

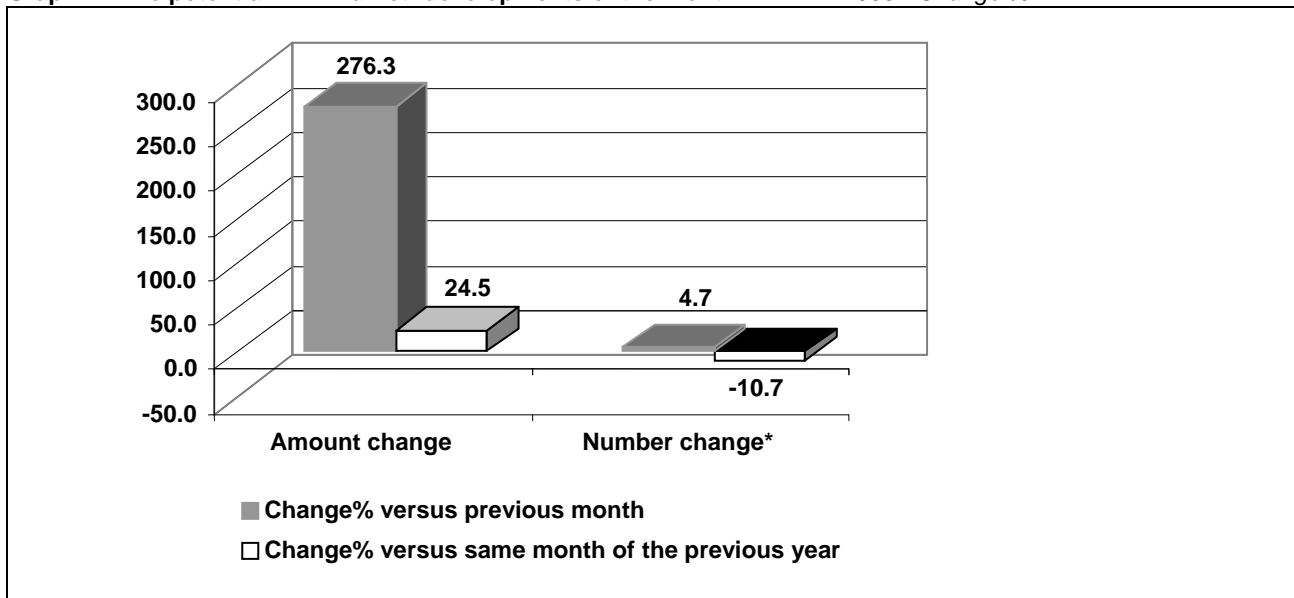
PRESS RELEASE
Monthly Observatory
APRIL 2008

In April, works worth over €50m make the difference

The continuous ups and downs of the PPP market in the first few months of 2008 continued also throughout April. After the reduced size of the investments and the small to medium-sized projects that characterized the month of March, the market once again registered a number of major initiatives worth over € 50m. The result was an average market growth of 276% compared to the previous month, and of 24.5% with respect to April 2007.

The total number of projects utilizing public-private resources registered for the whole of Italy was 134, equal, that is, to a 4.7% growth with respect to the month of March, a total turnover reaching nearly € 1.8 billion, and an average size of the 111 projects of 16.2 million. This according to the National Observatory on Project Financing promoted by CIPE's Unità Tecnica Finanza di Progetto – Presidency of the Council of Ministers, Ministry of Economy and Finance, Unioncamere and Chamber of Commerce of Rome, implemented and managed by AeT – Environment and Territory, Special Agency of the Chamber of Commerce of Rome, in collaboration with Cresme.

Graph 1 - The potential PPP market: developments of the month – APRIL 2008 - Change %



Source: National Observatory of the Public Private Partnership – processed by Cresme for AeT – Environment and Territory, Special Agency of the Chamber of Commerce of Rome (www.infopieffe.it)

* including notices with unspecified amount

The positive performance during the month of April was determined by the more economically substantial large-scale works worth over € 50m which had an incidence of 1.45 billion on the overall market value, versus 927 of a year ago.

This growth led to a closing of the potential public-private Partnership market in the first four-year period of 2008 with an upward trend: 481 projects worth nearly 3.5 billion, that is, an extra 74 projects (+18%) and 685 million (+25%) with respect to the same period of 2007.

With reference to the total turnover of PPP contracts, net of the notices of calls for proposals, the related weight on the overall public works contract market registered by the Cresme–Edilbox Observatory stood at 28%, equal to an extra 7% versus January-April 2007 (21%).

The Municipalities remain the main protagonists of the market with 113 initiatives, for a total value of 567 million, equal to 32% of the potential PPP market.

The territorial distribution continues to favor the south of Italy (71 versus 63 of north central Italy), whilst the biggest investment is located in north-central Italy (1.5 billion versus 305 of southern Italy).

The typology of the majority of contracted works consisted in networks (28 projects) and sports facilities (27), whilst the largest investment, equal to 1.4 billion, that is 77% of the total value of the PPP potential market registered for the month, was realized thanks to two major road works: the regional motorway of Cispadana (1,095 million) and the road connection for the completion of the ring road north of Verona called Traforo delle Torricelle (290 million).

A month in the sign of project finance

The turnover of Project Financing registered in the month of April amounted to 1.7 billion, equal to the quasi totality of the potential PPP market for the month (96%), of which 545 million in relation mainly to phase 1 and 1.2 billion to phase 2 of the procedure. A total of 57 projects were registered, of which 42 during the proposal selection phase and 15 during the tender phase. With regards to *the notices of calls for proposals*, the data for April 2008 show a double speed trend versus the month of 2007, half the number of projects (from 84 initiatives to 42), and an investment increased by 13% (an extra 64 million), accompanied by a general expansion phase compared to the previous month of March, when only 20 initiatives, worth 262 million, were registered. The results of the previous month determined a reversal of trend for the period. Between January and April, in fact, 109 calls for investment proposals were registered with reference to 102 projects worth 1.1 billion. A comparison with the same four-month period of 2007 indicates a reduced number of projects, that is, 23 units (-17%), and an investment increased by 170 million (+18%).

The most active Administration in terms of number of initiatives was the Municipality of L'Aquila, with 11 projects for a total investment of 22.5 million, of which 3 parking lots, 2 sports facilities, 5 business concerns situated within public parks and a multifunctional centre, whilst the Municipality of Verona ranked first in terms of investment size, with a budget of 290 million. The latter project consists in the construction of a ring road – called Traforo delle Torricelle, measuring a total of approximately 12 km which is to link the existing Tangenziale Est of Verona at the Via Fincato intersection directly with the Tangenziale Ovest near the motorway exit of Verona Nord.

In the month of April, the building and management contracts as suggested by the promoter numbered 15, for a total investment of 1.2 billion. The month closed with a positive performance in terms of numbers and amounts, with respect to both the month of March 2008 and that of April 2007. In the former case, the number of projects increased by 36% and a large expansion in terms of amounts (an extra 1.1 billion) was recorded, whilst in the latter case, the number of projects increased only by one unit (+7%) and investments rose by nearly 300 million (+34%).

The contracts of the second phase numbered only 52, for a total turnover exceeding 1.4 billion, with an extra 2 projects (+4%) and 41 million (+3%) versus the overall amount registered for the same period of the previous year. The protagonists of the month, other than the Municipalities, were the Organismo di Bacino 28, which combines 10 Municipalities of the Province of Cagliari and the Region of Emilia Romagna. The former participated in the tender for the design, construction and management of a methane gas network and a multiservice cable duct in the inhabited centres and business and industrial areas of the Municipalities of Armungia, Ballao, Dolianova, Donori, San Nicolò Gerrei, Sant'Andrea Frius, Serdiana, Silius, Soleminis and Villasalto, for a total investment of nearly 21 million, of which 18.7 for labour. The Region of Emilia Romagna, on the other hand, was awarded the largest tender of the month consisting in the concession of public works, for the final and executive design, and in the construction and management of the regional Cispadana motorway, from the toll of Reggiolo-Rolo on motorway A22 to that of South Ferrara on motorway A13, for an estimated investment amount of 1,095,000,000.00. The tender includes the proposal of ATI Autostrada del Brennero (contractor), which consists in the following: a 49-and-a-half-year concession term starting from the signing of the agreement; a 54-month term for the completion of the works starting from the date of approval of the executive project; a pondered average annual fee on net revenue from motorway toll to be paid to the conceding administration (expressed in terms of absolute value) equal to 5,429,756.00 euro; net tariffs received by the licensee equal to 0.0733 €/km for light vehicles and 0.1284 €/km for heavy vehicles; and a public financial participation of 198,000,000.00 euro. It is important to note that, with respect to what is provided for in the notice published on the GURI (official regional gazette) dated 1 August 2006, the promoter has the right of pre-emption. As a result, the promoter can adjust his or her proposal to the best offer resulting from the negotiated procedure, in case they are awarded the contract. On the other hand, if the promoter is not awarded the contract, contractor will be responsible for reimbursing the costs related to the drafting of the proposal, equal to 27,000,000.00 euro VAT excluded.

P.P.P.: MONTHLY SUMMARY – APRIL 2008

	Calls for proposals		Building and Management (BM) contracts as suggested by the promoter		BM contracts as suggested by contracting station		Service contracts		Other PPP contracts		Total	
	No.*	Amount	No.*	Amount	No.*	Amount	No.*	Amount	No.*	Amount	No.*	Amount
January	42	283,319,091	14	51,083,201	19	211,172,683	49	16,638,849	4	3,000,000	128	565,213,824
February	5	33,943,520	12	91,364,852	21	449,897,291	52	45,283,861	1	-	91	620,489,523
March	20	262,131,320	11	86,269,219	25	41,201,063	59	49,838,271	13	38,302,151	128	477,742,025
April	42	544,555,995	15	1,187,295,512	18	41,343,276	57	24,641,921	2	-	134	1,797,836,704
Jan-Apr '08	109	1,123,949,926	52	1,416,012,785	83	743,614,313	217	136,402,902	20	41,302,151	481	3,461,282,077
1st Quarter 2008	67	579,393,931	37	228,717,273	65	702,271,037	160	111,760,981	18	41,302,151	347	1,663,445,373

Source: National Observatory of the Public Private Partnership – processed by Cresme for AeT – Environment and Territory, Special Agency of the Chamber of Commerce of Rome (www.infopieffe.it)

* including notices with amount not indicated