financial assessment of the project		years	1		3	4	5	6	7	8	9	10	11	12	13	14
Cash flow available to shareholders net of invested capital		-	682,500	-	157,500	194,918	195,596	196,342	50,422	21,168	44,342	45,087	45,831	46,574	47,316	162,314
DSCR - Debt Service Cover Ratio					1.58	1.59	1.61	1.62	1.38	1.57	1.58	1.60	1.62	1.63	-	-
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IRR - Project			8.9%													
NPV - Project			2,490,153													
discount rate		3.5%														
IRR - Shareholder			13.2%													
NPV - Shareholder			2,206,317													
discount rate		3.5%														
Bank loan		years	1	2	3	4	5	6	7	8	9	10	11	12		
Loan instalment (% investment)		1,000,000			114,259	114,259	114,259	114,259	114,259	114,259	114,259	114,259	114,259	114,259		
Outstanding debt		500,000	1,000,000	910,741	819,251	725,474	629,352	530,827	429,839	326,326	220,225	111,472	0			
Capital share (reimbursement years)		10			89,259	91,490	93,777	96,122	98,525	100,988	103,513	106,101	108,753	111,472		
Interest rate of forecast bank loan		2.50%	12,500	25,000	25,000	22,769	20,481	18,137	15,734	13,271	10,746	8,158	5,506	2,787		



SUBSCRIPTION

In the event of an already constituted temporary joint-venture/consortium, all documents required by ENVELOPE C must be subscribed by the group leader or, in the event of a temporary joint-venture/consortium yet to be constituted, by all of its component.

In the event of a permanent consortium/consortium between social cooperatives, all documents required by ENVELOPE C must be subscribed by the consortium itself.

Place and Date:

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Applicant/Group Leader Signature

\_\_\_\_\_

Principal Signature

\_\_\_\_\_

Principal Signature

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