

11:15 - 12:30 - Panel 9 - Marly

“French Government Assets”



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Public sector: innovative way of financing strategic assets

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A closer interaction between the public and private sectors

Strategic needs and assets

➤ Municipalities & Regions

- Social housing
- Healthcare
- Education
- Transportation
- Environment

➤ National infrastructures

- Roads / rail
- Security/prisons

Innovative funding solutions



➤ **PPP/PFI**

➤ **Securitisation**

1- PFI/PPP in Europe

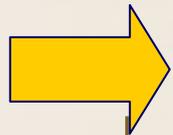
● **Definition** : Provision by the private sector of a capital asset-based service to the public sector in return for an ongoing performance-based fee.

● **Financial mechanism** : Payment by the public sector during the operational phase of the project (30+years) reflecting the risk transfer :

- Availability based payment for “accomodation “project (schools, hospitals)
- Demand/Usage based payment for transportation project (shadow toll road)

● **Legal Framework** :

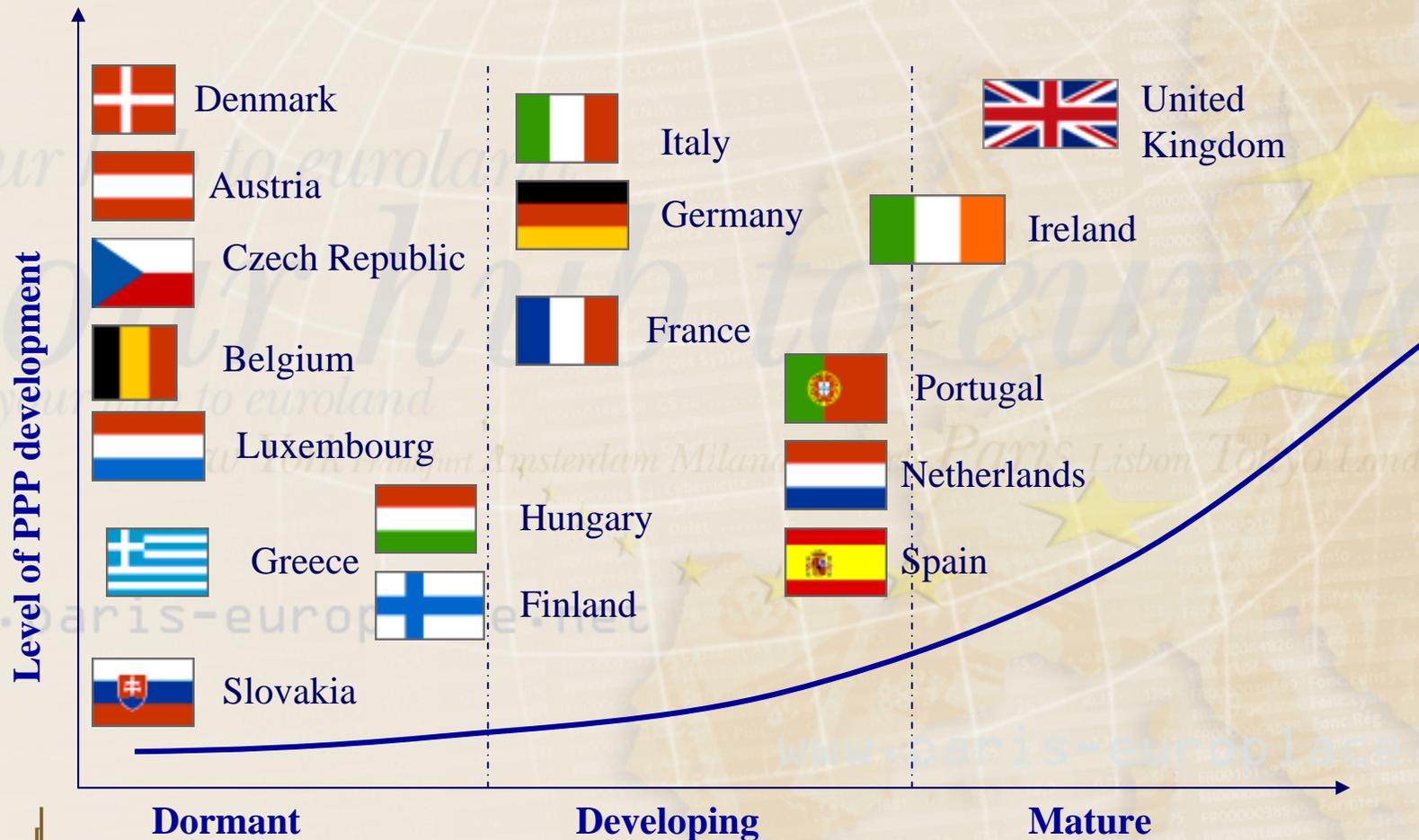
- PPP specific framework in almost all European countries
- Towards a European framework for PPP :
 - Promotion of the Competitive Dialog as Procurement procedure
 - Eurostat rules (11 february 2004) for public accounting treatment of PPP



The Public sector becomes a service buyer and no more an asset producer/buyer

1- A growing PPP market in Europe

- UK PFI market : 15% of all public procurement in form of PFI. Projects closed to date : 60 Bn EUR capital value
- Continental Europe : Projects in tender as of end 2005 : 65 Bn EUR



1- Recent PPP transactions



Madrid Calle 30 (Spain, 2005) – 2 500 M EUR

Madrid Ring Road Renovation project is the biggest PPP launched in Spain to date. Dexia acted as Mandated Lead Arranger



M6 Duna Autopalya (Hungary, 2006) – 205 M EUR

Monoline wrapped and secured bond issue to refinance the new M6 motorway connecting Budapest with the Hungarian-Croatian border. Dexia acted as Sole Lead Manager of the issue.

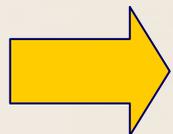


Oldham school PFI project (UK-2006) – 67 M GBP

Design, construction, operation and maintenance of 2 schools under a 25 year post construction PFI contract on behalf of Oldham metropolitan Borough Council. Dexia acted as Sole Lead Arranger and equity investor.

2- Securitisation for the public sector

- **Definition** : Sale by the public sector of assets refinanced through bond issues on the financial markets. Revenues from the assets will reimburse the bonds.
- **Public Assets securitised** : real estate properties, arrears in tax and social contributions...
- **Benefits** :
 - Better allocation of resources
 - Acceleration in the sale process
 - Improvement in the management of the assets :introduction of benchmarking practices in the public sector
 - Alternative off balance sheet funding if compliance with Eurostat rules (July 2002)



The public sector actively manages the asset side of its balance sheet

Public sector securitisation transactions

Italian State transactions on real estate assets

Date	Transaction	Seller	Amount (M€)	Assets
06/2006	Patrimonio Uno	Italian Ministry of Economy & Finance	398	Commercial real Estate
04/2005	FIP (Fondo Immobili Pubblici)	Italian State	3 000	Commercial Real Estate : offices, public buildings
04/12/02	SCIP II (Societa di Cartolarizzazione Immobili Pubblici)	7 social securities entities	6.637	Residential and commercial real estate
17/12/01	SCIP I (Societa di Cartolarizzazione Immobili Pubblici)	7 social securities entities	2.300	Residential and commercial real estate
Total			12 335	

Since 1999, Italian State has issued notes totalling **EUR 42 Bn** backed by assets ranging from social security contributions and future flows lottery to personal loans and loans for research purpose

Public sector securitisation transactions

Selection of Italian local public sector transactions

Date	Transaction	Seller	Amount (M€)	Assets
2006	Healthcare receivables	Region of Abbruzzo	323	Healthcare receivables
2004	VECART	City of Venice	60	Residential and commercial real estate
2003	PRIMA	Region Friuli	60	Residential and commercial real estate
2003	Cartesio 2003-1	Region Lazio	2000	Renting revenues from hospitals

Since 2002, Italian public sector has issued notes totalling more than **EUR 5 Bn** backed by real estate assets, contributions to enterprises and healthcare receivables

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Tuesday 4 & Wednesday 5 July, 2006

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