



**Affordable Housing**  
for Latvian specialists

# Investor day

**Public-Private Partnership Programme** | Bundle 1



Finanšu ministrija



Ekonomikas ministrija



Centrālā finanšu un  
līgumu aģentūra



European  
Investment Bank

09.06.2026



**Affordable Housing**  
for Latvian specialists

# Financial Parameters

Any information included herein is subject to any amendment, ad on, variation or change of any nature, purpose, scale or scope. Nothing in this presentation constitutes any legally binding promise or guarantee on the part of the Republic of Latvia or any public partner (*with no exception or limitation including any municipality*).



09.06.2026

## KEY FACTS



Design, build, finance, maintain, operate



Availability based: no demand adjustments; no end-user payments



Eurostat off-balance treatment



Fixed 27-year term (2 years construction + 25 years availability)



Payments commence after issuance of availability certificate

**0%**

demand risk  
to private partner

**100%**

availability payment

# POTENTIAL FINANCING STRUCTURE

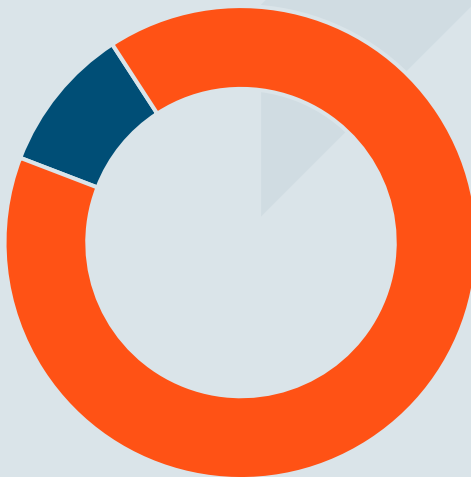
10%

Equity / Subordinated Debt

90%

Financing

- Senior debt, commercial banks, other financiers up to 90%
- Senior debt to match duration of PPP contract
- Attraction of financing is responsibility of private partner



Hedged interest rate risk



Financial plan must be reflected in the financial model



Expressed interest of several financial institutions



NORDIC INVESTMENT BANK



# FINANCIAL MODEL REQUIREMENTS

( Location driven financial model, consolidated at project level )

Location level		Project level	
Inputs	Outputs	Accounts	Ratios
<ul style="list-style-type: none"><li>• Assumptions for CAPEX, OPEX, funding (Sr, subordinated debt, equity, etc.)</li><li>• insurance costs</li><li>• applicable taxes and indexation</li></ul>	<ul style="list-style-type: none"><li>• Gross availability payment</li><li>• Summary template</li><li>• Balance sheet</li><li>• Profit and Loss statement</li><li>• Statement of Cash Flows</li></ul>	DSRA and MMRA, etc.	DSCR, LLCR, etc.

# FINANCIAL MODEL REQUIREMENTS



Supporting documentation substantiating calculations and **assumptions and descriptions should be comprehensive and detailed** enough so that any competent finance analyst can evaluate the logic and correctness of used assumptions without any additional information



**Substantiation of financial capacity investments and costs, revenue** (other than the availability payment). **Funding terms and conditions** (borrowed and own capital), **planned structure of capital**



Construction costs, Maintenance costs, Admin and management costs, Risk management costs, Interest, Private Entity and Private Partner etc.



Financial Model has to be prepared for the **entire term of the PPP Agreement**

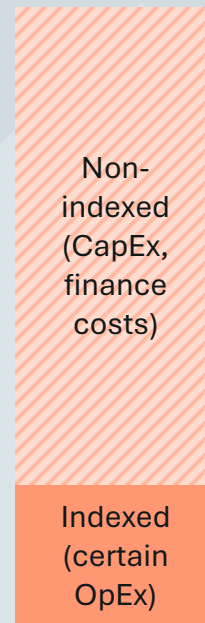


Financial Model must include **evaluation of all costs and taxes payable by the Private Entity**

# PAYMENT MECHANISM

<b>Total project CapEx</b>	~EUR 128 M EUR
<b>Total contract term</b>	27 years (2 years construction + 25 years availability)
<b>Availability payment period</b>	25 years
<b>Availability payment covers</b>	<ul style="list-style-type: none"> <li>• Construction cost</li> </ul>
	<ul style="list-style-type: none"> <li>• Regular maintenance</li> <li>• Periodic maintenance</li> </ul>
	<ul style="list-style-type: none"> <li>• Financing arrangement costs</li> <li>• Interest payments on senior debt</li> <li>• Interest payments on subordinated debt</li> <li>• Dividends and other payments on shareholders' and members' subordinated debt</li> </ul>
	<ul style="list-style-type: none"> <li>• Administrative and management expenses</li> <li>• Insurance expenses</li> <li>• Tax payments (excluding VAT)</li> <li>• Other expenses</li> </ul>
<b>Payment frequency</b>	Quarterly
<b>Private partner income stream</b>	100% payment from SRE

## Total Availability Payment



# SERVICES DURING AVAILABILITY PHASE



## ASSET MANAGEMENT

- Day-to-day maintenance and facility operations
- Availability, safety, and compliance assurance



## TENANCY COORDINATION

- Tenant interface and issue handling
- Coordination with municipalities (municipalities retaining decision making and enforcement)



## REVENUE COLLECTION (RENT & UTILITIES)

- Billing and collection of rent and utilities
- Fund transfers and arrears monitoring



## SUPPORT & PERFORMANCE

- Helpdesk operations and incident management
- Reporting and on-demand services (e.g. debt collection)

# PAYMENT DEDUCTIONS

ZERO AVAILABILITY = ZERO PAYMENT

## Performance deductions

Applied when the **asset is technically available, but performance standards are not met:**

- response times for maintenance requests
- facilities management compliance



## Unavailability deductions

Applied when a **unit or part of the asset cannot be used due to the private partner's failure:**

- maintenance defect
- safety closure
- Etc.

## Calculation

**Performance / unavailability deduction** = Area Tariff × Time × Severity Factor

Can trigger unavailability deduction



Areas: internal spaces (rooms, apartments, hallways); external areas (yards, paths); supporting areas



Calculated in duration, allowed rectification periods specified



The weighting applied to a failure based on its importance and recurrence

# RISK ALLOCATION

Risk category	Primary Bearer	Mitigant / Note
<b>Demand / Occupancy</b>	<b>Public Partner</b>	Municipalities assume full responsibility for tenant allocation and occupancy levels, with flexibility to define and adjust target tenant groups; no demand risk for the private partner
<b>Construction Cost Overrun</b>	<b>Private Partner</b>	Fixed-price construction contract structure; design and build responsibility with private partner; in cases of severe and unforeseen price increase due to exceptional external events risk might be shared
<b>Operating Performance</b>	<b>Private Partner</b>	Performance deduction regime applies; operator risk retained by private partner by performing specific pre-agreed procedures
<b>Planning / Permitting</b>	<b>Shared</b>	Public partner engages permitting authorities early, incl. in tender documentation and tender process and provides consultation and coordination support; private partner maintains responsibility for obtaining permits
<b>Inflation / Indexation</b>	<b>Shared</b>	Parts of Availability payments are subject to indexation

# ANNEX

## CONTACT INFORMATION

EIB: RUSKYS Giedrius <g.ruskys@eib.org>

NIB: Piladzis Kaspars <kaspars.piladzis@nib.int>

CEB: LEPP Karin <Karin.LEPP@coebank.org>

ERDB: Motrohins, Vladislavs <MotrohiV@ebrd.com>

DB: Faysal Rahman <faysal.rahman@db.com>

Information contained in this presentation may assist any interested third party to commence preparation for the prospective procurement to select the most appropriate private partner for the implementation of this public – private partnership project for designing, building, financing, maintenance and hand-back of affordable housing in six municipalities. However, this information is of informative character only and shall in no case be relied upon by any third party. Any information included herein is subject to any amendment, ad on, variation or change of any nature, purpose, scale or scope. Nothing in this presentation constitutes any legally binding promise or guarantee on the part of the Republic of Latvia or any public partner (with no exception or limitation including any municipality).

Each prospective, on-going or completed public – private partnership project in the Republic of Latvia constitutes an independent and separate PPP project, which is implemented considering only the objectives and needs of each respective PPP project, their provisional procurement and contractual provisions, and applicable laws and regulations.

None of the prospective, on-going or completed PPP projects repeats, imitates, replicates, relates to, corrects, modifies, analyses, evaluates or in any other way affects any other prospective, on-going or completed PPP project in the Republic of Latvia. Any legal, contractual, financial, economic, tax, or technical requirements planned, existing or having existed for the purposes of any prospective, existing or completed PPP project, do not create or constitute grounds for any legitimate expectations, certainty, continuity, succession, comparison, imitation, replication, or any legally or contractually binding, or reasonably expected (presumed) treatment, regulation, act or omission by the Republic of Latvia or ant public partner(-s).

No difference in legal or contractual regulation or arrangement among prospective, on-going or completed PPP projects and PPP contracts for their implementation shall be automatically or self-evidently considered or recognized as either discriminatory or otherwise unjustified.

No prospective, on-going or completed PPP project shall be used as a reference point, basis, disclaimer, objection, or unchangeable practice, attitude and/or evidence of evaluation, promise or guarantee at the part of the Republic of Latvia and public partner(-s). Accordingly, nothing that exists or does not exist, is being or is not being implemented, acknowledged, admitted, accepted, and/or otherwise permitted by any act or omission in one prospective, on-going or completed PPP project, PPP contract or respective procurement process may be used to raise any claims or objections regarding discriminatory or otherwise unjustified unequal legal or contractual treatment, or change in relation to any other prospective, on-going or completed PPP project, PPP contract or respective procurement.

No-one shall have the right to ignore, circumvent, refuse to acknowledge, fail to comply with, challenge, question or otherwise disregard the disclaimers set out herein, their content, legal force or their binding nature.