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After the call award and subsequent clarifications out of local press of Monza municipality

### **the man in the street does the math**

Grant is for 22 years, there including the first 2 years for renovation, hence 20 years for using and managing the Villa Reale.

To be precise, management starts in 2014 ending in 2033 (instead of 2040). Rent is 60,000 euro plus 0.7 pct of revenues.

Our man in the street would take the business plan of Infrastrutture Lombarde adjusting it to the revised terms – this is the only business plan available.

Infrastrutture Lombarde business plan (in thousand euro) shows  $1,075 \times 27 \text{ years} = 29,025$ , being the cost of renovation divided by the grant duration (depreciation of cost). This is the total cost of works (VAT included), including public financing.

We will not decrease it since the renovation total cost does not change, while grant years do change, being 20 instead of 27.

The dealership or builder winning the tender only lays out for euro 10,720 (as shown in the business plan).

Euro  $29,025 - 10,720 = 18,305$ . These are decreased costs for the builder, since the public entity, namely Regione Lombardia, shells them out.

Let's now take the profit (after taxes) as assessed in the business plan for 20 years, that is 9,903 (the last seven years revenues have been taken away since the grant lasts until 2033 instead of 2040 – see business plan) and let's add euro 18,305 being less expenses = euro 28,208 revenues for 20 years.

However, the public financing inserted in income is to be removed because it is only a profit before taxes: euro 17,091; therefore euro 28,208 – 17,091 = 11,117 (temporary revenue).

In addition, in malls, security, cleaning and ordinary maintenance costs are supported by shops. In this business plan they account for euro 16,269 for the 20-year grant. The a/m profit of euro 11,117 plus these costs will be charged to shops as management fees for the coming 20 years:  
 $11,117 + 17,269 = 27,386$

We must consider that a builder also has some profit margins on tenders.

If the tender is now 30,000 approx, with gain margins of 30 pct, the builder can add another 9,000 to 27,386, which makes 36,386 for the 20-year grant, that is 1,819,000 per year. If we analyze the 2,000 grant fee – as declared by the municipality press – after 1,200, (60 fixed per year for 20 years) = 800, corresponding to 0.7 pct of the estimated revenues, income could be estimated in 114,285 instead of 48,032 as shown in the business plan.

Therefore  $114,285 - 48,032 = 66,253$  being increased revenue (estimated in the business plan of Infrastrutture Lombarde and confirmed in the municipality press). However they are not specifically declared.

This way, the builder will make 36,386 as revenue – see a/m temporary profit) + 66,253 = 102,639.

Since figures are in thousand euro, it makes one hundred two million six hundred thirty nine thousand.