

25 Jul 2013 | Italy

**Antonio Fabrizio**

## Italian road concession gets financial boost

The EUR 2.2bn Milan Eastern Road (TEEM) concession is on target to reach financial close by the end of the year, it has emerged.

Sources said the transaction is now in a position to reach close following a recent agreement by two lenders to financially support the deal.

State-backed Cassa Depositi e Prestiti (CDP) has agreed to provide a financing package of EUR 330m between now and 2015, when the infrastructure is due to be completed.

The loan will include EUR 70m in 2013, EUR 70m in 2014, and EUR 190m in 2015.

As a result of the CDP involvement, commercial bank debt will decrease from EUR 1.4bn to circa EUR 900m.

As a precondition to receive the CDP funds, however, the project needs to reach financial close by the end of 2013.

In addition, UniCredit has joined the initial MLAs for the project - Banca IMI, Banca Popolare di Milano and Centrobanca-UBI - which were mandated last year.

The sponsors expect to receive an equity bridge loan between September and October. The amount of the loan is EUR 245m, of which UniCredit is expected to provide between EUR 100m and EUR 120m.

The project sponsors are considering refinancing the deal post-construction via a project bond, it is understood.

Sponsors' equity for the project totals EUR 590m. Last year, the project received a EUR 120m bridge loan from the three initial MLAs.

### Concessionaire's Structure

The concessionaire, Tangenziale Esterna Spa (TE), was awarded the contract in 2009.

The winning consortium is formed of a large group of Italian companies and institutions, the largest being Tangenziali Esterne di Milano (42.4%), Impregilo (17.77%), Pizzarotti (10.17%), Coopsette, Unieco, CMB, CMC (around 4% each) as well as Autostrade Lombarde, the major shareholder in the BreBeMi PPP project (6.73%).

Tangenziali Esterne di Milano's main shareholders are Milano Serravalle (45%) and Autostrade per l'Italia (15%).

The 50-year concession involves the DBFM of a 33km road project in addition to 38km of connecting roads. Milan's future eastern ring road will interconnect with the Milan to Bergamo A4 highway, the new BreBeMi motorway and the A1 from Milan to Bologna. It is due to be completed by 2015 in time for the Milan Expo event.

