

---

# Russian Highways State Company

---



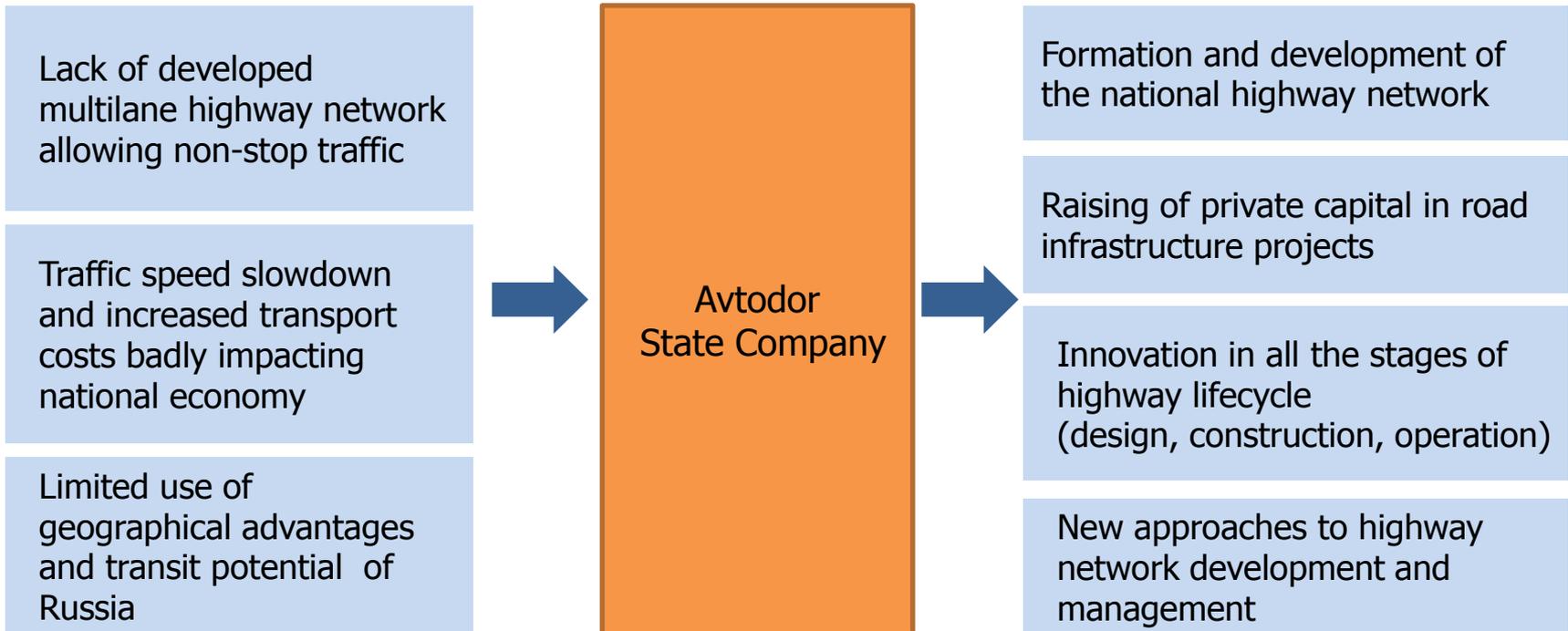
# Introduction

---

Russian Highways (Avtodor) State Company was established in 2009 as a non-profit organization with the Russian Federation as its founder

## Reasons for Avtodor State Company creation

---



## Mission

---

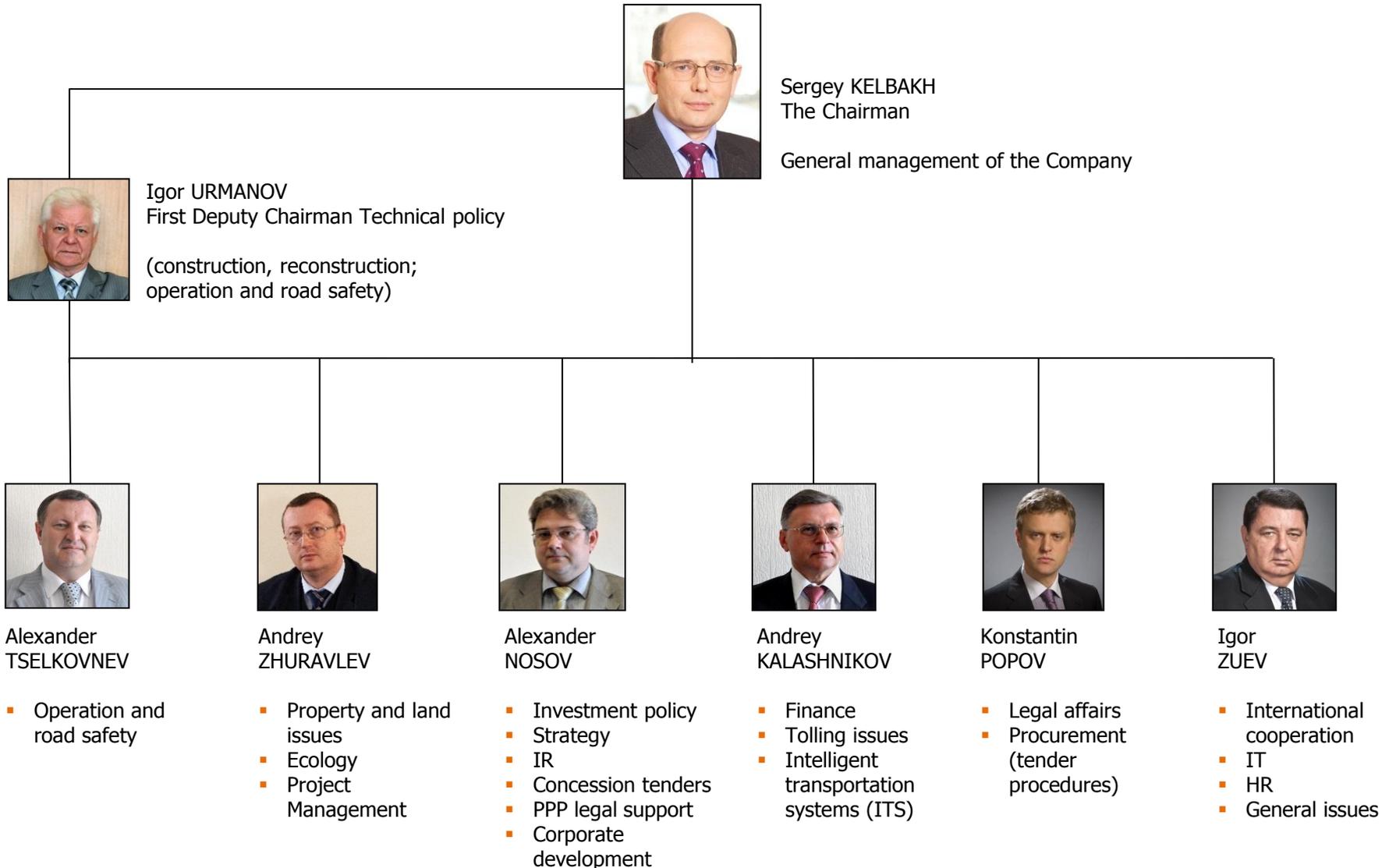
- Formation of the infrastructure basis of economic modernization and its innovative model of development
- Raising of private capital in road infrastructure projects
- Establishment of new markets and forms of economic activity in Russia

## Activities

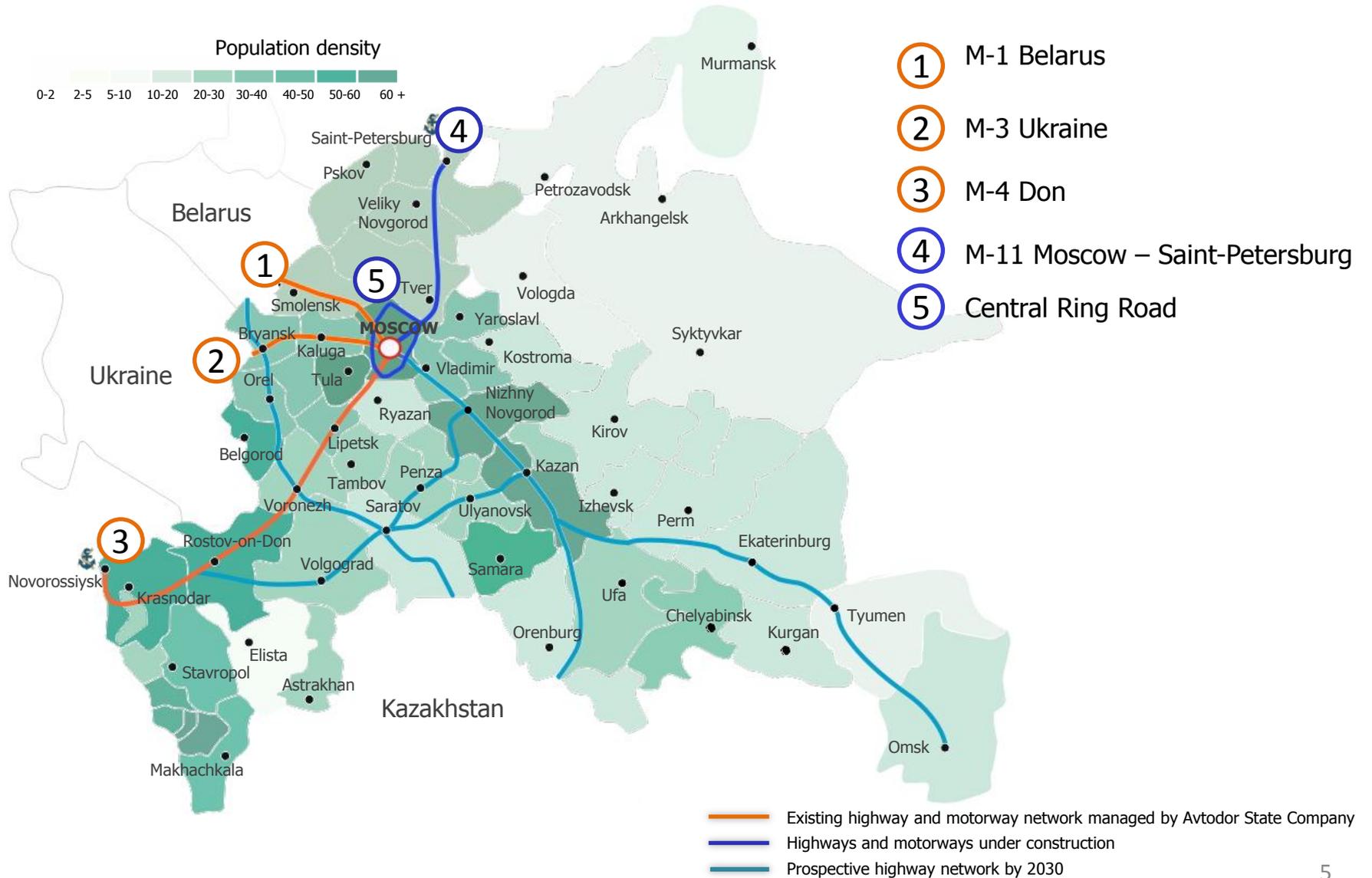
---



# Management Board



# Highway Network by 2030



# Projects in Progress



**M-4 Don**  
225.6 – 633 km

O&M contract to maintain, repair and operate the tollway for the period of 2011 – 2021 with total amount of **EUR 160 mln**

Operator:  
LLC Obyedinennye Systemy Sborny Platy

**12.2011**



**M-11 Moscow-St.Petersburg**  
258 – 334 km  
(Vyshny Volochek bypass)

Long-term investment agreement to construct, reconstruct, repair and operate the tollway (availability payments model) for the period of 2012 – 2033 with total amount of **EUR 1,250 mln**

**12.2011**



**Avtodor Corporate Bond Issue**

**EUR 70 mln** - pilot corporate bond issue.  
In 2012 Avtodor bonds included in the Central Bank of Russia mortgage list

**12.2011**



**M-4 Don**  
633 – 715 km  
(Losevo and Pavlovsk bypass)

Investment contract to prepare design documents, execute feasibility study including tender documents preparation for the period of 2011 – 2014 with total amount of **EUR 20 mln**

**11.2011**



**M-11 Moscow-St.Petersburg**  
15 – 58 km

Concession contract to finance, construct and operate the tollway for the period of 2009 – 2040 with total amount of **EUR 1,620 mln**

Investors  
NWCC LLC: Vinci Group (France), Russian investors

**07.2009**



**M-1 Belarus**  
(Odintsovo bypass)

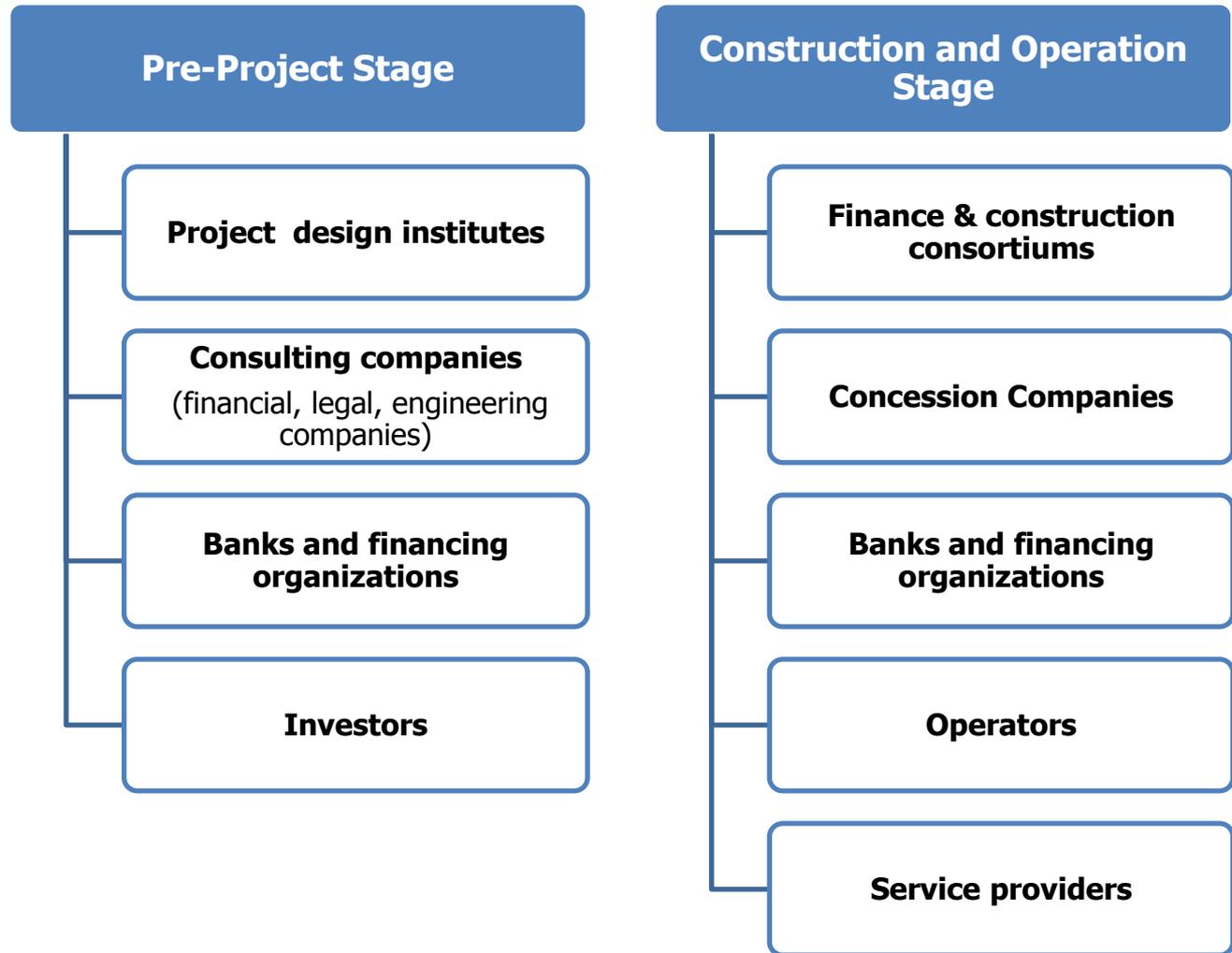
Concession contract to finance, construct and operate the tollway for the period of 2009 – 2039 with total amount of **EUR 580 mln**

Investors:  
Lider, Gazprombank, FCC Construction S.A., Alpine BauGMBH, Brisa, Stroigazconsulting

**07.2009**

# Key Counterparties at Different Project Stages

Avtodor State Company encourages market players to enter projects at early stages



---

# Private-Public Partnership Models

---

# PPP Models Used

Concession contacts					
	Direct toll concession	Availability payments concession	Long-term agreements	O&M contracts	Investment agreements at pre-project stage
<u>Subject</u>	<ul style="list-style-type: none"> <li>- Construction (reconstruction)</li> <li>- CAPEX investments</li> <li>- Maintenance &amp; operation</li> <li>- Optional: project design, site preparation</li> </ul>		<ul style="list-style-type: none"> <li>- Automated traffic mgt systems (ATMS) set up</li> <li>- Maintenance and operation</li> <li>- Toll collection set up</li> </ul>		<ul style="list-style-type: none"> <li>- Feasibility study</li> <li>- Project design</li> </ul>
<u>Terms</u>	Depending on asset lifecycle: up to 20-30 years		10-15 years		Up to 4 years
<u>Return on investments</u>	Toll	Payments of the Concedent: <ul style="list-style-type: none"> <li>- Availability payments</li> <li>- Investment payments (return on investments, penalties and bonuses depending on operation quality)</li> </ul>			Compensation by the Concessionaire

# Direct Toll Concession

Return on investments is ensured by **tolling income**

→ Direct toll concession is applied only if traffic density is high enough

→ Traffic risks incurred by the concessionaire

**CONCESSIONAIRE**  
(Project company  
created by consortium  
of interested parties)

- Project co-financing at design and construction stage through internal and borrowed funds
- Design (optional)
- Preparation of the site for construction (optional)
- Construction (reconstruction)
- Maintenance
- Renovation and capital repair
- Toll collection in behalf of concessionaire

**CONCEDENT**  
(Russian Federation  
represented by  
Avtodor)

- Project co-financing at design and construction stage
- Setting of functional, technical, operational and consumer requirements to the project
- Control of concessionaire's performance

25 – 35  
years

# Availability Payments Concession

Return on investments is ensured by **availability payments**

→ Model can be applied even if traffic density is not high

→ Traffic risks incurred by the concedent

## CONCESSIONAIRE

(Project company created by consortium of interested parties)

- Project co-financing at design and construction stage through internal and borrowed funds
- Design
- Preparation of the site for construction (optional)
- Construction (reconstruction)
- Maintenance
- Renovation and capital repair
- Toll collection in behalf of State partner

## CONCEDENT

(Russian Federation represented by Avtodor)

- Project co-financing at design and construction stage
- Setting of functional, technical, operational and consumer requirements to the project
- Setting of evaluation parameters of the concessionaire's performance
- Control of concessionaire's performance
- Availability payments

25 – 35 years

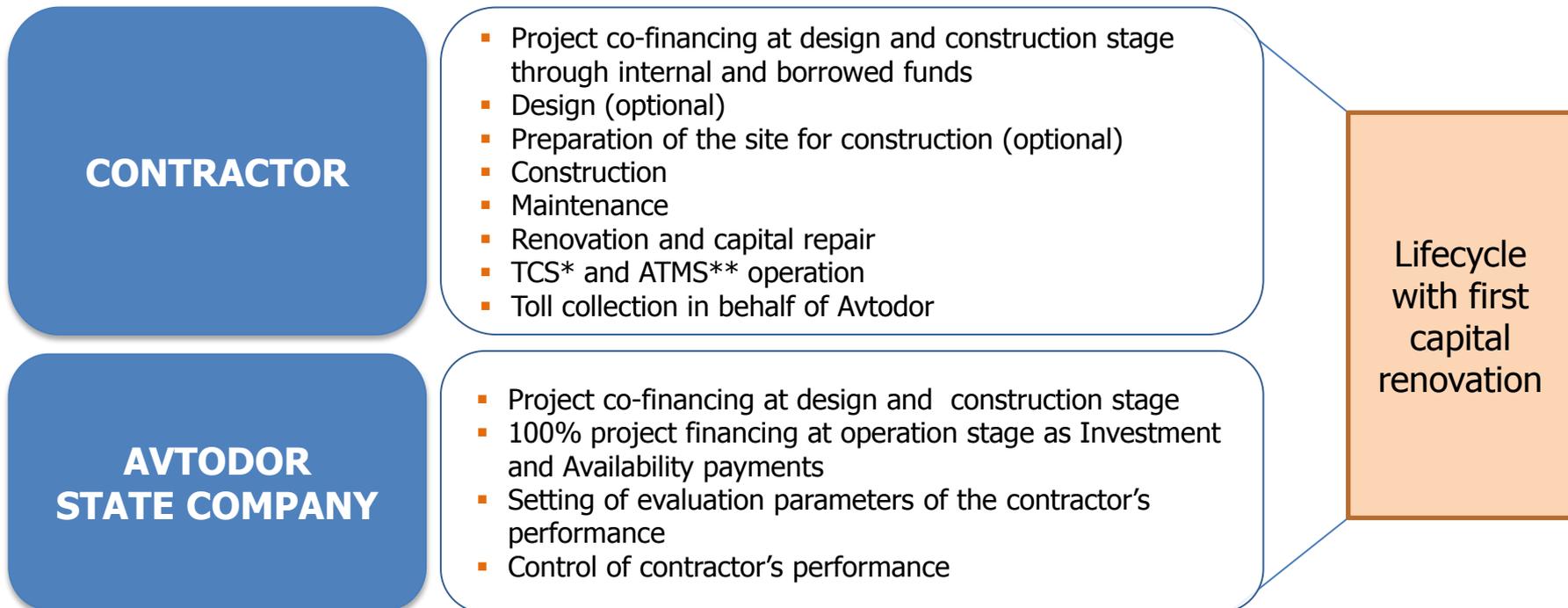
# Long-term Investment Agreement

Long-Term Investment Agreement is similar to Availability payments concession model, however:

- Applied when private capital amount is relatively small (not more than RUR 5-10 bln (EUR 0.12-0.25 mln))
- Project execution is guaranteed by Avtodor, not by Russian Federation



Traffic risks incurred by Avtodor State Company



\* Toll collection systems

\*\* Automated traffic mgt systems 12

# Investment Agreement at Pre-Project Stage (IAPS)

Investment payback is ensured by the future Concessionaire



Investors enter the project at early stage



Optimized project execution terms

**CONTRACTOR**  
(Project company  
created by consortium  
of interested parties)

- Pre-project stage financing
  - Feasibility study
  - Economic research and transport model
  - Project design documents
  - Business plan and financial model
- Formation of SPV to participate in concession tender
- In case of winning the tender – financial closure of the project

**STATE PARTNER**  
(Russian federation  
represented by Avtodor)

- Drafting of concession agreement and tender documentation
- Interaction with public authorities to approve the scope of concession agreement and project financing criteria
- Preparation of the construction site
- Compensation of pre-project investments in case the tender is cancelled or postponed

Up to 5  
years

# Operation & Maintenance Contract

Completely new approach to toll operation of the highways never implemented in Russian road sector before

↓

- Maintenance
- Repair
- Operation of toll roads

+

Investment components

## I. Preparatory stage (investment stage)

**ATMS deployment**

**Toll plazas construction**

**Other preparatory activities**

## II. Operation stage

**TCS operation**

**Maintenance**

**Renovation**

# Tender Types

Subject	Regular purchase (supply contract, contractual agreement, service agreement)	Investment related	
		Investment agreement	Concession agreement
Legal basis	Procurement activity policy of Avtodor  Federal Law №223-FZ	Avtodor internal tender regulation  Federal Law №223-FZ	Russian Government regulation issued for the project  Federal Law №115-FZ
Tender type	Auction Quote request 1-stage tender	1 stage tender  2 stages tender	2 stages tender
Tender terms	~ 30-40 days	~ 2-6-12 months	~ 6-12 months

# Regular Procedure of Tender Process

## Preparatory stage

Internal approvals + Tender announcement

([www.roseltorg.ru](http://www.roseltorg.ru), [www.zakupki.gov.ru](http://www.zakupki.gov.ru); additionally – [www.russianhighways.ru](http://www.russianhighways.ru))

### 1 stage Tender

- Issue of project materials, clarifications on tender documents
- Bids receipt
- Bids opening
- Bids evaluation

### 2 stages Tender

#### Prequalification

- Issue of project materials, clarifications on tender documents
- Bids receipt
- Bids opening
- Bids evaluation

#### Qualification

- Open consultations with the Bidders
- Bids receipt
- Bids opening
- Bids evaluation

## Contract signing

As a guarantee for participation in tender a Bid bond is required (0.5-1% of contract amount) For preselection stage a Bank guarantee can be accepted instead of Bid bond (if stipulated in tender documentation)

---

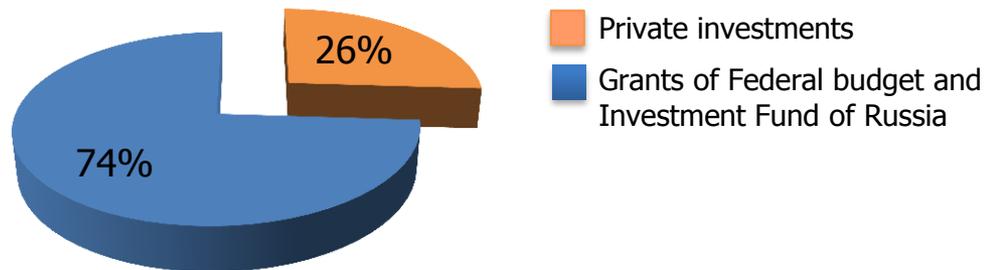
# Financial Models

---

# Investment Projects Financing

Avtodor investment program amounts RUR 1,393 bln (€ 34.16 bln) during 2010-2019

## Breakdown of Public and Private Capital



- Grant amounts are stipulated in the Long-term activity program of Avtodor State Company (2010-2019)



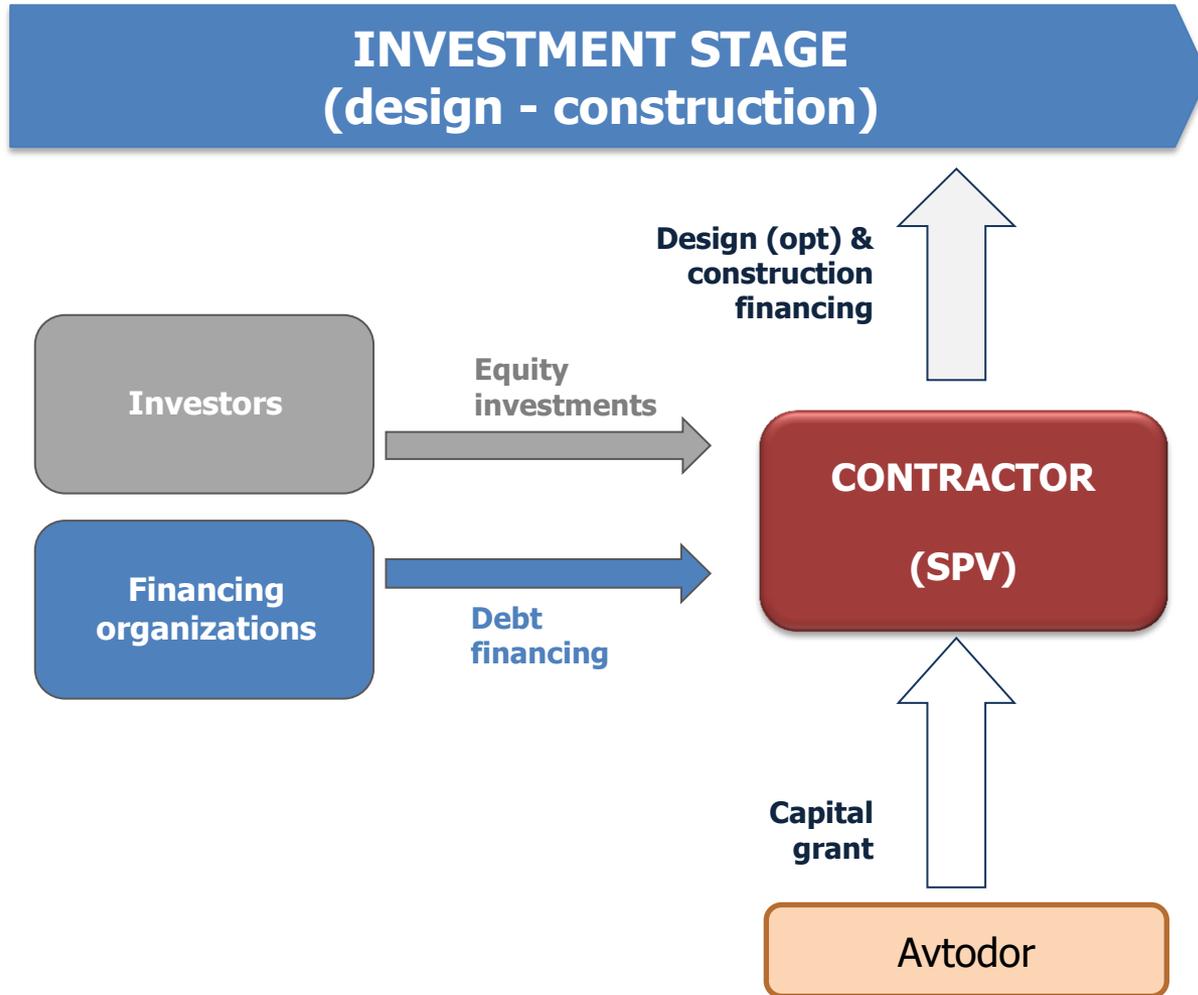
**Validated by RF Government Regulation  
# 1989-r as of 14.11.2011**

- Avtodor liabilities = State liabilities\*

## Re Availability payments concessions and Long-term investment agreements :

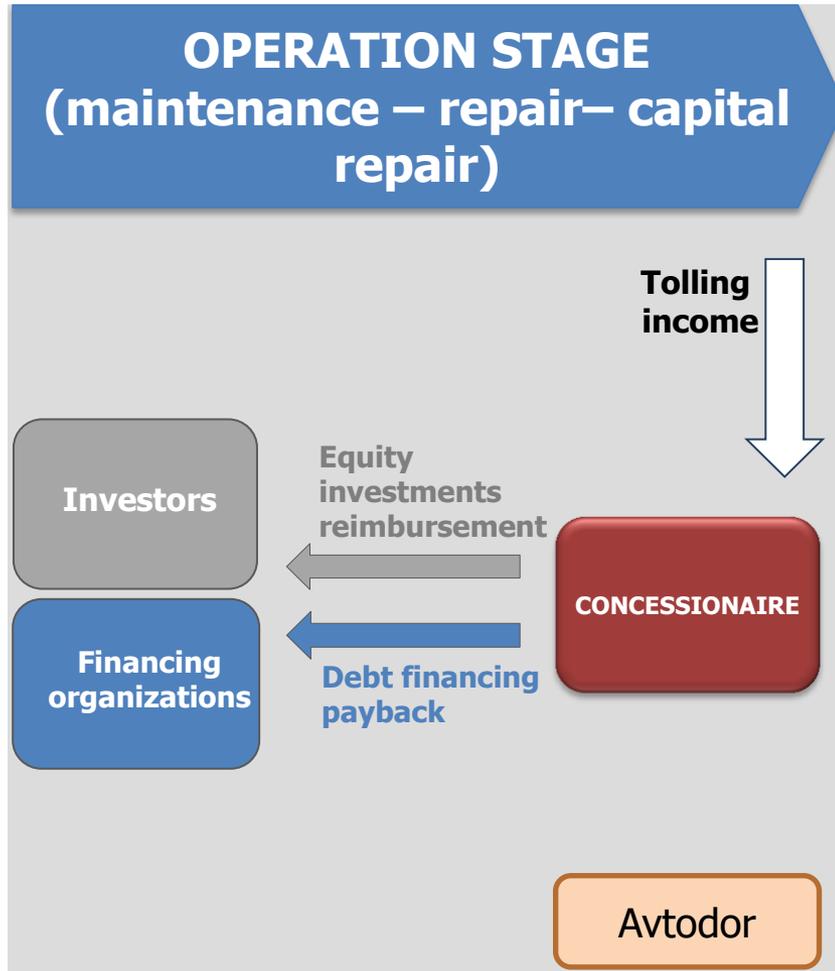
- Availability payments to be covered by project tolling income**  
AP+IP ~ 60-70% of tolling income amount
- WACC:**  
~ 13-15% p.a.
- Upside:**  
up to 25% of additional revenue can be kept by the investor

# Projects Financing – Investment Stage

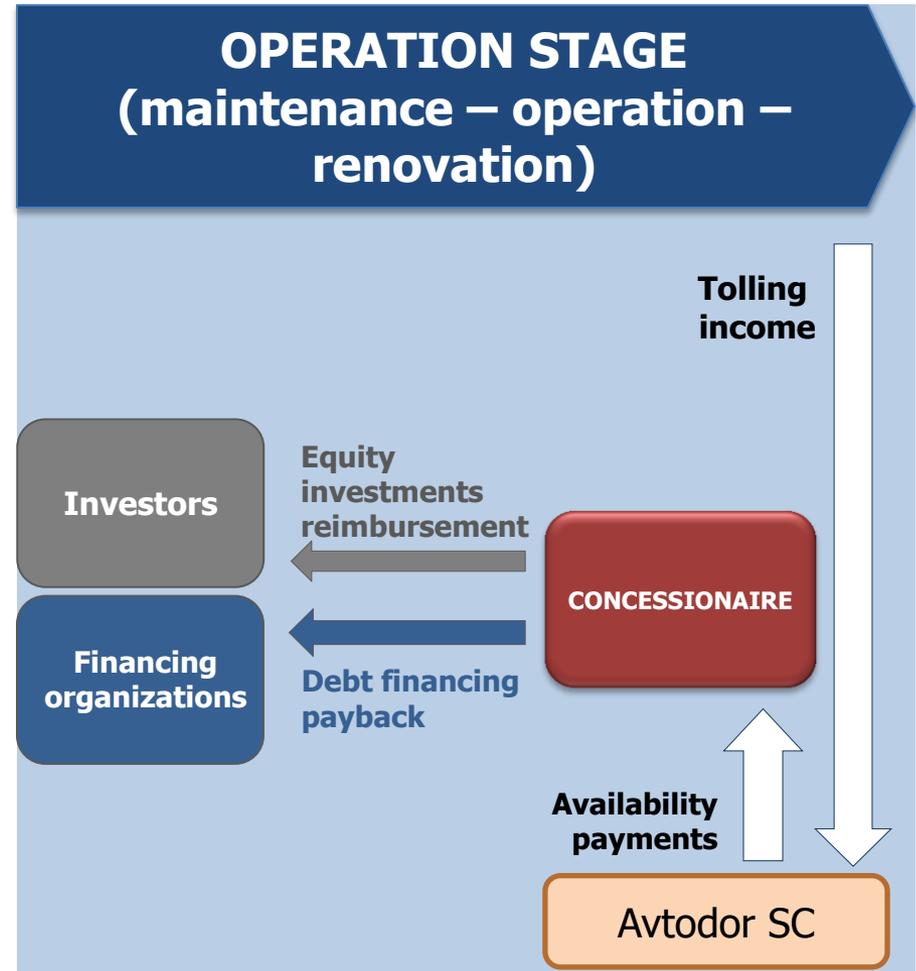


# Projects Financing – Operation Stage

## Direct toll Concession



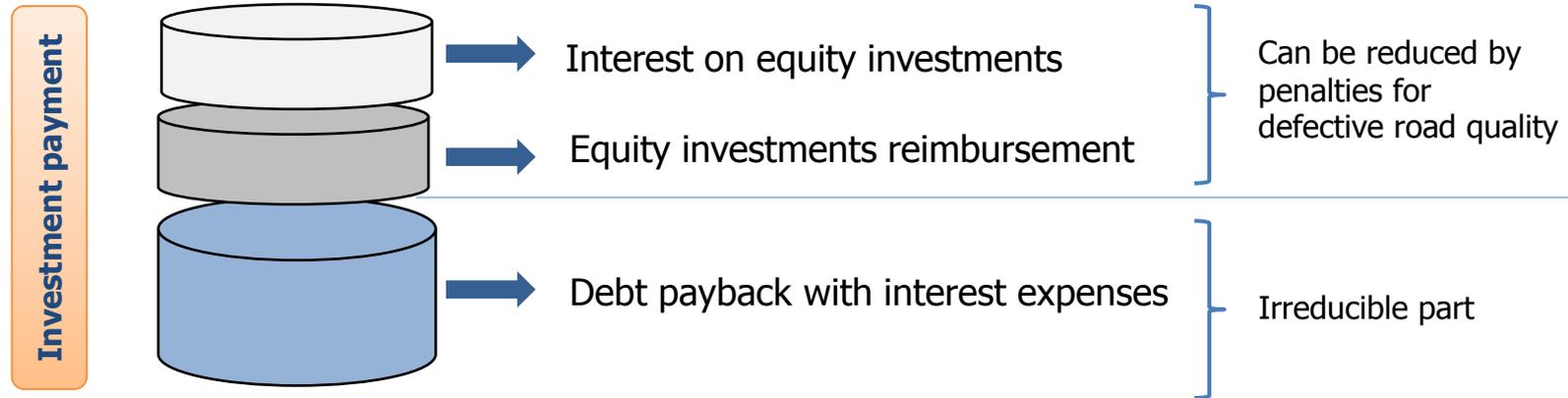
## Availability payments Concession



# Annual Payments Structure



## Return on investment



## Return on investment



---

# Investment Projects

---

## Prospective Highways

---

<b>№</b>	<b>Highway</b>	<b>Terms</b>	<b>Length</b>
1	M-1 Belarus Federal Highway	2013-2025	457 km
2	M-3 Ukraine Federal Highway	2013-2022	517 km
3	M-4 Don Federal Highway	2012-2019	1,522 km
4	Moscow – Saint-Petersburg Highway	2012-2018	669 km
5	Central Ring Road (Moscow region)	2015-2025	521 km

# Investment Projects Pipeline

Nº	Project	Length, toll sections (km)	PPP Scheme	Tender terms	Construction terms	Investments in total, EUR bln. *	Private capital share
1	<b><u>Moscow – Saint-Petersburg</u></b> km 58 – km 149	90.1	Direct toll concession	2013-2014	2015-2017	1.46	40%
2	<b><u>Moscow – Saint-Petersburg</u></b> km 543 – km 684	141	Availability payments concession	2013-2014	2014-2017	2.68	25%
3	<b><u>M-1 Belarus</u></b> km 33 – km 456	349	Availability payments concession	2013	1 phase: 2015-2018 2 phase: 2019-2022	4.43	35%
4	<b><u>M-4 Don</u></b> km 21 – km 225	150.5	O&M contract	2013-2014	2014-2015	0.17	45%
5	<b><u>M-4 Don</u></b> km 633 – km 715	84	Availability payments concession	2014-2015	2015-2017	0.74	30%
6	<b><u>M-4 Don</u></b> km 1,091 – km 1,319	207.4	O&M contract	2013-2014	2014-2016	0.32	50%
7	<b><u>New M-7 Volga exit from Moscow Ring Road (MKAD)</u></b> (Balashikha and Noginsk bypass)	69	Direct toll concession		To be adjusted	1.5	30%
8	<b><u>Central Ring Road</u></b> (section 3)	105.3	Availability payments concession		To be adjusted	1.65	35%
9	<b><u>Central Ring Road</u></b> (section 4)	96.5	Availability payments concession	2015-2016	2017-2020	1.55	35%
10	<b><u>Central Ring Road</u></b> (section 1)	74.5	Availability payments concession	2015-2016	2017-2020	1.69	35%

# Reconstruction of M-1 Belarus Highway km 33 – km 456

Location:

**Moscow region, Smolensk region**

Length: **99 km**

Traffic density:

**16,000–60,000 vehicles per day**

Road category: **1B**

Estimated speed: **120 km/h**

Lanes: **8/6/4**

Public funding: **65%**

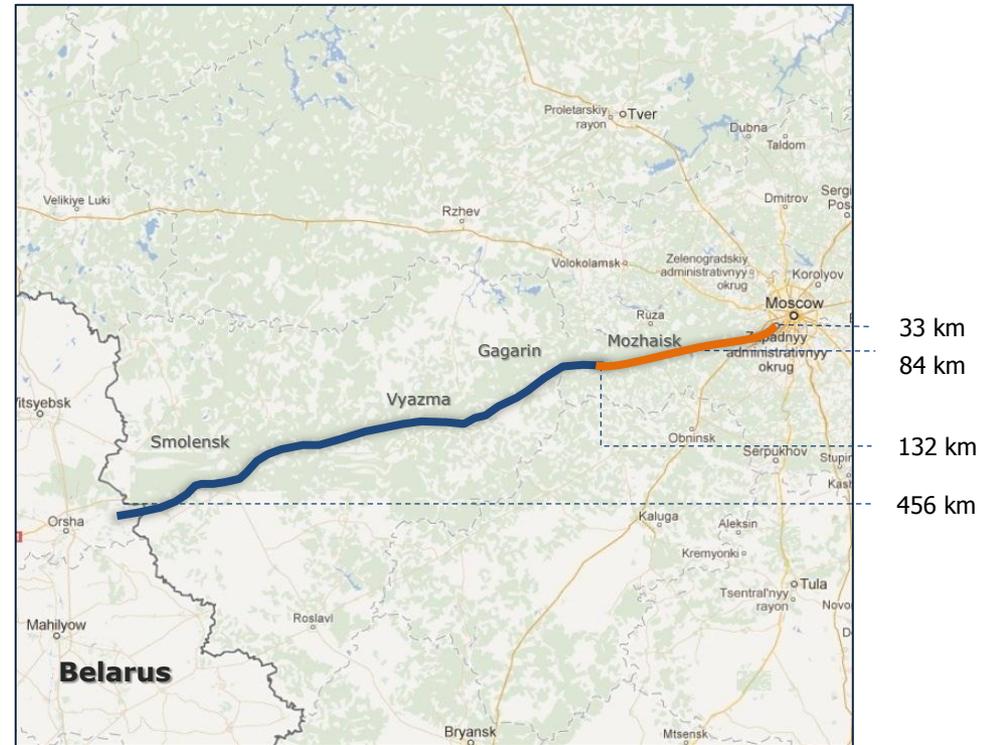
Private funding: **35%**

Contract period: **30 years**

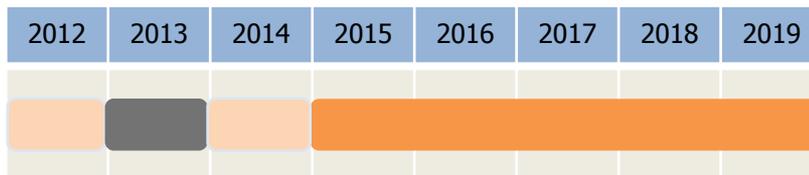
PPP Scheme:

**Availability payments concession**

Cost\*: **EUR 4.43 bln**



— On-site construction  
— Reconstruction and further operation for a toll fee (including preparation of construction and design documents for section 84 – 132 km)



— Preparatory phase  
— Concession tender  
— Project execution phase

\*2011, incl. VAT, ex rate EUR / RUB = 40.79

# Construction of M-11 Moscow - Saint-Petersburg Motorway

The highway is to become one of the most important highways of the Russian Federation linking the 2 largest cities of the country

Location:

**Moscow region, Tver region,  
Novgorod region, Leningrad region**

Length: **669 km**

Road category:

**1A (highway), by sections  
1B (motorway), by sections**

Lanes: **8/6/4**



- Sections of M-11 Moscow – Saint-Petersburg to be implemented in near future
- Sections of M-11 Moscow – Saint-Petersburg in progress
- Sections of M-11 Moscow – Saint-Petersburg at design stage
- Existing M-10 Russia highway

2012	2013	2014	2015	2016	2017	2018	2019

Project execution phase

# Moscow – Saint-Petersburg km 58 – km 149

Location:

**Moscow region, Tver region**

Length: **90.1 km**

Traffic density:

**22,000–36,000 vehicles per day**

Road category: **1A**

Lanes: **6/4**

Public funding: **60%**

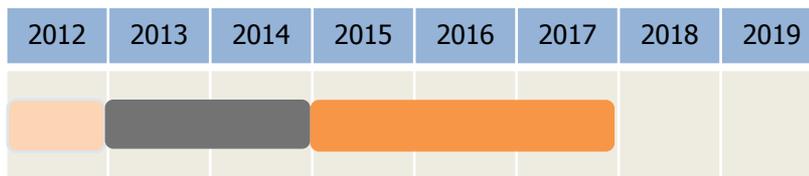
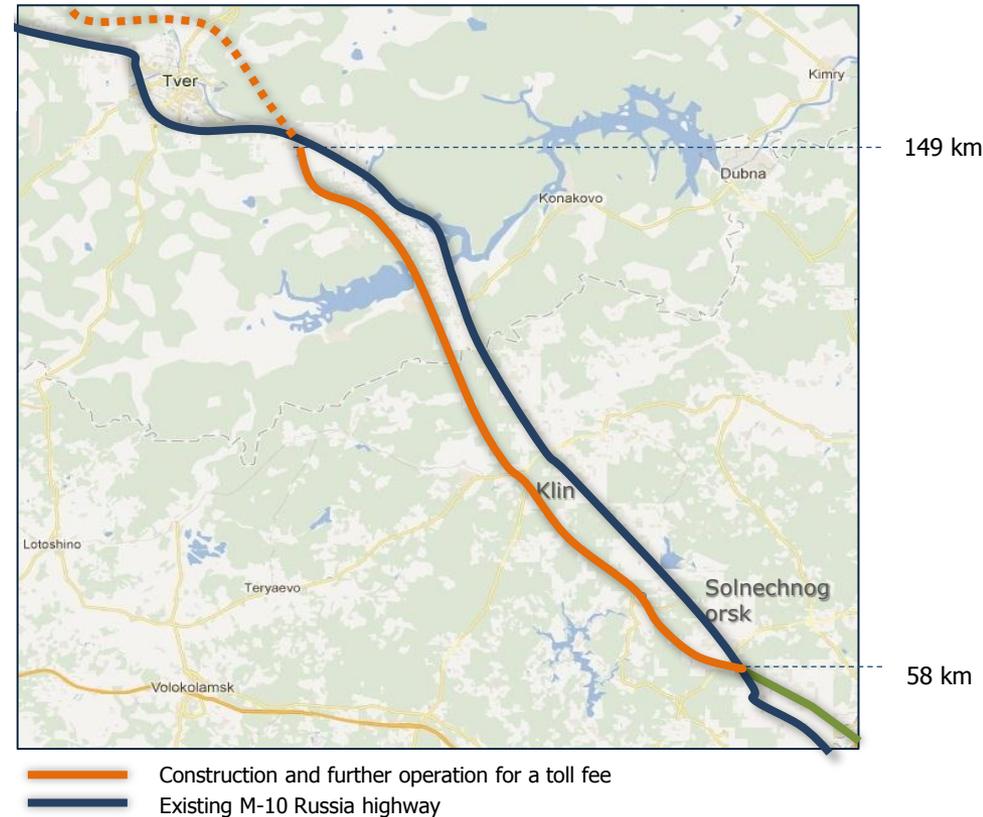
Private funding: **40%**

Contract period: **30 years**

PPP Scheme:

**Direct toll concession**

Cost\*: **EUR 1.46 bln**



Preparatory phase  
 Concession tender  
 Project execution phase

\*2011, incl. VAT, ex rate EUR / RUB = 40.79



# Construction and Reconstruction of the Existing M-4 Don Federal Highway

Federal highway M-4 Don is a part of international transport corridor "North-South"

Location:

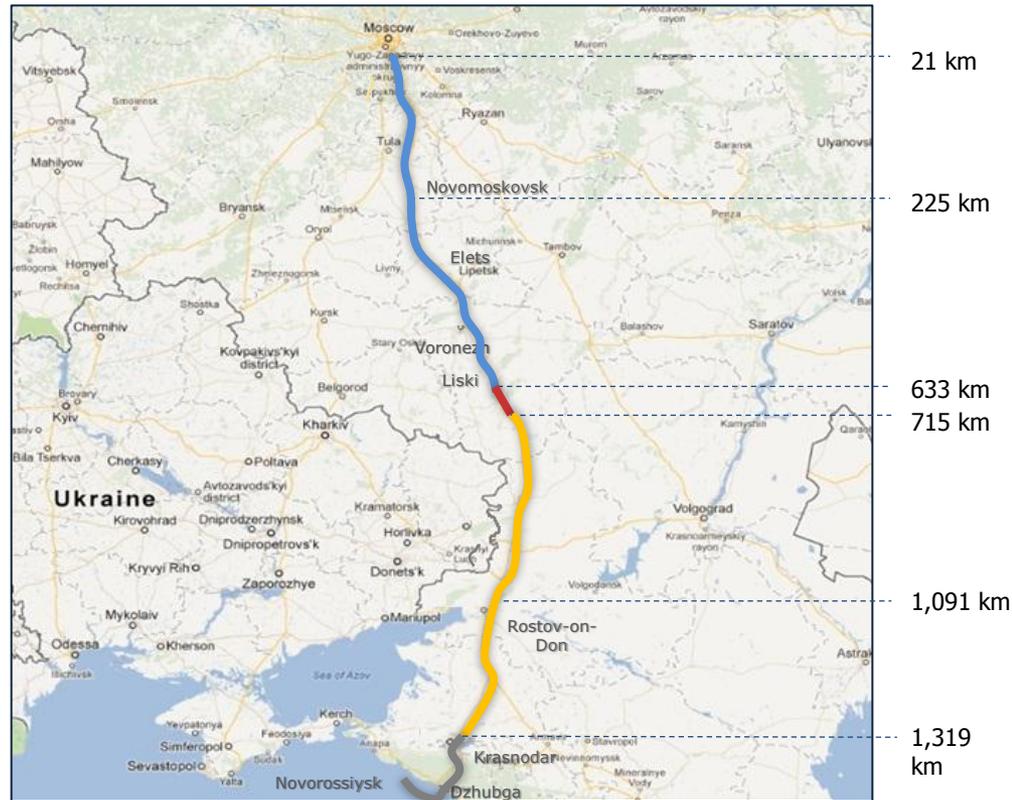
**Moscow region, Tula region, Lipetsk region, Voronezh region, Rostov region, Krasnodar region**

Length: **1,522 km**

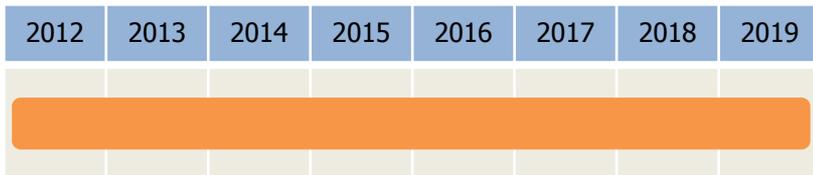
Road category:

**1B (motorway)**

Lanes: **8/6/4**



- O&M contract:
  - Sections reconstructed by Avtodor
  - Total site development and further operation for a toll fee
- Availability payments concession (construction of town bypasses (Losevo, Pavlovsk))
- Long-term investment agreement:
  - Construction / reconstruction and total site development executed by investor
- Sections reconstructed by Avtodor



■ Project execution phase

# M-4 Don km 21 – km 225

Location:

**Moscow region, Tula region**

Length: **150.5 km**

Traffic density:

**16,000 – 60,000 vehicles per day**

Road category:

**1B (motorway)**

Lanes: **8/6/4**

Public funding: **55%**

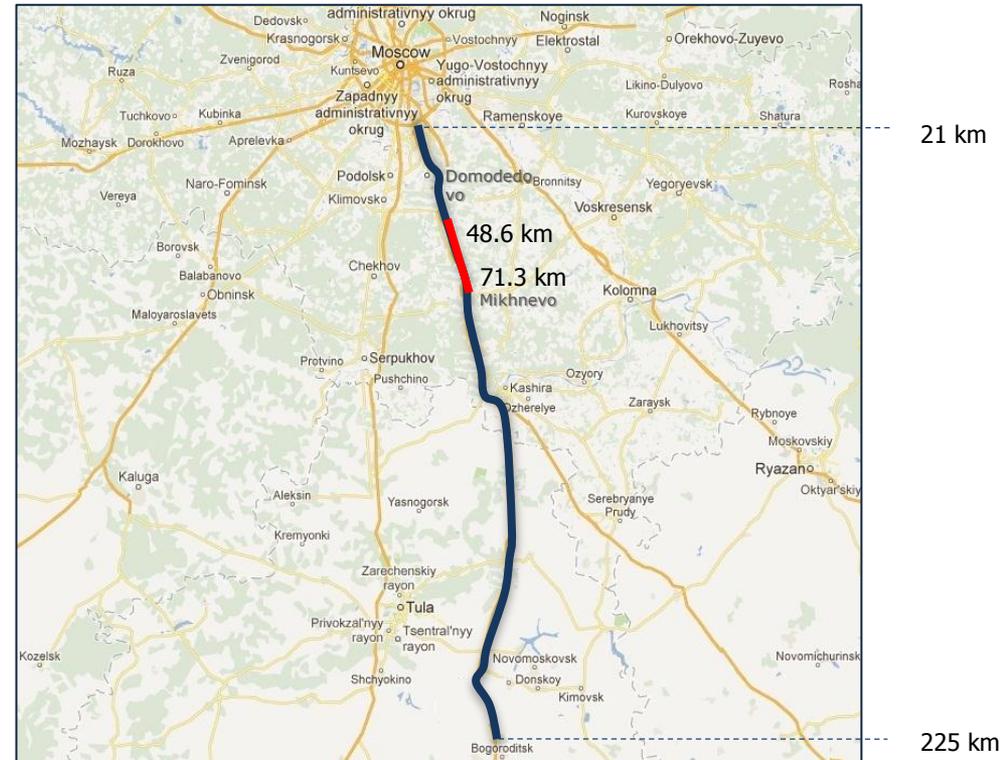
Private funding: **45%**

Contract period: **10 years**

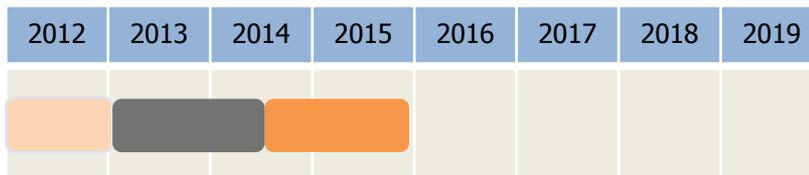
PPP Scheme:

**O&M contract**

Cost\*: **EUR 0.17 bln**



- Total site development and further operation for a toll fee
- Existing toll section (operation starts on 01.10.2012)



- Preparatory phase
- Concession tender
- Project execution phase

\*2011, incl. VAT, ex rate EUR / RUB = 40.79

# M-4 Don km 633 – km 715 (Pavlovsk, Losevo Bypass)

Location:

**Voronezh region**

Length: **84 km**

Traffic density:

**13,000-15,000 vehicles per day**

Road category:

**1B (motorway)**

Lanes: **4**

Public funding: **70%**

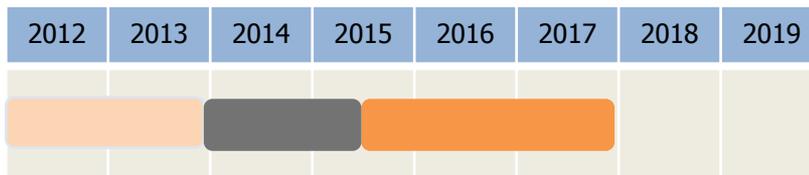
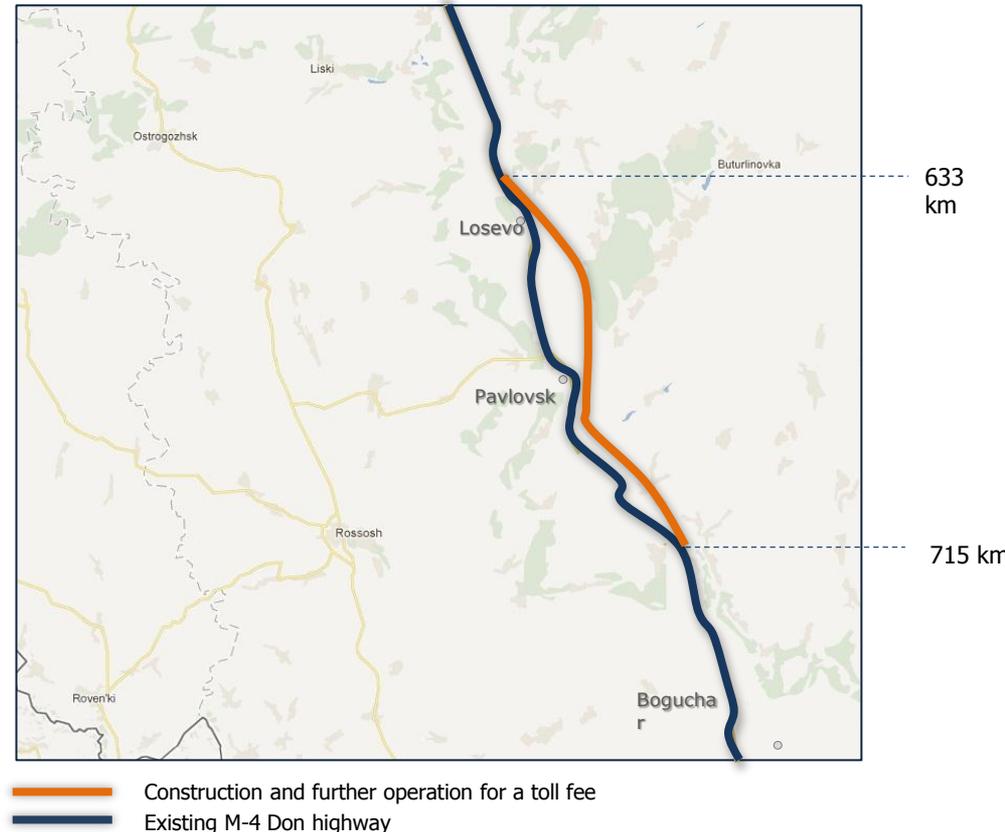
Private funding: **30%**

Contract period: **25-30 years**

PPP Scheme:

**Availability payments concession**

Cost\*: **EUR 0.74 bln**



Preparatory phase  
 Concession tender  
 Project execution phase

\*2011, incl. VAT, ex rate EUR / RUB = 40.79

# M-4 Don km 1 091 – km 1 319

Location:

**Rostov region, Krasnodar region**

Length: **207.4 km**

Traffic density:

**25,000-37,000 vehicles per day**

Road category:

**1B (motorway)**

Lanes: **4**

Public funding: **50%**

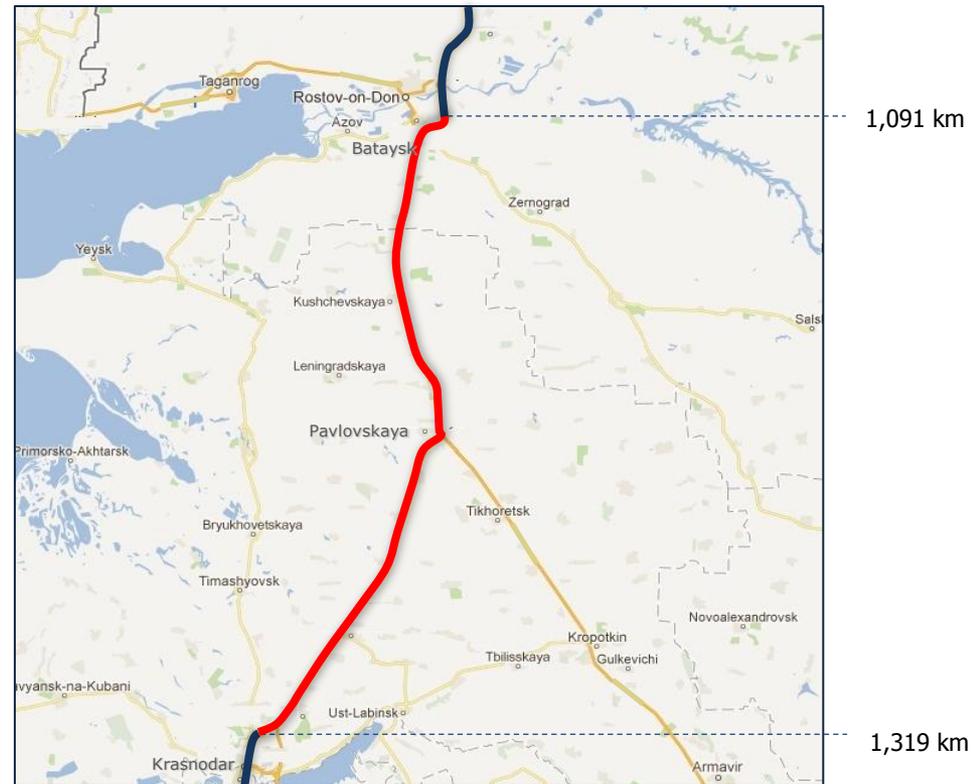
Private funding: **50%**

Contract period: **10 years**

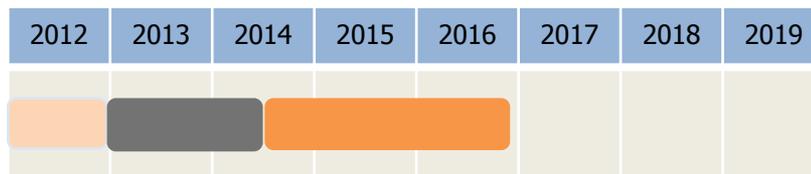
PPP Scheme:

**O&M contract**

Cost\*: **EUR 0.32 bln**



- Reconstruction and further operation for a toll fee
- Existing M-4 Don highway



- Preparatory phase
- Concession tender
- Project execution phase

\*2011, incl. VAT. Ex rate EUR / RUB = 40.79

# Construction of a new M-7 Volga exit from Moscow Ring Road (MKAD) (Balashikha and Noginsk Bypass)

Location:

**Moscow region**

Length: **69 km**

Current traffic:

**130,000-140,000 vehicles per day**

Road category:

**1B (motorway)**

Lanes: **6**

Public funding: **50%**

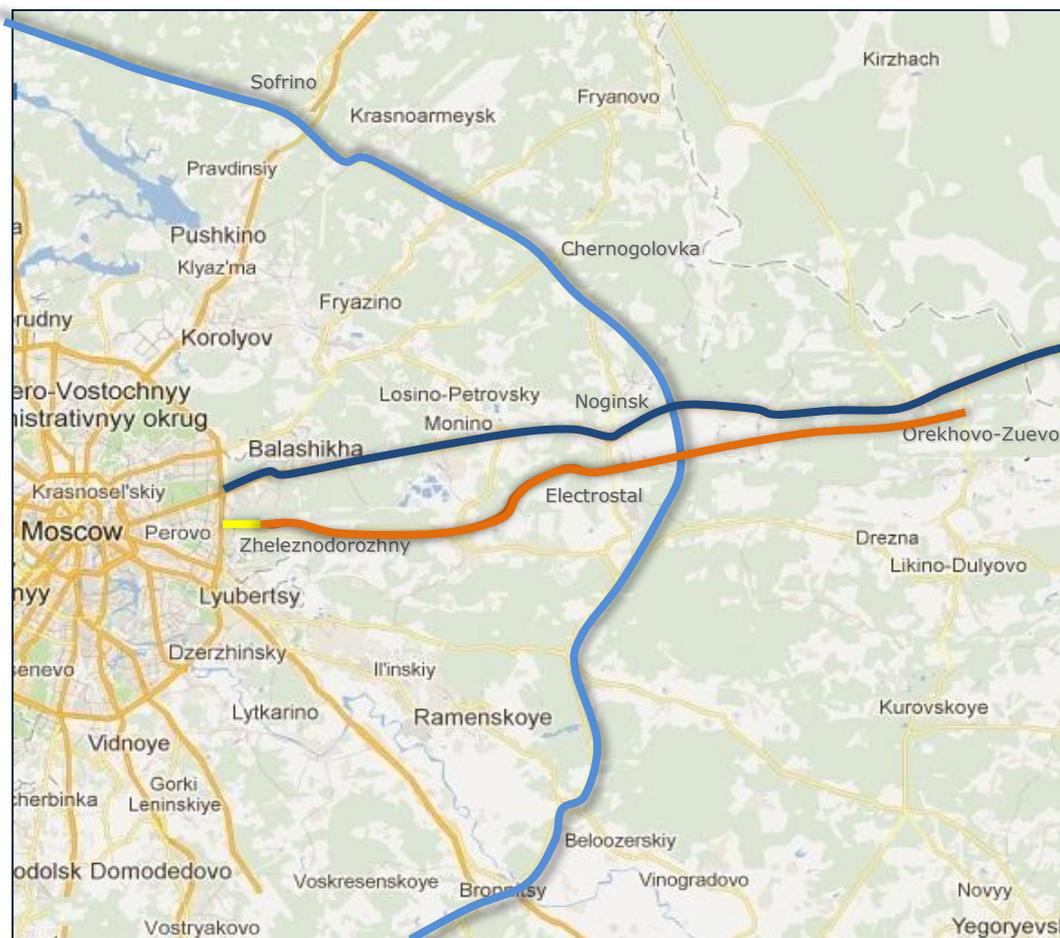
Private funding: **50%**

Contract period: **30 years**

PPP Scheme:

**Direct toll concession**

Cost\*: **EUR 1.5 bln**



- Existing M-7 Volga highway
- Construction and further operation for a toll fee
- Projected Central Ring Road
- Moscow – Noginsk road

# Central Ring Road

Total length of all planned sections

**521 km**

3 road sections to be launched first

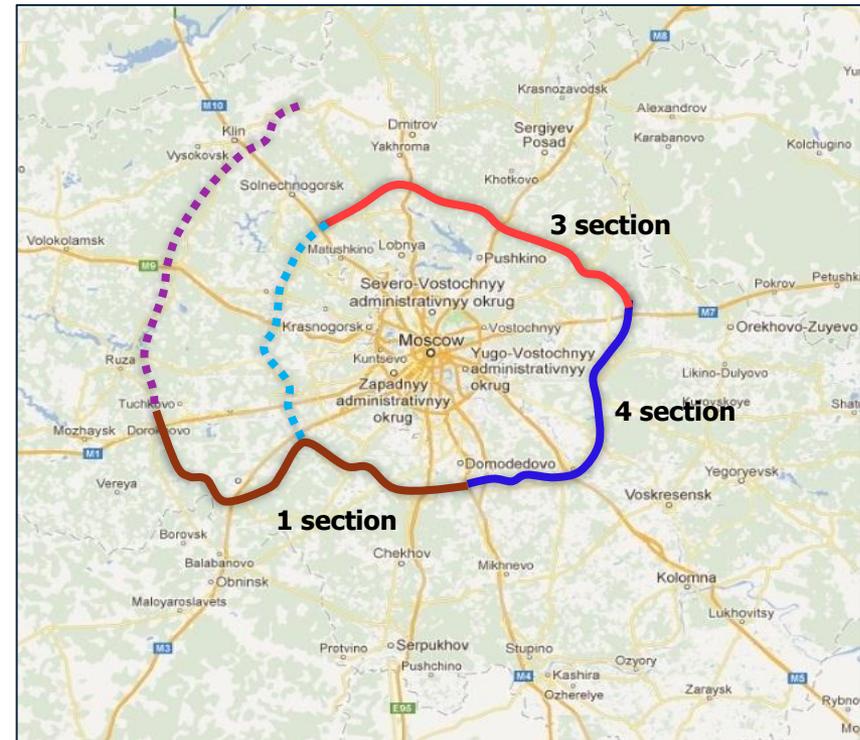
Total length: **276.3 km**

Lanes: **4-8**

Type of contract:

**Availability payments concession**

Contract period: **30 years**



Nº	Section	km	Cost, EUR bln*	Tender terms	Construction schedule	Private capital share
1	Section Nº3 (from M-11 Moscow – Saint-Petersburg to M-7 Volga)	105.3	1.65		To be adjusted	35%
2	Section Nº4 (from M-7 Volga to M-4 Don)	96.5	1.55	2015-2016	2017-2020	35%
3	Section Nº1 (from M-4 Don to M-1 Belarus)	74.5	1.69	2015-2016	2017-2020	35%

\*2011, incl. VAT, ex rate EUR / RUB = 40.79

---

## RUSSIAN HIGHWAYS

Address	bldg 3, 2/5/4 Slavyanskaya sq, Moscow, 109074, Russia
Web	<a href="http://www.russianhighways.ru">www.russianhighways.ru</a>
E-mail	<a href="mailto:id@russianhighways.ru">id@russianhighways.ru</a>
Phone	+7 (495) 727-11-95
Fax	+7 (495) 784-68-04

---

This document does not represent an official offer, statement of basic terms and conditions or an official notification on State Company «Russian Highways» tender's or any other similar document which can oblige the State Company. The document is for information purposes only and has no binding force. State Company «Russian Highways» reserves its right at any time, without any notification to amend, change or delete any information, including essential, containing in this document without any obligation to notify on such changes. State Company «Russian Highways» under no circumstances doesn't bear any responsibility for accuracy, completeness, urgency, timeliness, content, being in demand or that any information containing in this document is correct. State Company «Russian Highways» does not ever bear under any circumstances responsibility for decisions and actions following from this document.