

Evaluation study: implementation of JESSICA instruments in the Brussels- Capital Region, Belgium

Final report

At the request of:

European Investment Bank

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1 SUMMARY AND EPILOGUE

1.1 Summary

1.1.1 JESSICA

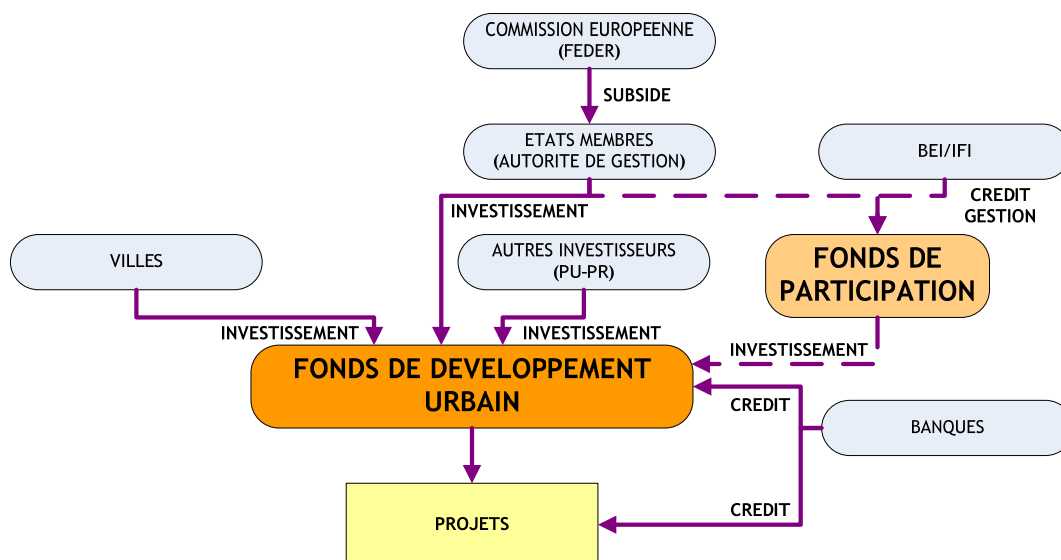
The JESSICA tool was proposed to the European Union Member States to support investment plans in relation to sustainable urban development. It is financed and implemented by the ERDF in collaboration with the EIB and the CEB with a view to:

- using part of the Structural Funds for recyclable/recoverable financial mechanisms;
- maximising leverage to attract investors or equity;
- supporting "PPP" projects and promoting genuine "public-private coproduction";
- promoting sustainable projects, whether public or private.

The main cited advantages of JESSICA are:

- More effective management of the cash flow of ERDF contributions
- Revolving funds can create opportunities for long-term investment in projects that have a high impact but a slow investment cycle.
- The integration of international financial institutions and the private sector provides access to skills that are not very common in the public sector.
- The presence of public cofinancing reduces risk in major urban investment projects (public or private).

The basic structure of JESSICA is as follows:



<i>French</i>	<i>English</i>
<i>COMMISSION EUROPEENNE (FEDER)</i>	<i>EUROPEAN COMMISSION (ERDF)</i>
<i>SUBSIDE</i>	<i>SUBSIDY</i>
<i>ETATS MEMBRES (AUTORITE DE GESTION)</i>	<i>MEMBER STATES (MANAGING AUTHORITY)</i>
<i>BEI/IFI</i>	<i>EIB/IFI</i>
<i>INVESTISSEMENT</i>	<i>INVESTMENT</i>
<i>CREDIT GESTION</i>	<i>CREDIT MANAGEMENT</i>
<i>VILLES</i>	<i>CITIES</i>
<i>AUTRES INVESTISSEURS (PU-PR)</i>	<i>OTHER INVESTORS (PU-PR)</i>
<i>FONDS DE PARTICIPATION</i>	<i>HOLDING FUND</i>
<i>FONDS DE DEVELOPPEMENT URBAIN</i>	<i>URBAN DEVELOPMENT FUND</i>
<i>CREDIT</i>	<i>CREDIT</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>PROJETS</i>	<i>PROJECTS</i>

Figure 1: Basic structure of the JESSICA mechanism

Source: IDEA Consult financial model

1.1.2 Feasibility study

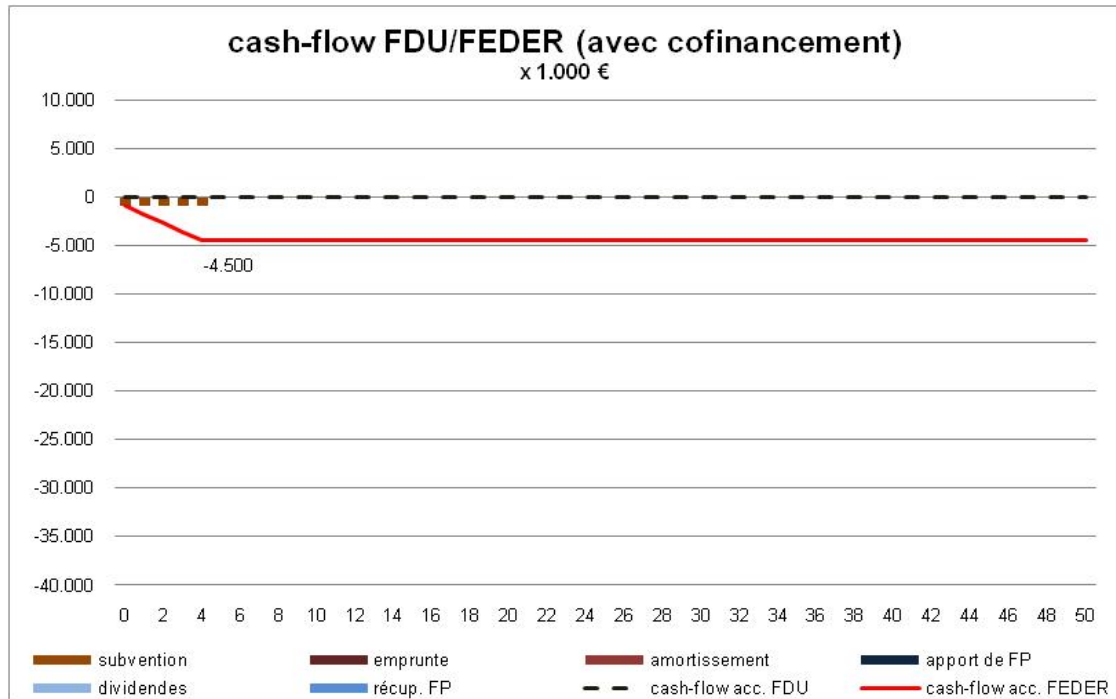
The aim of this study was to show the advantage of JESSICA for urban development in the Brussels-Capital Region and to propose a concrete configuration of this mechanism.

This was developed on the basis of an analysis of the urban development situation in the Brussels-Capital Region:

- Practices
- Current and future projects
- The public and private actors concerned
- The regional budget
- ...

1.1.3 Case study

In order to illustrate the practical operation of the mechanism, it was applied to a standard project or case study: the Abatan 2020 project in the Anderlecht abattoirs. 9 scenarios were tested (with and without JESSICA) to identify the operational and financial cases in which JESSICA could function in the Brussels-Capital Region.



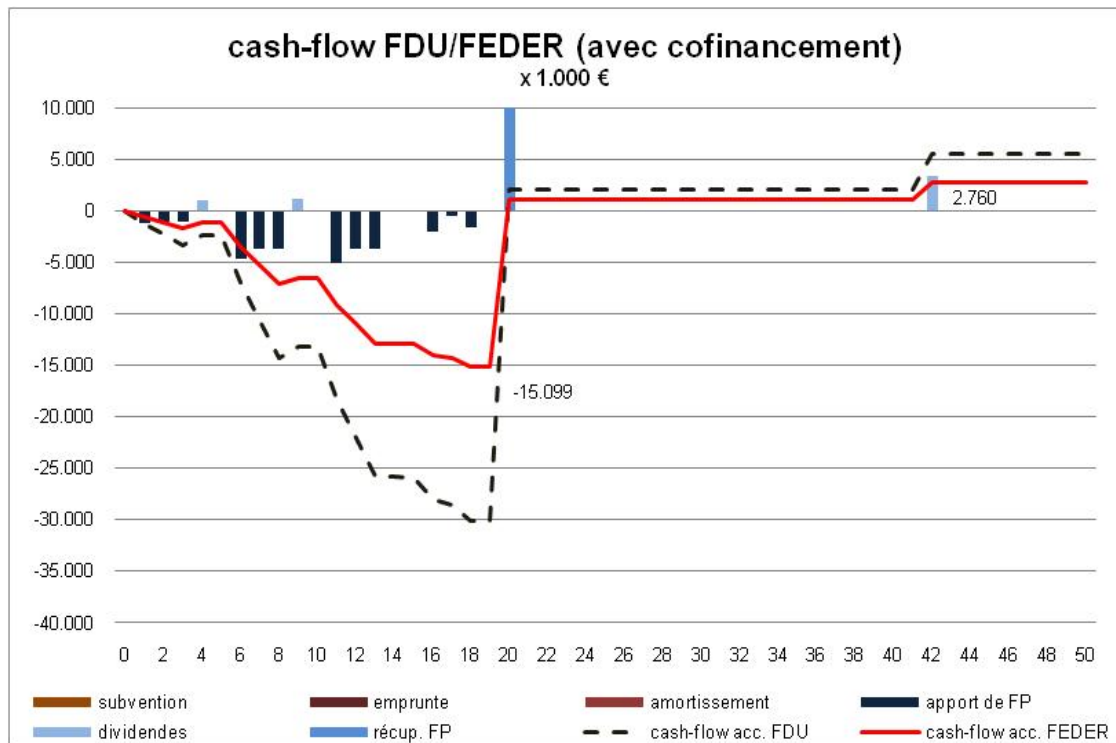
<i>French</i>	<i>English</i>
<i>Cash-flow FDU/FEDER (avec cofinancement) x 1.000 €</i>	<i>UDF/ERDF cash flow (with cofinancing) x €1,000</i>
<i>subvention</i>	<i>Grant</i>
<i>emprunte</i>	<i>Borrowings</i>
<i>amortissement</i>	<i>repayment</i>
<i>Cash-flow acc. FDU</i>	<i>UDF acc. cash flow</i>
<i>Apport de FP</i>	<i>Contribution of PF</i>
<i>Cash-flow acc. FEDER</i>	<i>ERDF acc. cash flow</i>

Figure 2: ERDF cash flow scenario 1-2-3

Source: IDEA Consult financial model

In the traditional system, the ERDF issues a non-recoverable grant, as indicated on the graph above.

In a JESSICA scenario, the amounts granted by the ERDF (+ cofinancing) will be higher, and the UDF will have to make a long term commitment to projects (in the case of major land development projects). But ultimately, the amounts can be recovered and reinvested in other projects.



<i>French</i>	<i>English</i>
<i>Cash-flow FDU/FEDER (avec cofinancement) x 1.000 €</i>	<i>UDF/ERDF cash flow (with cofinancing) x €1,000</i>
<i>subvention</i>	<i>grant</i>
<i>emprunte</i>	<i>borrowings</i>
<i>amortissement</i>	<i>repayment</i>
<i>Cash-flow acc. FDU</i>	<i>UDF acc. cash flow</i>
<i>Apport de FP</i>	<i>Contribution of PF</i>
<i>Cash-flow acc. FEDER</i>	<i>ERDF acc. cash flow</i>

Figure 3: UDF cash flow scenario 9

Source: IDEA Consult financial model

Moreover, it is precisely this medium or long-term commitment by a UDF to such a scheme which allows the other investors to take decisions that focus more on the creation of long-term value. Project flexibility is necessary to make it possible to react to changes in the market or in the political options in the future.

It is clear that the JESSICA mechanism significantly changes the role of the public sector: from a grantor of subsidies to an investment partner. This may make urban renewal more effective:

- The dialogue between public sector and private sector changes in character: the joint commitment to a project forces them to find a "win-win" scenario for everyone.

- Public funds are used more effectively: although they still cover the residual risk, the results of a financially advantageous project will be distributed in an equitable manner.

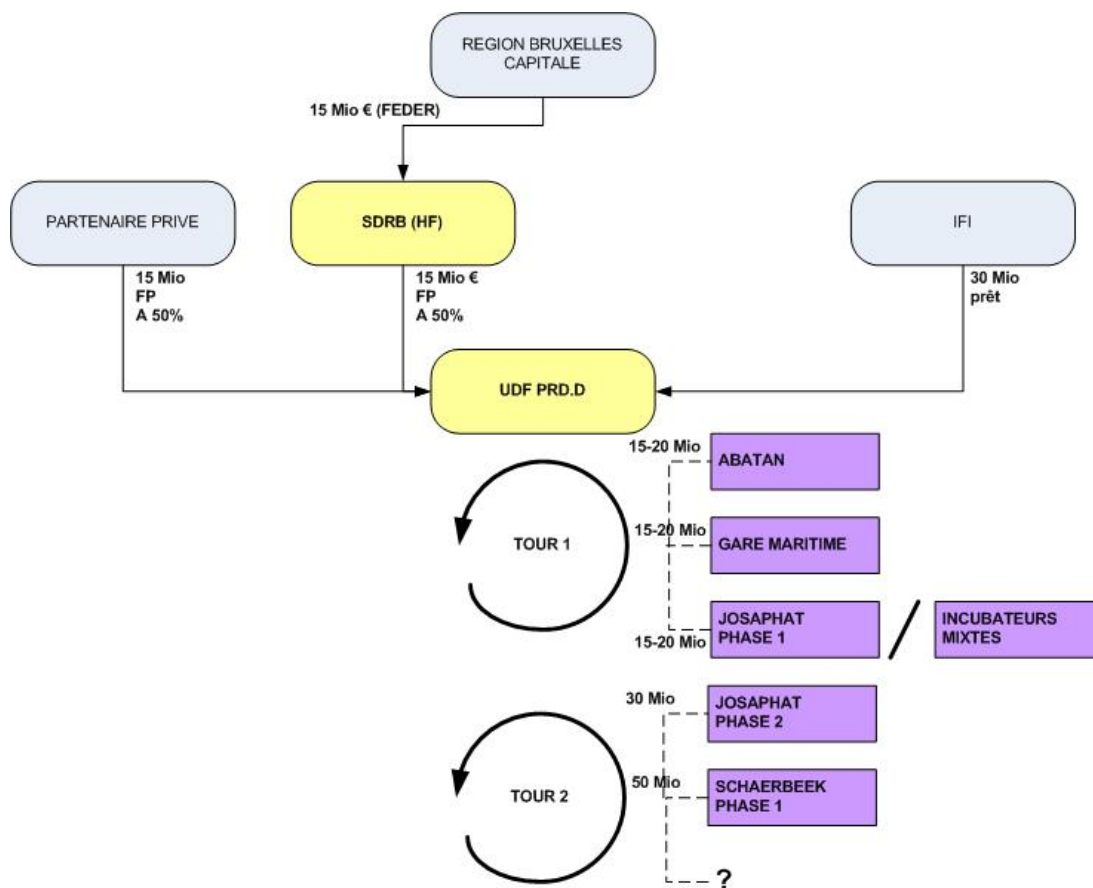
1.1.4 JESSICA configuration in the Brussels-Capital Region

The proposed configuration of JESSICA in the Brussels-Capital Region is based on the following principles:

- Phased implementation: the revision of the operational programme has the potential to release a sum in the region of €5m during this planning period. During a later period (2014-2020), further payments can supplement the budget, so that the UDF can operate to its full extent.
- A realisation tool for the S.RDP: although a whole range of mechanisms for the realisation of strategic projects already exists, there is a clear need for a holistic tool that can take the initiative in the physical realisation of these major projects. The proposed role of a UDF in the Region will thus be that of a land developer for major urban transformation projects.
- Structuring by the SDRB with the ADT in support: the structuring of a UDF by means of the SDRB seems logical for several reasons:
 - The SDRB's experience in integrated urban development, in particular, regulated housing projects, industrial land and business centres
 - The Government's wish to make the SDRB a land developer as a tool for the performance of major development projects.
 - The articles of association of the SDRB provide for the SDRB's role as an operator in the area of economic development and urban renewal (chapter III: Missions, Article 4), notably by the creation of SPVs or holdings in public-private enterprises¹.
 - The SDRB's experience in arranging public-private partnerships, and the acquisition of interests in private companies.Since the ADT's remit includes the coordination of major urban projects in the Brussels-Capital Region, operational support by the ADT seems logical.
- Equity financing: the UDF will finance the projects solely by equity interests in project SPVs. This is proposed for 3 reasons:
 - The Brussels-Capital Region has significant debt and the loans already guaranteed by regional independent or semi-independent public institutions have strongly increased in recent years.
 - The case study has shown that the financial resources of the UDF will be recovered much less quickly, which will slow down the revolving fund.
 - Since the majority of the pilot projects are more or less private, there is a significant risk that financing by advantageous loans will be deemed illegal state aid.
- An independent public-private structure: given that the UDF must follow economic principles, in order to ensure the supply of long-term funds, it is proposed to set up a UDF as a public-private investment fund with a 50-50 share allocation. This implies that each board decision will require a consensus.

¹ § 4. The SDRB may enter into contracts with third parties for the performance of the economic development and urban renewal missions referred to in the above two paragraphs.

The SDRB may set up commercial companies, acquire interests in such companies or participate in real estate transactions with third parties.



French	English
REGION BRUXELLES CAPITALE	BRUSSELS CAPITAL REGION
15 Mio (FEDER)	15 Mn (ERDF)
PARTENAIRE PRIVE	PRIVATE PARTNER
SDRB (HF)	SDRB (HF)
IFI	IFI
15 Mio FP A 50%	15 Mn PF AT 50%
Cash-flow acc. FEDER	ERDF acc. cash flow
GARE MARITIME	MARITIME TERMINAL
INCUBATEURS MIXTES	MIXED INCUBATORS
30 Mio prêt	30 Mn loan
UDF S.RDP	UDF S.RDP
TOUR 1	ROUND 1

Figure 4: UDF S.RDP

Basically, the UDF will consist of two founder partners:

- The SDRB, as investment channel of the Brussels-Capital Region: the SDRB will take the initiative in creating the UDF by engaging a private partner. Initially the ERDF money can be paid straight into a separate account of the SDRB.
- A private financial partner: selected following a public tendering procedure. In addition to its financial contribution, the role of this partner will be to share its experience and knowledge in the UDF.

The private partner is selected following a public tendering procedure. On the basis of the analysis of the projects and the advancement of the ERDF programme in the Brussels-Capital Region, a budget of €15m (ERDF + cofinancing), supplemented in the same amount by the private partner and a bank loan of €30m, may be enough to finance a first round of projects.

In order to create financial leverage, the loan must be granted on advantageous terms, for example a loan from an International Financial Institution.

In the analysis of the projects, it is specified that there are projects likely to be carried out in the short term and others that are not yet mature:

- Projects which may be completed or started before 2020:
 - Tour&Taxis
 - Abatan 2020
 - Molenbeek Canal
 - Heysel
 - ...
- Projects which will probably not start before 2020:
 - Schaerbeek-Formation
 - Mabru
 - Former BILC project
 - ...

This allows the fund to recover its resources after a first round of investment and to invest them in a new series of projects, as indicated in the diagram below:

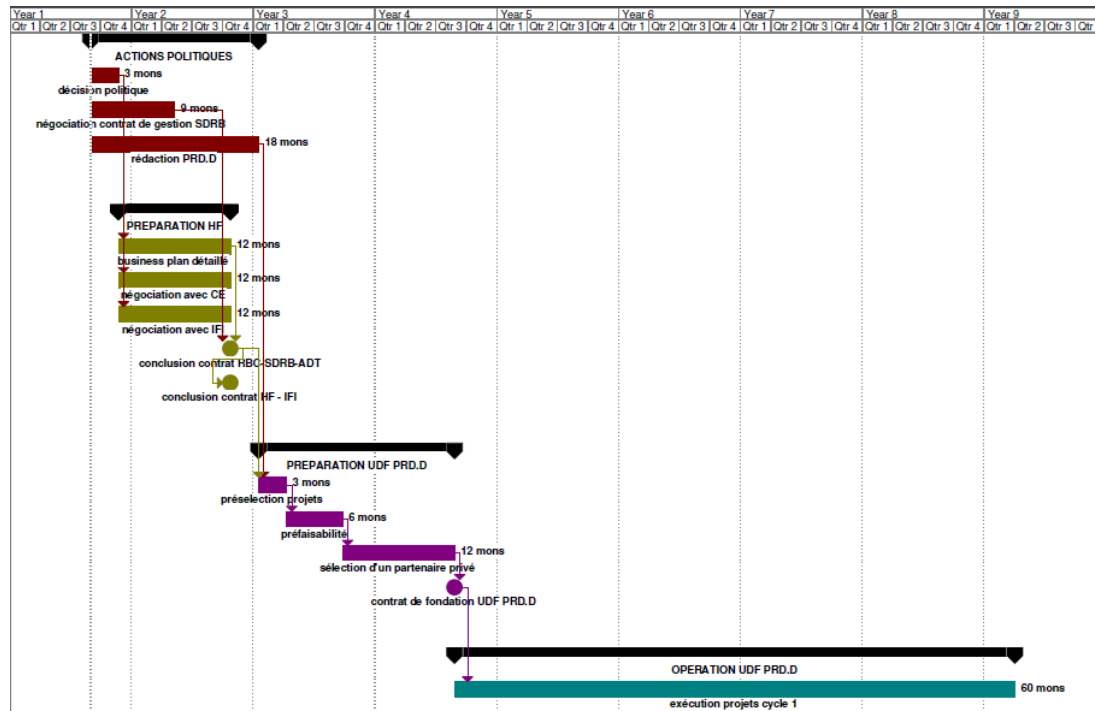
In relation to the use of the ERDF budget of the Region in this strategy, 2 scenarios are possible:

- Quick start: the SDRB and UDF holding funds are created during the current programming period with a budget arising from the failure of certain projects to get off the ground. This budget may be of the order of €5m (ERDF + regional cofinancing). After 2013, the SDRB budget is then supplemented by an amount in the region of €10m. The private partner participates to the same extent. This strategy allows the UDF to begin one project in the O.P. currently in progress and thus to test its effectiveness.
- Creation after 2013: It is highly likely that the EC will put more pressure on Member States regarding the use of financial engineering in the next programming period. The Region may also decide to wait until the next period before implementing JESSICA. Nevertheless, the preparation of the mechanism and projects can already begin.

The implementation time of the mechanism may be estimated at two years. During this preparatory period, the following tasks are planned:

- Political discussion within the Government and between the Government and the SDRB (approx. three months) + creation of the pre-UDF
- Development of the UDF within the SDRB (drafting of a detailed business plan, negotiation with IFIs, selection of projects, etc.: approx. 12 months)
- Preparation of the foundations of the UDF (selection of projects, selection of a private partner, etc.: approx. 12 months)

This may seem like a long time, but considering the proposal to centre the UDF on the S.RDP (still in preparation) this timing is perfectly acceptable. Furthermore, it is the creation of the pre-UDF that is the key date in the financial management in relation to the ERDF. The pre-UDF can be created very quickly, on the basis of a political agreement on the implementation of JESSICA in the Brussels-Capital Region.



French	English
ACTIONS POLITIQUES	POLITICAL ACTIONS
mois	months
Décision politique	Political decision
Négociation contrat de gestion SDRB	Negotiation of SDRB management contract
Rédaction SRDP	Drafting of S.RDP
PREPARATION HF	PREPARATION OF HF
Business plan détaillé	Detailed business plan
Négociation avec CE	Negotiation with EC
Négociation avec IFI	Negotiation with IFI

French	English
Conclusion contrat HBC-SDRB	Conclusion of HBC-SDRB contract
Conclusion contrat HF-IFI	Conclusion of HF-IFI contract
PREPARATION UDF S.RDP	PREPARATION OF UDF S.RDP
Préselection projects	Pre-selection of projects
pré faisabilité	Pre-feasibility
Sélection d'un partenaire privé	Selection of a private partner
Contrat de fondation UDF SRDP	UDF SRDP foundation contract
OPERATION UDF S.RDP	UDF S.RDP OPERATION
Exécution projets cycle 1	Project execution cycle 1

Figure 5: Times for the implementation of JESSICA in the BCR

2 INTRODUCTION

2.1 Introduction

JESSICA (Joint European Support for Sustainable Investment in City Areas) is a political initiative of the EC, supported by the EIB and developed in collaboration with the CEB, intended to help the authorities of EU Member States to implement financial engineering mechanisms to support investment in sustainable urban development pursuant to the cohesion policy.

The European Commission gave the EIB, with the support of the CEB, the responsibility to implement JESSICA in Member States and Managing Authorities. In many European countries, feasibility studies have already been carried out and the first JESSICA structures are already operational or in preparation, e.g. Lithuania, London, North West England, Portugal, Wielkopolska, etc.

The Minister responsible for the ERDF programme and urban renewal in the Brussels-Capital Region, Mrs. Evelyne Huytebroeck, invited the EIB to carry out an evaluation study on the possible implementation of JESSICA in the Brussels-Capital Region.

2.2 Characteristics of the study

2.2.1 *Aims of the study*

The overall aim of the study is to study the feasibility of JESSICA in the Brussels-Capital Region and, if possible, to suggest recommendations for the later stages focusing on the creation of adapted financial engineering mechanisms. The evaluation study will pursue the following goals:

- **Objective 1:** Devise a methodology, analyse the financial feasibility of the use of JESSICA by the Brussels-Capital Region and examine the potential of UDFs to speed up the investment necessary for the realisation of urban policy objectives.
- **Objective 2:** Identify the key players of the public and private urban renewal sectors, as well as existing investment structures and their potential contribution to the success of JESSICA in the Brussels-Capital Region.
- **Objective 3:** Identify and evaluate the ways in which existing financial mechanisms in the Region can be converted to financial engineering tools dedicated to sustainable urban transformation, which could be supported by instruments such as JESSICA with ERDF resources or result from other operational programmes.
- **Objective 4:** Propose suitable structures for the implementation of JESSICA in the Brussels-Capital Region, taking into account legal constraints and restrictions in matters of State aid.
- **Objective 5:** Propose an action plan for JESSICA in the Brussels-Capital Region taking account of the results of the analysis described below.

2.2.2 *Tasks*

- Study the capacity of local and national authorities to develop integrated approaches in the urban sector and their experience in this area. Presentation of an example of a sustainable urban development plan in the Brussels-Capital Region that could lead to JESSICA projects. What possibilities should be offered to improve and develop real estate performance in cities?

- Analysis of existing financial and legal instruments for urban regeneration projects in the Brussels-Capital Region. Identification of existing investment structures/instruments which could be used for the implementation of JESSICA in the Brussels-Capital Region (national and international banks and other commercial and financial institutions, international financial institutions). This analysis must also describe the capacity of public authorities and national public agencies to provide equity, loans, guarantees and other financing (excluding grants) for urban regeneration projects, as well as the demand for such products.
- Preparation of a proposal for "JESSICA pilot projects" (between two and four cases) on the basis of a project analysis grid.
This entails identifying and proposing an overall view of projects that might warrant the creation of a JESSICA-type fund, selected under the integrated sustainable development plans mentioned above. These projects could be those selected pursuant to the ERDF call for proposals. In this respect, an analysis of the selected projects that could offer returns on investment (possible financing by a UDF) must be carried out.
The development of economic real estate activity has already been identified by the Region as a particularly interesting topic for this study, but could be supplemented by other topics such as the energy performance of public buildings, etc (non-exhaustive list).
- Analysis of the structures of the likely UDFs for the Brussels-Capital Region, i.e. objectives, size, governance, (geographical and/or thematic) investment strategy, potential co-financing, etc. Analysis of types of projects and the portfolio of projects that should be considered for each proposed (UDF) structure. These analyses must take into account the urban strategies and priorities identified at city and national level. In addition, the study must detail the possible legal structures, and make recommendations that take account of national legal constraints (to be specified).
- Evaluation of the concrete action of the proposed UDFs, and demonstration of the effectiveness of the JESSICA implementation strategy recommended by pilot case studies. This evaluation must contain a general description of the pilot cases, a financial analysis of the estimated commercial performance, including an estimation of management costs. The evaluation must show the effect of the use of UDFs with financial projections (cash flow, yield indicators, programming, risk analysis, etc)
- Recommendations on the use of the Structural Funds for the JESSICA initiative, according to the current implementation status of and the allocation agreements for the Operational Programmes of Brussels-Capital. Identification of the advantages and disadvantages (costs) for the principal partners (managing authorities, cities, etc) compared with the allocation of grants.
- Summary of advantages and disadvantages, recommendations on the follow-up of JESSICA and definition of an action plan and a timetable for the implementation of the new proposed structure: necessary tools and actions.

2.3 Methodology

2.3.1 *General methodology*

To carry out this consulting mission, the following actions were taken:

- Interviews: with representatives of the ministerial offices of the Brussels-Capital Region, regional administrative authorities, regional public enterprises, private investors and banks.
- Analysis of existing reports: documentation on JESSICA, political documents of the Brussels-Capital Region

- Legal workshops: two workshops on the general structure are organised with the lawyers of Buntinx-Huygens
- Case study: an in-depth study on the potential role of JESSICA in a concrete plan in the Brussels-Capital Region

2.3.2 Interviews

Below is a list of the interviews carried out:

Public actors:

- 11/03/2010: Céline Manac'h and Corentin Dussart, ERDF unit of the Brussels-Capital Region + Nicolas Hemeleers, Office of the Minister Evelyn Huytebroeck
- 12/03/2010: Frank Van der Eecken, advisor of the Minister Jean-Luc Vanraes, in charge of Finance
- 16/03/2010: Serge Vilain and Ludwick Kurzeja, SRIB
- 19/03/2010: Monique Coppens, Administration for Territorial Development and Housing.
- 12/05/2010: Bety Waknine, advisor of Minister-President Charles Picqué, in charge of territorial development and the management of the SAF
- 20/05/2010: Frank Van der Eecken and Ann Nieuwland, SDRB
- 16/06/2010: Nicolas Hemeleers, advisor of the Minister Evelyn Huytebroeck

Developers and private investors

- 08/04/2010 : Michel De Bièvre, CEO T&T sa
- 29/04/2010: Joris Tiebout, Luc Blancke and Jo Huygh, Abatan SA
- 04/05/2010: Nicolas Béarelle, re-vive brownfield developer

Banks

- 10/05/2010: Luc Degreef, Dexia Public Finance

2.4 Reader's guidance

2.4.1 Structure of the report

The first chapter describes the general principles of the instrument JESSICA. In order to illustrate the mechanism, three existing "Jessica-like" practices are presented: Batixia in Nord-Pas de Calais (FR), Blueprint in the East Midlands (UK) and OPP in the Netherlands.

The rest of the report is structured on the basis of the main research questions defined by the specifications:

- **The Brussels-Capital Region:** this chapter analyses the situation of the Brussels-Capital Region:
 - the ERDF programme currently under way in the Brussels-Capital Region.
 - the urban development instruments already in place in order to measure the potential value added of JESSICA
 - the financial statements of the Region, which help to assess the potential financial commitment of the Region.
- **Actors:** this chapter determines the potential role of regional actors in the implementation of the JESSICA mechanism in the Brussels-Capital Region:
 - Public actors: currently active public actors in the urban investment and financial engineering sectors.
 - Private actors

- The PPP: the experience of the Brussels-Capital Region with PPPs in urban transformation projects.
- **Projects:** this chapter comprises two major parts:
 - In the first part a list of potential pilot projects is drawn up.
 - The rest of the chapter is dedicated to a case study of one of these projects, namely Abatan 2020.

The case study analysis proposes various forms of project financing and arrangements capable of being implemented pursuant to a JESSICA strategy.
- **The JESSICA structure:** this central chapter of the report describes the proposed JESSICA structure for the Brussels-Capital Region:
 - The general structuring
 - The form of the structure and its bodies
 - The operation of this structure
 - The financial arrangement of this structure
 - The implementation of the proposed structure

2.4.2 *Abbreviations*

A list of the most commonly used abbreviations in the report is provided in the table below:

Abbreviations	
CEB	Council of Europe Development Bank
EIB	European Investment Bank
EC	European Commission
ERDF	European Regional Development Fund
EU	European Union
JESSICA	Joint European Support for Sustainable Investment in City Areas
UDF	Urban Development Fund
IFI	International Financial Institution
PPP	Public-Private Partnership
BCR	Brussels-Capital Region
RDP	Regional Development Plan
S.RDP	Sustainable Regional Development Plan: the new RDP currently in preparation
SLUP	Special Land Use Plan
RLUP	Regional Land Use Plan
SDRB	Société de Développement pour la Région Bruxelles-Capitale
SRIB	Société Régionale d'Investissement de Bruxelles
SAF	Société d'Acquisition Foncière
SNCB	Société Nationale des Chemins de Fer de Belgique
SPV	"Single-purpose vehicle": company created for the realisation of a project

3 THE JESSICA INITIATIVE

3.1 Introduction and definitions

The JESSICA instrument was proposed to the Member States of the European Union (EU) to support investment plans in relation to sustainable urban development. It supplements the instruments deployed within the framework of the cohesion policy and is financed, in the BCR, by the ERDF with a view to:

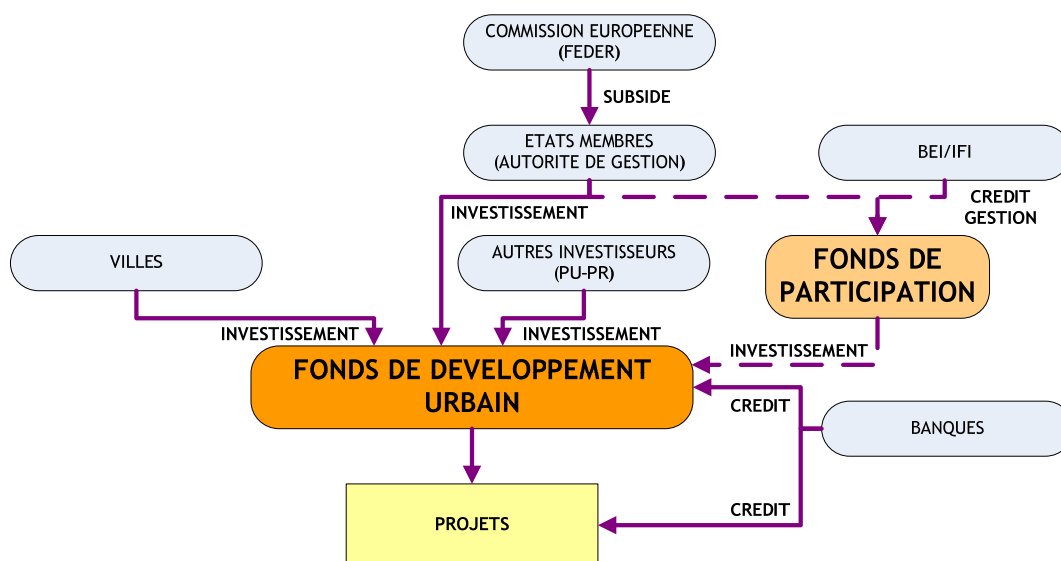
- using part of the Structural Funds for **recyclable/recoverable financial mechanisms**;
- maximising **leverage** to attract investors or equity;
- supporting "PPP" projects and promoting genuine "**public-private coproduction**".
- promoting **sustainable projects**, both public and private.

In other words, it entails providing an alternative financial engineering instrument to the subsidies currently paid to operators in the form of grants, in order to support urban development. JESSICA is an instrument that makes it possible to generate leverage and recycle funds beyond 2013 or 2015.

The main cited advantages of JESSICA are:

- **More effective management** of the cash flow of ERDF contributions
- Revolving funds can create opportunities for long-term investment in **projects that have a high impact but a slow investment cycle**.
- The integration of international financial institutions and the private sector **provides access to skills** that are not very common in the public sector.
- The presence of public cofinancing **reduces risk** in major urban investment projects (public or private).

The basic structure of JESSICA is as follows:



<i>French</i>	<i>English</i>
<i>COMMISSION EUROPEENNE (FEDER)</i>	<i>EUROPEAN COMMISSION (ERDF)</i>
<i>SUBSIDE</i>	<i>SUBSIDY</i>
<i>ETATS MEMBRES (Autorité de gestion)</i>	<i>MEMBER STATES (Managing Authority)</i>
<i>BEI/IFI</i>	<i>EIB/IFI</i>
<i>INVESTISSEMENT</i>	<i>INVESTMENT</i>
<i>CREDIT GESTION</i>	<i>CREDIT MANAGEMENT</i>
<i>VILLES</i>	<i>CITIES</i>
<i>AUTRES INVESTISSEURS (PU-PR)</i>	<i>OTHER INVESTORS (PU-PR)</i>
<i>FONDS DE PARTICIPATION</i>	<i>HOLDING FUND</i>
<i>FONDS DE DEVELOPPEMENT URBAIN</i>	<i>URBAN DEVELOPMENT FUND</i>
<i>CREDIT</i>	<i>CREDIT</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>PROJETS</i>	<i>PROJECTS</i>

Figure 6: Basic structure of the JESSICA mechanism

Source: IDEA Consult financial model

Several structures are possible for the implementation of JESSICA. The precise methods must be specified according to the institutional specificities of Brussels. Two main models are possible:

- **The creation of a holding fund**, the potential beneficiary of the ERDF financing and regional cofinancing, designed to supply Urban Development Funds. In this option, the EIB can manage the holding fund, which management it can then transfer to a regional fund.
- **Direct supply by the Managing Authority of an Urban Development Fund**. This UDF can be set up as an independent legal entity governed by agreements between investors or shareholders. Alternatively, the fund can exist as a distinct fund within an existing financial institution. In this case, management must be separate and specific rules of implementation must be established.

The selection of the funds (Holding fund if it is not the EIB which assumes this role and Urban Development Fund) must, in theory, be organised on the basis of a call for expressions of interest, since the operation must comply with Community rules regarding public service contracts. The terms and exceptions (case where no service is provided) will have to be examined according to the specificities of the Region.

The involvement of the private sector may be envisaged in both options: via the Holding fund, the Urban Development Fund, or directly at the project financing level. In practice, the public-private partnership is generally found at UDF or project level. The funds can also be supplied via other sources of finance (cities, communes, other independent or semi-independent public institutions, etc).

Use of the loans of International Financial Institutions like the EIB or the CEB may also be considered, according to their traditional modes of intervention (at fund level or directly at project level).

There is also great flexibility as regards the legal form of the urban development funds, their objectives (they can be targeted geographically or thematically) and the financial tools proposed (capital interests, loans, subordinated loans, guarantees).

3.1.1 Holding fund

Holding funds are defined as follows²:

"A Holding Fund is a fund set up to invest in more than one UDF. Whilst a Holding Fund is not a requirement for JESSICA implementation, there are several benefits for Member States in having one:

- *It allows Managing Authorities to delegate some of the tasks required in implementing JESSICA to appropriate professionals. These tasks include establishing specific criteria for making investments in UDFs, appraising and recommending appropriate UDFs to invest in, negotiating contractual arrangements with as well as monitoring and reporting on the performance of UDFs;*
- *Member States with a less developed urban investment sector can still take advantage of JESSICA funding immediately, whilst UDFs and qualifying urban investment projects are being established and implemented;*
- *Holding Funds allow for JESSICA funds to be combined with other public and/or private sector resources for investment in UDFs."*

3.1.2 Urban Development Funds

Urban Development Funds are defined as follows:

"An Urban Development Fund (UDF) is a fund investing in public-private partnerships and other projects included in an integrated plan for sustainable urban development. To be eligible for JESSICA funding, the UDF will need to demonstrate, amongst other things, sufficient competence and independence of management, a comprehensive business plan and budgets for undertaking qualifying projects, and sound financial backing. A UDF can be a separate legal entity, or be established as a "separate block of finance" within an existing financial institution. In such cases, JESSICA funds need to be separately accounted for and clearly segregated from the other assets of that financial institution. Urban Development Funds can be established at either a national, regional or local/city level in response to integrated urban development plans, project pipelines and investor interests."

3.1.3 Conclusions in relation to the JESSICA strategy in the BCR

With regard to a Holding fund, the following remarks can be made:

² "JESSICA: A new way of using EU funding to promote sustainable investments and growth in urban areas", EIB (factsheet on the website)

-
- Since the territory of the Brussels-Capital Region is relatively limited, the question of the utilisation of a holding fund as a supplement to one or more urban development funds is a legitimate one.
 - Since the ERDF 2007-2013 programme is already in an advanced stage, the notion of "storing" ERDF funds in a holding fund is of rather limited relevance.

For the Urban Development Fund, the following aspects will be carefully studied with a view to implementation in the Brussels-Capital Region:

- Public-private partnerships: what types of public-private partnerships could JESSICA apply to in the Brussels-Capital Region, given the rather limited experience in the Brussels-Capital Region and the great separation between public and private initiatives?
- Projects which come under an integrated urban development plan: How can JESSICA be used with the RDP and the Master Plan tool?
- Sufficient competence: in what structures can JESSICA be accommodated? What types of PPP can supplement the necessary competence?
- Sufficient independence: what organs and decision-making powers must be given to UDFs in order to guarantee their independence and effectiveness?
- Solid financial support: what financial risks can be covered by the Brussels-Capital Region?

3.2 Advantages of JESSICA

The JESSICA mechanism has several advantages, for managing authorities, public authorities as well as for the private sector.

3.2.1 *Advantages for managing authorities*

- The contribution to a UDF through the conclusion of a financing contract between the Managing Authority and a UDF is regarded by the EC as a final payment. These faster payments of the EC can already generate interest.
- If, during a future ERDF programming cycle (post-2013) the availability of funds for the cities of Western Europe should be reduced, JESSICA could guarantee long-term recycling of the funds available in the present cycle.
- Working with financial engineering instruments via the UDF creates substantial leverage compared to the ERDF contribution and regional cofinancing. That may make it possible to increase investment volumes in the urban development sector.
- The presence of international financial institutions like the EIB and the CEB may contribute significant financial expertise.
- JESSICA will provide a powerful mechanism for the financing of complex urban projects which, because of their size, would normally exceed the financial capacities of the region itself.

3.2.2 *Advantages for public authorities and project developers*

- The ERDF funding present in the UDF can already generate interest, which increases the sums available.
- The use of the ERDF in the form of a subsidy excludes high-yield projects, which are not eligible. With JESSICA, these projects will be eligible and even necessary in order to guarantee the continued operation of the UDF.
- JESSICA can draw the attention of private sector players to projects that would not normally have interested them and mobilise their capacity and knowledge.

3.2.3 *Advantages for the private sector*

- JESSICA can create new investment opportunities that would not normally exist.
- JESSICA can create strategic partnerships with cities and regions, facilitating development conditions.
- The creation of long-term UDFs creates a long-term perspective and long-term market potential.

3.3 Legal framework

The JESSICA evaluation and application studies already carried out have identified several legal aspects which must be considered in the implementation of JESSICA. Some of these aspects have already been integrated into Community legislation. The following documents will be analysed in relation to these subjects:

- EIB JESSICA preliminary evaluation study, January 2007.
- Commission Staff Working Document: State Aid Control and Regeneration of Deprived Urban Areas

- Guide to the Community Rules on Public Procurement of Services
- Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999
- Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999
- Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund
- Commission staff working document: State Aid control and Regeneration of deprived urban areas: Vademecum

A first reading of these documents reveals that the following aspects must be taken into account in the implementation of JESSICA:

- **Eligibility of ERDF expenditure:** With JESSICA, it is probable that UDFs will invest in projects which contain ineligible expenditure (e.g. investments in residential developments). In order to facilitate the ex-post audit by the EC, accounting systems must make it possible to distinguish eligible investments/costs from other investments/costs. Moreover, eligible costs (to be carried over at the end of the programming period) must comply with European Regulations and with the Operational Programme of the Region and may be:

- Investments/payments by UDFs in/to PPPs which carry out urban projects
- Investments/payments by UDFs in/to companies
- The financial guarantees given
- Eligible management costs

In contrast to traditional management, eligible costs no longer correspond to direct payments of the costs of executing a project, but rather investments in other entities which in turn cover the costs of execution. In this respect, the regulations concerning cofinancing rates and the N+2 term of payment apply to the investments granted by the UDF to the beneficiary entities and not to the direct investments.

- **Selection of the Holding Funds and the Urban Development Funds:** Pursuant to Article 44 of the Council Regulation No.1083/2006, the Holding Funds can be selected by:

- the award of a public contract in accordance with the applicable public procurement legislation;
- in other cases, when the agreement is not a public service contract within the meaning of the applicable public procurement legislation, the issuing of a grant, defined for this purpose as a direct financial contribution by way of a donation:
 - i) to the EIB or the FEI; or
 - ii) to a financial institution without a call for proposals, if this is done in accordance with a national law compatible with the treaty.

The UDF must therefore be selected with the greatest transparency and on the basis of objective criteria, as described in Article 43 of Regulation 1828/2006. The selection/creation of the UDF should therefore be the subject of an openly competitive approach.

- **State aid:** the contributions of the operational programme or other public resources to the holding fund and/or the urban development funds, but also

the investments made by these last entities, must comply with the regulations in force in relation to State aid.

State aid may exist at three levels:

- Cofinancing by ERDF funds and/or other public funds by the urban development funds can create a certain advantage for the other private investors in these funds by the subordination of the public financial resources and of the ERDF.
- Any public guarantees given to UDFs will allow these UDFs to lend money on terms not normally available to private investors.
- The financing of a project by a UDF will be financing under more favourable conditions than those of the financial market.

In the context of urban regeneration, the EC has already demonstrated that exceptions to the Regulations (Article 107 of the Treaty) may be accepted. Within the framework of JESSICA implementation, the following aspects must be considered:

- The objectives of the UDF, the operation of the UDF and the procedures for the constitution of a UDF must be communicated and explained to the EC, with the aim of obtaining consent to possible exceptions to the Regulations on State aid.
- Private financial partners must be selected in strict compliance with public procurement procedures.
- A clear explanation of the need for a particular State Aid: why are certain projects not carried out without public intervention?

3.4 Documentation of "JESSICA-type" strategies

With a view to the implementation of the JESSICA tool, the EC and the EIB have relied on "JESSICA-type" practices which are already functioning in various regions of the EU. These mechanisms give a concrete example of how JESSICA could really function. Below, the three following mechanisms are presented:

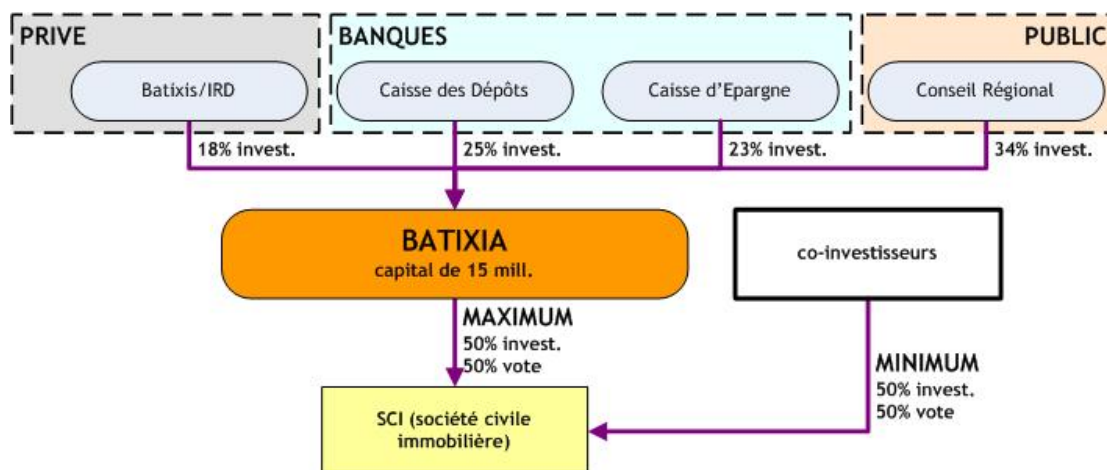
- Batixia, Nord – Pas de Calais, FR
- Blueprint, East Midlands, UK
- OPP, Netherlands

3.4.1 BATIXIA

The mission of Batixia is to bring public funding to private real estate projects in urban sites in difficulty, which are very widespread in this region. The purpose of SIR BATIXIA is to fund the construction of tertiary, business and leisure buildings. Housing was not chosen because it provided, in this case, little added-value and moreover there were already operators present in this field.

By preferring zones where the private sector is not very active, the intention is not to replace the private sector, but rather to help it to increase its involvement in zones where it would not tend to operate.

This approach makes it possible to promote and develop territories that offer opportunities to private investors and to speed up the creation of business premises and consequently, jobs.



<i>FRENCH</i>	<i>ENGLISH</i>
<i>PRIVE</i>	<i>PRIVATE</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>PUBLIC</i>	<i>PUBLIC</i>
<i>BATIXIA capital de 15 mill.</i>	<i>BATIXIA capital of 15 mill.</i>
<i>Co-investisseurs</i>	<i>Co-investors</i>
<i>SCI (société civile immobilière)</i>	<i>SCI (société civile immobilière – property company)</i>

Figure 7: Financial arrangement of SIR Batixia

The investment in BATIXIA is conditioned by the existence of a return on investment and therefore relies on a prior profitability check. The BATIXIA operations have an initial profitability of 7-8% (simulated gross yield). Leverage is clearly observed: equity investment of €4m generated a total investment of €62m.

BATIXIA undertakes to retain its capital interest in the SCI for 8 years (bank clauses): which is sufficient to consolidate the operations financially. BATIXIA is looking for capital gains; it wishes to make its shares attractive in order to resell them to its partners or to other buyers.

BATIXIA forms part of a plan involving risk-taking and profitability, for operations which the market alone cannot accommodate. Private investors thus benefit from transaction security and financing that is facilitated by a division of the risk and by BATIXIA's support to the banks. In addition, the participation in an SIR offers investors (modest) tax incentives.

Authorised by the Urban Renewal and Solidarity law (SRU), *Sociétés d'Investissement Régional* (regional investment companies – SIRs) have the form of a *société anonyme* (public limited company) and regional councils are authorised to acquire interests in these SAs or SARLs in association with one or more public or private legal entities.

The SIR has the advantage, because of its legal status, of not being subject to the *Code des Marchés Publics* (Public Procurement Code) since its operating mode is completely private. In the case of BATIXIA, it nonetheless makes use of competition in order to find the best return.

3.4.2 Blueprint

3.4.2.1 *General description*

Blueprint is a public-private partnership which is active in the East Midlands, an area strongly affected by the deindustrialisation of the second half of the 20th century. Blueprint's mission is to support integrated regional development by completing integrated urban projects. Blueprint handles all activities of the development cycle:

- Purchase and consolidation of lands
- Drafting a master plan
- Infrastructure and development works
- Marketing
- Property development

Blueprint was set up in 2005 as a property development company following a public adjudication procedure.

To that end, two public authorities and one private actor came together:

- East Midlands Development Agency: EMDA is one of the nine regional development companies in England.
- Homes & Communities Agency: HCA is a national organisation responsible for the development of affordable housing.
- IGLOO: a private investment fund, which has made sustainable development one of its investment criteria.

Ownership is distributed 50-50 between public and private partners. This ensures that each project must be carried out in compliance with both public and private interests. None of the partners can force a decision.

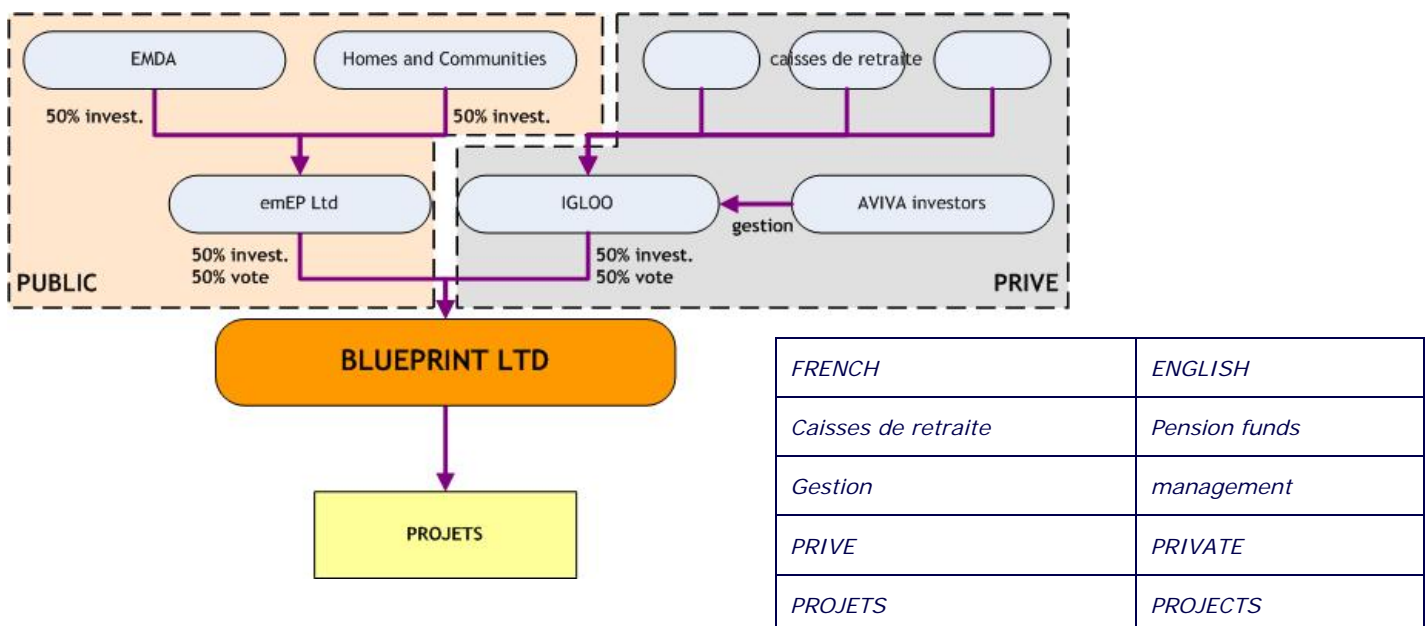


Figure 8: Legal and financial structure of Blueprint

Blueprint is managed by a board of directors made up of four directors (two public and two private). In compliance with the guidelines of the development plan, fixed at ten years when the company was set up, the management of the fund makes independent decisions.

Blueprint is financed by a mix of equity and loans. The public partners contributed properties; the private partner supplemented this with the equivalent value in cash.

Blueprint projects are all evaluated against a sustainable development framework: Footprint. This framework comprises four main criteria:

- Architectural and urban quality
- Environmental sustainability
- Social progress
- The happiness and well-being of inhabitants and visitors

By applying these criteria, Blueprint tries to create qualitative and financial appreciation in projects which would not be carried out by a private partner alone because of their difficulty. To achieve this mission, Blueprint collaborates very actively with local authorities.

Green Street Nottingham

In this project, Blueprint wants to showcase an exemplary project in a passive district in the periphery of Nottingham.

Blueprint endeavoured to combine sustainable development ambition with financial and commercial feasibility.



Nottingham Science Park

This project is Blueprint's first fully-completed project.

The project consists of a land development and the construction of a research centre as well as the development of several "turnkey" buildings for third parties (a training centre for Toyota for instance).



Table 1: Blueprint projects

3.4.3 BNG-OPP ("ontwikkelings- en participatiebedrijf publieke sector") (NL)

OPP is a subsidiary of BNG ("Bank van de Nederlandse Gemeenten") and concentrates on financial and operational aid to public actors in major development projects (e.g. VINEX districts).

BNG offers equity investments in project SPVs ("single-purpose-vehicles") and can also manage these projects.

OPP is an "open-ended fund" of unlimited duration, where each project actor (public, semi-public or public-private) can request cooperation and financing.

OPP therefore offers project partners not only funding, but also its expertise:

- feasibility studies and risk analyses
- financial studies

- risk management
- project management
- administrative management
- structuring of PPPs

OPP applies three basic criteria in its financing decisions:

- the presence of at least one public partner in the project
- public shareholders control at least 50% of a project SPV
- the project is financially profitable and commercially realistic: to be demonstrated in a feasibility study if necessary

The investment cycle at OPP is structured in the following way:

- Feasibility analysis: this can take the form of a "quick scan" or a more thorough study, depending on the information available.
- (Pre-)collaboration contract: OPP and the project partners sign a collaboration contract. This can involve the creation of an SPV or make use of a *syndicat d'étude* (study syndicate).
- Organisation structure: When the project and collaboration form have been fully clarified, a legal and operational entity is created.

Some examples of projects:

Port of Harlingen

The public-private agency Westergo invested €36m in the development of a new industrial port in Harlingen. BNG and OPP participated in the following way:

- A BNG loan of €24m
- OPP investment of €6m
- Investment by local authorities of €6m

The project also benefitted from €12m in grants.



Marina Drimmelen

An investment of €15m in a recreation and tourism project.

OPP contributed equity of €2.5m alongside a loan of €9m.



3.4.4 Conclusions in relation to the JESSICA strategy in the BCR

These examples carry the following lessons for a JESSICA mechanism in the BCR:

- The combination of public and private partners in an investment company means a common interest must be sought: a significant impact on urban and economic development and financial efficiency.
- Apart from being an investment channel, it is important that a UDF should also incorporate know-how in relation to complex urban projects.
- The financial instruments applied vary according to their purpose: long-term developments will benefit more from a full-risk investment; for the construction of buildings by third parties, attractive but conditional loans may suffice.

4 THEME 1: THE BRUSSELS-CAPITAL REGION

4.1 Photograph of the Brussels-Capital Region

The Brussels-Capital Region is one of the three regions that make up Belgium. It has a relatively limited territory of 161 km², entirely urbanised except for about 30 square kilometres occupied by the thousand-year old forest of Soignes.

The Region is composed of 19 communes; Brussels-City is located in the centre and is surrounded by the 18 others. Together, the 19 communes form the dense core of a single agglomeration.

A selection of socio-economic statistics based on the Urban Audit is shown in the table below.

INDICATEURS	2004	quintiles comp. villes AU		mise à jour		
	score	bas	<->	élevé	score	année
DEMOGRAPHIE						
habitants	999.899				1.048.491	2008
ménages	2,03				2,07	2008
ASPECTS SOCIAUX						
% des ménages - propriétaires	34%				/	
% des ménages - logement social	8%				/	
crimes reportées/1.000 habitants	161				167	
ASPECTS ECONOMIQUES						
taux de chômage	21%				20%	2008
taux d'activité	64%				66%	2007
PIB/habitant	€52.975				€60.400	2007
ENVIRONNEMENT						
Smog: jours avec ozone > 120µg/m ³	15				/	
espace vert (m ² /habitant)	13				/	
densité (habitants/km ²)	6.196				6.313	2006

FRENCH	ENGLISH
INDICATEURS	INDICATORS
Quintiles comp villes AU	Quintiles comparison with UA cities
Bas élevé	Low high
Mise à jour	update
Année	year
DEMOGRAPHIE	DEMOGRAPHY
Habitants	population
Ménages	households
% des ménages – propriétaires	Percentage of households living in owned dwellings

FRENCH	ENGLISH
% des ménages – logement social	Percentage of households living in social housing
ASPECTS ECONOMIQUES	ECONOMIC ASPECTS
Taux de chômage	Unemployment rate
Taux d'activité	Activity rate
PIB/habitant	GDP per head
ENVIRONNEMENT	ENVIRONMENT
Smog: jours avec ozone > 120µg/m ³	Smog: No. of days ozone exceeds 120µg/m ³
Espace vert (m ² /habitant)	Green space (m ² per capita)
Densité (habitants/km ²)	Population density (residents per km ²)

Table 2: Data for the Brussels-Capital Region

Source: Urban Audit

One socio-economic observation often made is that Brussels is a city which generates and exports wealth (high GDP per capita), but which fails to integrate a large part of its population into this prosperous economy (very high unemployment rate).

The Brussels-Capital Region is governed by a Parliament and a Regional Government. The Brussels-Capital Region has regional competence within its territory, where it adopts and implements ordinances.

4.2 The ERDF programme in the Brussels-Capital Region

4.2.1 *Main objectives of OP 2007-2013*

The programme's aims were determined on the basis of an analysis of the strengths, weaknesses, opportunities and threats of the intervention zone. The results of this analysis lead us to the three major objectives of the OP:

- Balanced territorial development of the Brussels-Capital Region and a reduction of the economic, social and environmental disparities of a zone containing districts that are more vulnerable compared to the Region;
- an increase in economic dynamism and employment within the zone;
- an improvement in the attractiveness of the zone and the "living conditions" of its inhabitants, companies and associations.

These objectives are included in the strategy, which is based on two thematic priorities:

- **Priority 1: support territorial competitiveness.**
This priority is concerned with increasing economic dynamism and employment within the PIZ. This strategy must be based on increased attractiveness of the more vulnerable districts of Brussels and on reconversion, both in terms of their economic development and innovation. The needs to be met are structured around two groups of operations:
 - Support for development and the creation of economic activities
 - Support for the implementation of an urban development centre related to economic sectors of the environment
- **Priority 2: reinforce territorial cohesion.**
This priority is concerned with improving the attractiveness of the zone and the "living conditions" of its inhabitants, companies and associations. The needs to be met are structured around two groups of operations:
 - Improving the attractiveness and image of the zone
 - Reinforcing local infrastructures in relation to employment and training

The programme also has **three transverse priorities**:

- Sustainable development
- Innovation
- Governance, partnership and equal opportunity

4.2.2 *Delimitation of the PIZ*

A Priority Intervention Zone (hereinafter, PIZ) was defined on the basis of the diagnosis carried out prior to the operational programme, and finds its urban planning support in the RDP2 (Regional Development Plan 2).

The zone selected for the intervention of the ERDF stretches along the Willebroek Canal. The core zone, confirmed by the socio-economic diagnosis as the Region's most fragile zone, corresponds to the Objective 2 zone of the 2000-2006 programme. In the North and South complements, the only projects that can be developed are those that come under the "Support territorial competitiveness" priority and that demonstrate their connection with the development of the core zone.

The PIZ is integrated into the development zone where increased State aid to businesses is allowed.

La Zone d'Intervention Prioritaire

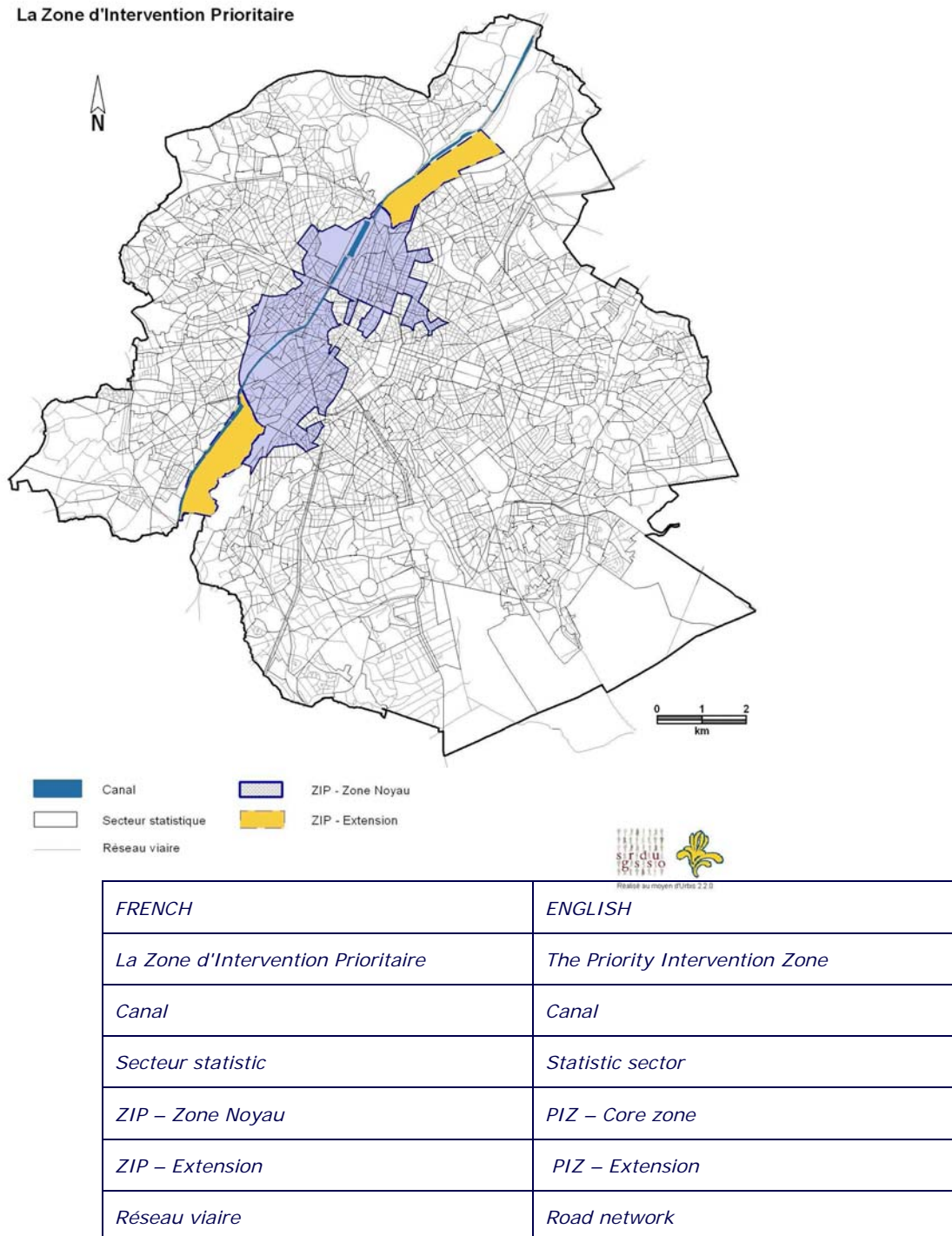


Figure 9: Priority intervention zone

Source: Bruxelles change...! 10 ans de politique de la ville en Région Bruxelles-Capitale

In addition to European and regional Structural Funds, the PIZ can also benefit from priority support within the framework of other regional programmes that pursue the same goals:

- neighbourhood contracts
- shopping district contracts
- the Political programme of the Big Cities
- certain policies implemented within the framework of the Economy and Employment Contract (C2E)

4.2.3 ERDF 2007-2013 Projects

In this paragraph we analyse the content of ERDF 2007-2013 projects. Concerning the first aspect, "support territorial competitiveness", we note that the list of projects mainly contains projects for the creation of reception centres for companies, the provision of aid to companies, competence centres and incubators. When we analyse the content of these projects in detail, we can separate projects likely to evolve towards a mechanism of financial engineering (JESSICA) from the others (see appendix 1 for more details on project contents).

For the first priority this consists in adopting the following projects:

- Reception centres for companies (Port Sud, Espace Lumière, Espace Paepsem, Urban economic activities centre)
- Re-mobilisation of sites that have been put "on ice" due to pollution (Brussels Greenfields)
- Incubators (Greenbizz)
- Social economic centre (Ecopôle)

The second aspect of OP, "Reinforce territorial cohesion", contains projects concerning the creation of technology centres, nurseries and commercial innovation projects. After an analysis of their content, we identify the following projects with financial engineering potential:

- Reception centres for associations/businesses (Espace hôtelier Belle Vue)
- Commercial innovation (Abatan)

The table below shows all of the adopted projects and gives an outline of their financing structure: both in terms of the size of the overall budget, and in terms of the breakdown between public and private funding.

No.	Project	Beneficiary	Total financing (EUR) ³	Financial structure
P11-02	Port Sud	AC Anderlecht	9,414,000	100% public financing
P11-05	Brussels Greenfields	Bruxelles Environnement	14,955,235	100% public financing
P11-06	Espace Lumière	AC Anderlecht	11,092,776	100% public financing
P11-07	Paepsem SME Centre	SDRB	7,187,400	100% public financing
P11-08	Urban economic activities centre	CPAS Ville de Bruxelles	17,894,744	83.5% - public finance 16.5% - equity
P12-01	Brussels GreenBizz	SDRB	14,410,627	100% public financing
P12-02	Bruxelles Ecopôle	ARP	5,034,617	Mainly public financing 3% - private financing 15.7% - equity
P21-01	Abatan Agro Park	Abatan sa	12,333,455	49% - public finance 51% - equity
P21-07	Commercial innovation centre	Atrium	5,050,000	35,64% - private financing 64,36% - public finance
P22-14	Belle-Vue Hotel Complex	AC Molenbeek	4,533,979	6.6% - private financing 6.2% - equity 87.2% - public finance

Source: ERDF 2007-2013 Coordination and Management Unit, modified by IDEA

³ Total financing includes: the ERDF grants, the other public financing, public financing without the ERDF, private financing, equity finance and revenues.

4.2.4 Commitment of ERDF 2007-2013 funds

The total financial package of the ERDF programme is €142m, broken down between €55m of the ERDF, €47m of the BCR, €28m of other public finance and €12m of the private sector. ERDF funds are allocated to the two priority axes as follows:

- Axis 1: Support territorial competitiveness: €36m (or 62% of the ERDF funds)
- Axis 2: Reinforce territorial cohesion: €19m (or 33% of the ERDF funds)

A first observation about the commitment of ERDF funds during the current period is the fact that the amounts still available are rather small: €4.8m out of a total of €116m (or 4.1% of the total) (this corresponds to currently unallocated BCR cofinancing + ERDF sums). On the basis of this observation one can conclude that the possibility of holding part of the 2007-2013 funds for JESSICA could only occur on the basis of a modest ERDF package.

With regard to the consumption of the sums granted (ERDF + public and private cofinancing), the funds granted have not yet been committed for nine projects:

- P11-02 : Port Sud (€7,675,000)
- P11-08 : Zone of economic activity (additional subsidy of €1,830,902)
- P12-01 : Brussels Greenbizz (€14,410,624)
- P12-02 : Bruxelles Ecopôle (€4,092,634)
- P21-01 : Abatan (additional subsidy of €1,488,558)
- P21-02 : Centre Mode Design Brussels (€3,500,000)
- P22-02 : Crèche « Maison Rouge » (additional subsidy of €282,766)
- P22-04 : Crèche « Elmer Nieuwland » (additional subsidy of €71,900)
- P22-05 : 'Liverpool' children's centre (€288,000)
- P22-07 : Crèche Station (€1,214,580)
- P22-16 : Foresthoreca (€900,000)

It remains to be seen to what extent a risk of abandonment exists for each of these projects. Should certain projects be abandoned (this is the case with the Brussels swimming pool) the possibility of financing JESSICA with funds of the current period would be possible. By adding the amounts still available to the budgets of the abandoned projects (€4.6m for the Brussels swimming pool) at least €10m⁴ could be raised. This could constitute a base for the launching of JESSICA.

4.2.5 Conclusions in relation to the JESSICA strategy in the BCR

For the implementation of JESSICA in the Brussels-Capital Region, the following conclusions can be drawn based on the analysis of the ERDF programme currently in progress:

- Although, in theory, all resources have been allocated to projects, certain projects have not yet begun. The "deployable" amount can thus be estimated at between €5m and €10m in priority 2. Priority 1 also contains projects that might not use up the entire package granted.
- If JESSICA were implemented under the current OP, it should be structured as a project under an existing priority (in casu priority 2), thus preventing the OP from being completely revised and validated by the EC.

⁴ This includes the ERDF + public cofinancing

- The projects which will possibly still be financed by a UDF in Brussels are preferably located in the "core" of the PIZ, also in order to avoid substantial changes to the OP.
- Certain projects, currently in execution pursuant to the ERDF programme, can evolve towards a JESSICA practice, e.g. Brussels Greenfields, commercial innovation, etc.

4.3 Urban investment strategy in the Brussels-Capital Region

Belgian cities have not escaped the economic, social and environmental problems which are the fate of many European cities: flight of the population towards the periphery, insecurity, unemployment, poverty pockets, problem of cohabitation, etc. Faced with the problems of structural under-financing, cities do not have the resources to overcome their difficulties.

This situation led to the establishment of specific policies as regards urban renewal, initially at regional level and, later, at national level. We will give a brief account here of the policies that preceded the current policies, for a better understanding of the developments that have taken place.

Prior to the regionalisation of Belgium, national urban renewal policies were implemented in the communes of the three current regions. However, in recent decades, successive waves of decentralisation have reduced the powers of the Belgian federal government in favour of the regions. However, the **national level has retained certain powers to influence local and urban development**. The majority of the relevant policies are coordinated by the *Service Public Fédéral de Programmation Intégration Sociale, Lutte contre la Pauvreté et Economie Sociale* (Federal Public Service Social Integration, Anti-Poverty Policy, Social Economy – SPP IS). The principal mission of this federal public service is to guarantee each citizen basic social rights.

Following the riots in the Brussels city centre, the **federal authorities entered an integrated urban approach onto their agenda in 1999**. It was for this objective that the *Service Politique des Grandes Villes* (Political Service of the Big Cities) was founded as an integral part of the above-mentioned federal public service. Its main aims consist in ensuring cities remain liveable, by associating the three essential functions (work, housing and leisure) to reinforce social cohesion and support economic development efforts in urban areas.

The Brussels Region is composed of 19 communes, which, prior to regionalisation, were also authorised to use the old federal tools of traditional urban renewal. This first wave of urban renewal operations generated basic local know-how as to the way to conduct urban renewal operations.

4.3.1 *Project definition and planning tools*

Project definition and planning tools can be classified in two categories:

- Documents of a strategic orientation character
 - The Regional Development Plan (RDP)
 - Master Plans (MPs)
 - Communal Development Plans (CDPs)
- Documents of a regulatory character:
 - The Regional Land Use Plan (RLUP)
 - Special Land Use Plans (SLUPs)

Within the framework of the development policy, the Regional Development Plan of Brussels defines Key Zones (*Zones-Leviers*). The RLUP defines Regional Interest Zones (RIZs), for which it specifies a programme (restrictive conditions regulating future development in these strategic zones). On the basis of this programme, the Government publishes an "RIZ decree" to encourage communes to draw up an SLUP in conformity with the prescriptions of the RLUP. The Master Plan combines the programming studies, mobility studies, feasibility studies and an operational study, into a spatial view for the zone. These Master Plans will then be translated into legal documents which legally set out the conditions for the development of each part of the studied zone.

- **Regional Development Plan (RDP):** The RDP is a strategic orientation plan which lays down the development objectives and priorities of the Region. It is an indicative document. However, the other plans can only deviate from it if reasons are given. The principle of regional subsidiarity is incorporated. It covers all matters for which the Region has competence or which contribute to its development: town and country planning, housing, economy, employment, mobility, environment, safety and security, research, heritage, tourism, trade, culture, social policy. The current RDP dates from 12 September 2002. The current legislature plans to revise this RDP from the angle of sustainable development.
- **Regional Land Use Plan (RLUP):** this plan is a regulatory plan all of whose provisions are mandatory. It identifies and stipulates the allocation of all land in the Brussels-Capital Region. As in the case of the RDP, legislative initiatives are required to modify this plan.
- **Key zones:** The concept of key zones refers to the need for better organisation of regional intervention and for better coordination of the actions of other players in urban areas which either represent a major opportunity for regional development or require an effort – once-off or long-term – to extricate them from a situation considered to be problematic. The RDP defined 14 key zones. The criteria making it possible to delimit the key zones are the following (this list is neither exhaustive nor cumulative):
 - area whose development requires the involvement of two or more communes (SLUP);
 - existence of a project of supra-local importance (or whose prerequisites for success depend on the actions of other communes or the Region);
 - persistence of a major area of urban wasteland or a recurring enhancement or development problem;
 - existence of an RIZ or a deferred development regional interest zone (ZIRAD) in the RLUP;
 - need to organise the development of the area located next to a communication node;
 - need to coordinate actions under various programmes (revitalisation, redevelopment of a structuring axis, etc).
- **Regional Interest Zones (RIZs):** Other zones with high planning stakes were defined by the Government and are integrated into the RLUP. These are the Regional Interest Zones (RIZs). RIZs were devised with the aim of developing or reconverting certain districts mainly located next to large stations and former military barracks.

The principle of the RIZ is to predefine programmes and to derive from this the development which will be implemented pursuant to a special land use plan (SLUP).

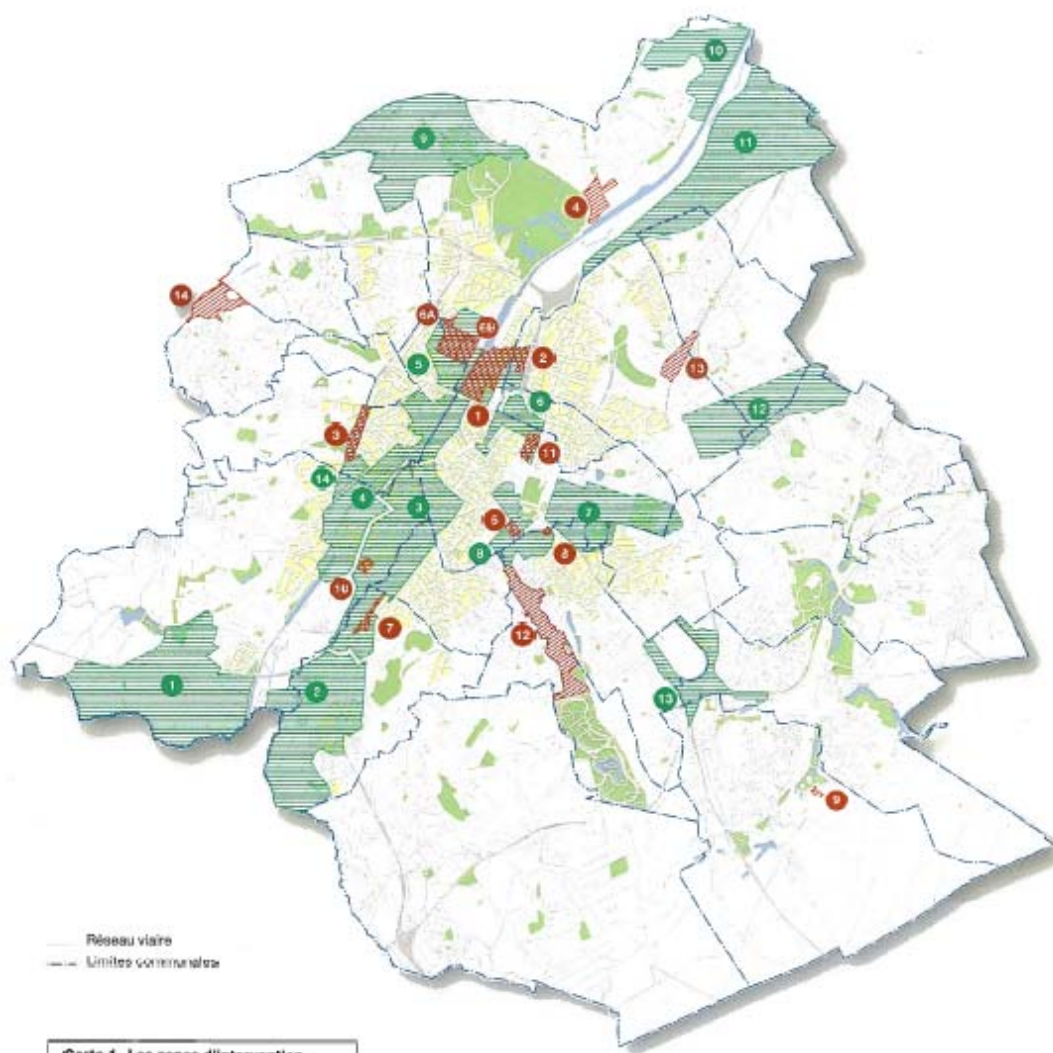
These zones can be assigned various functions such as housing, trade, offices, productive activities, logistic activities and transport, public service or general interest equipment, green areas, hotel establishments, etc.

The RLUP determines 14 RIZs.

- Master Plans:** the basic instrument which organises the key zone is the master plan. It traces the precise contour of the zone and determines the principal options for action that will be developed there, as well as the required means. The master plan is adopted by the Government following an opinion of the CRD. The master plan, having no compelling force, is translated afterwards into plans having regulatory force (SLUP, alignment plan, permit, etc).

Table 1: Outline of the instruments of town and country planning in the Brussels Region

Regional Development Plan (RDP) Gewestelijke Ontwikkelingsplan (GewOP)	Regional level (guidance document) →Key zones
Regional Land Use Plan (RLUP) Gewestelijk Bestemmingsplan (GBP)	Regional level (mandatory) →Regional Interest Zones (RIZs)
Communal Development Plan Gemeentelijk Ontwikkelingsplan (GemOP)	Local level (guidance document)
Special Land Use Plan (SLUP) Bijzonder Bestemmingsplan (BBP)	Local level (mandatory)
Regional Planning Regulation (RPR) Gewestelijke Stedenbouwkundige Verordening (GSV)	Regional level (mandatory)
Building permit, plot division permit (stedenbouwkundige vergunning, verkavelingsvergunning)	Local level (mandatory)



— Réseau viarie
 - - - Limites communales

Carte 1. Les zones d'intervention prioritaire	
	EDRLR
	Zone Levier
	ZIR
	Chemin de fer
	Principaux espaces verts
	Cours et plans d'eau

<i>Réseau viarie</i>	<i>Road network</i>
<i>Limites communales</i>	<i>Communal boundaries</i>
<i>Carte 1 – Les zones d'intervention prioritaires</i>	<i>Map 1 Priority intervention zones</i>
<i>EDRLR</i>	<i>EDRLR</i>
<i>Zone levier</i>	<i>Key zone</i>
<i>ZIR</i>	<i>RIZ</i>
<i>Chemin de fer</i>	<i>railway</i>
<i>Principaux espaces verts</i>	<i>Main green areas</i>
<i>Cours et plans d'eau</i>	<i>Watercourses and bodies of water</i>

Figure 10: Priority intervention zones

Source: Bruxelles change...! 10 ans de politique de la ville en Région Bruxelles-Capitale

4.3.2 Urban development programmes

Unlike other Belgian regions, the Region of Brussels did not obtain full autonomy until 1989. Before then, no policies specific to Brussels could be adopted. Following the adoption of the neighbourhood renewal decree in 1993, a specific policy was launched aimed at integrated development of the disadvantaged districts of Brussels. This tool, called the neighbourhood contract, was inspired by French urban renewal policies. The neighbourhood contract tool is still used but has evolved over the years, focusing more and more on the social dimensions of urban renewal.

Following the riots of 1997, a new emergency tool was deployed: the Neighbourhood Initiatives. It was aimed at creating faster changes in terms of renewal and social cohesion in some of the most underprivileged districts. In 1999, the political responsibility for all these urban renewal tools and the coordination of European programmes for the Region of Brussels were combined within a single department. It was later decided to amalgamate the Neighbourhood Contracts and the Neighbourhood Initiatives into a single programme, which led to changes in the legal framework. In the past, European Funds had been used to increase the financial leverage of the Neighbourhood Contracts. Today, the programme also integrates a federal financing component, by means of the Beliris Fund.

The deterioration of the urban environment during the 80s and 90s also triggered a national policy of urban investment in Belgium's big cities: the Federal Urban Policy.

- **Neighbourhood contracts:** The neighbourhood contracts are revitalisation programmes initiated by the Brussels-Capital Region, carried out in various vulnerable neighbourhoods in partnership with the communes. These programmes provide for various operations within the same neighbourhood, to be completed over four years (with a two-year complement to finish the last building sites). These various operations entail:
 - the rehabilitation of existing housing;
 - the creation of new housing;
 - the rehabilitation or creation of artisanal or industrial spaces that complement a housing project;
 - the redevelopment of public spaces;
 - the creation or reinforcement of neighbourhood infrastructures and facilities, whether socio-cultural, sports or other such;
 - the implementation of social and participative initiatives during the term of the neighbourhood contract;

All within clearly delimited perimeters. These operations divide into five distinct parts, called the five "components" of the neighbourhood contracts. The operators in charge of implementing the programme are the Commune, the CPAS, public interest organisations such as the Housing Funds, or non-profit associations.

- **Federal Urban Policy:** In 1999, the Federal State decided to provide financial support to help the big cities in their development policy. It founded an Urban Policy Commission. In 2000, a Federal minister took over in this regard. At the same time, the City Contracts were put in place. The City Contract is a partnership mechanism concluded between the Federal State and the big cities of Belgium. In the Brussels-Capital Region, the City of Brussels and the communes of Anderlecht, Forest, Molenbeek, Saint-Gilles, Saint-Josse and Schaerbeek benefit from the Big Cities programme. The contracts are concluded directly between the Federal State and the communes, which makes the integration of these contracts into regional

objectives more difficult. Contrary to certain Walloon and Flemish cities, the resources are seldom used for major urban transformation projects.

- **Beliris Fund:** The Beliris Fund (1993) is the result of an agreement between the Federal State and the Region of Brussels. It provides additional financial aid in order to promote the international role of Brussels as capital of Belgium and Europe. The resources are intended to be mainly invested in the field of mobility and urban development. The annual budget of the Beliris Fund, which is negotiated each year, is around 150 million euros. The Beliris budget is managed by a separate unit within the Federal Public Service Mobility and Transport, Infrastructure and Transport Division. The Beliris Fund functions by budget appropriations from the Federal State.
- **Other sectoral programmes:** Apart from the specific instruments intended for urban renewal, the Region of Brussels also implements policies that can support certain urban renewal projects related to the conditions of the specific field of intervention.
 - In the **commercial and trade** sector, the Shopping District Contracts are a tool of economic policy, applicable in various commercial zones in Brussels. Within this framework, ATRIUM is the indispensable regional partner. Thanks to the ERDF, it created a commercial real estate tool with "Open soon".
 - The **housing** sector can rely on several additional assistance measures. Private owners can obtain renovation grants to embellish their facades or renovate their residence. Higher renovation grants are available to low-income groups. The Brussels Region can also take tax measures (registration duty rebate) for the purchase of a personal residence. In partnership with the private sector, the Société de Développement pour la Région de Bruxelles-Capitale (SDRB) invests in publicly-regulated housing. These actions sometimes entail support for the completion of urban renewal projects.
 - The Region of Brussels also has specific measures for **public spaces**. Communes with scanty resources can request a subsidy of up to 90% for public works (pavements, roads, public lighting, street furniture). Other communes can only claim back 30% of their expenses. Lastly, the Brussels Institute for Environmental Management (IBGE) has its own resources allowing it to develop city parks and green areas.

4.3.3 Conclusions in relation to the JESSICA strategy in the BCR

Until now, the major urban investment plans in the Brussels-Capital Region have been financed almost completely by public funds (public investment and grants) and concern the following fields:

- Housing;
- Neighbourhood renewal;
- Infrastructures.

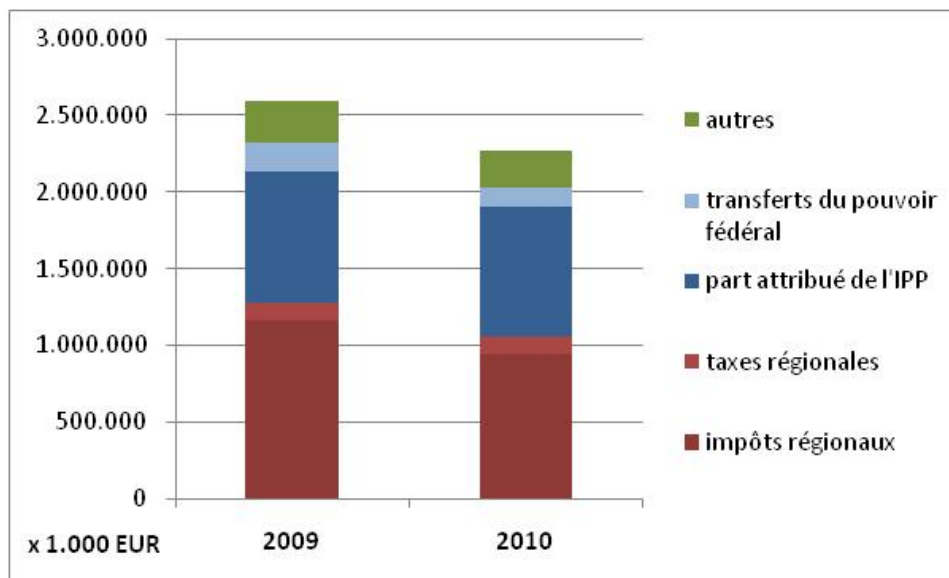
Despite the presence of major development projects (see above), the Brussels-Capital Region does not have special programmes for the financing and implementation of these projects.

JESSICA could fill this gap.

4.4 Financial context of the Brussels-Capital Region

4.4.1 Revenues

The graph below shows the programmed revenues of the Region for 2009 and 2010.



<i>FRENCH</i>	<i>ENGLISH</i>
<i>autres</i>	<i>Other</i>
<i>Transferts du pouvoir fédéral</i>	<i>Transfers of federal power</i>
<i>Part attribué de l'IPP</i>	<i>PIT component</i>
<i>Taxes régionales</i>	<i>Regional taxes</i>
<i>Impôts régionaux</i>	<i>Regional impositions</i>

Figure 11: Revenues of the Brussels-Capital Region

Source: General Report on the 2010 budget, Parliament of the Brussels-Capital Region

Regional revenues strongly depend on two sources that are exposed to economic cycles:

- Regional impositions, mainly inheritance taxes and registration duties on sales of real estate. This resource strongly decreased following the financial crisis.
- The share of personal income tax (PIT) allotted to the Region: considering the sparse population of the Region, this resource is decreasing.

This shows that the taxation of the Brussels-Capital Region can also benefit from the deployment of a JESSICA mechanism in the Region:

- A robust real estate market with prices that are stable or have increased slightly, and frequent transactions. The support of certain integrated urban development projects by the JESSICA mechanism could support this mechanism.
- It is vital that the Region, through economic and urban development, increases the tax revenue from its population, by creating jobs and attracting companies with high added value.

4.4.2 The Region's debt

Following debt stabilisation from 2002-2007, the financial crisis strongly impacted the consolidated debt of the Brussels-Capital Region.

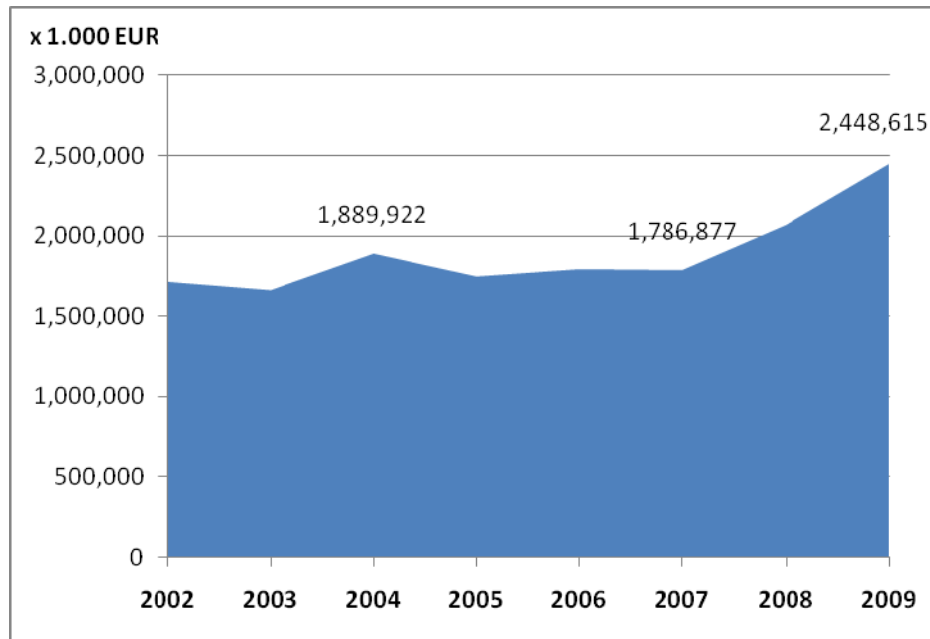


Figure 12: Evolution of regional consolidated debt in accordance with the ESA-95 standard

Source: General Report on the 2010 budget, Parliament of the Brussels-Capital Region

4.4.3 Regional guarantees

The Brussels-Capital Region counts many public or autonomous public-private corporations with clearly defined missions, e.g.

- Aquiris: a public-private company that manages the filtration plant
- Bruxelles-Energie: a public-private company that manages Brussels' waste incinerator
- Various social credit institutions (microcredit, home ownership assistance, etc)
- ...

To ensure these companies can obtain advantageous loans from commercial banks or international financial institutions, the Region granted securities on the loans to these companies. As shown in the figure below, the amount of these secured loans has grown strongly in recent years.

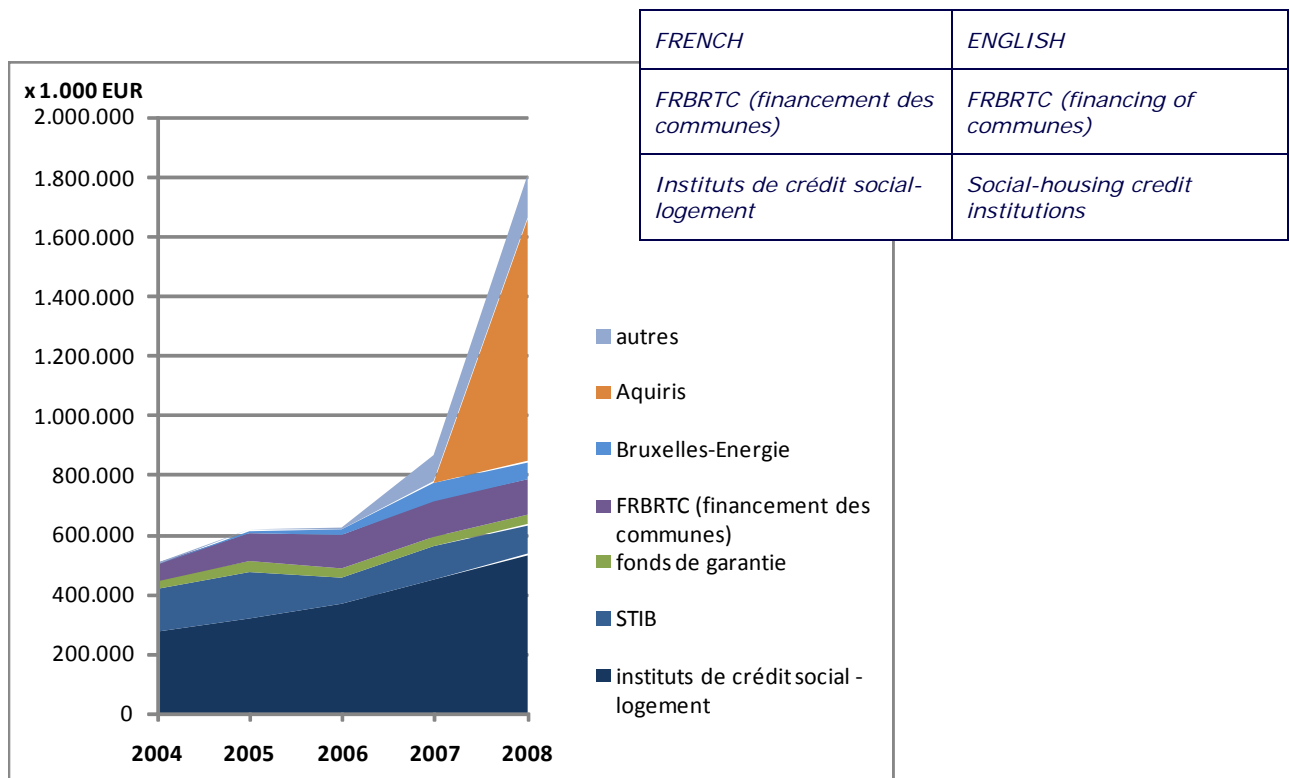


Figure 13: The BCR's outstanding secured debt

Source: General Report on the 2010 budget, Parliament of the Brussels-Capital Region

In recent years, regional debt has risen by around €500m to almost 2 billion euros at the end of 2008.

In addition, the Region recently decided to grant a new guarantee to the IBDE (Intercommunale Bruxelloise des Eaux) for the renovation of public sewers. This renovation will come to 1.5 billion euros.

4.4.4 Conclusions in relation to the JESSICA strategy in the BCR

The following conclusions can be drawn:

- Considering the BCR's fiscal dependence on the real estate market and income taxes, the implementation of JESSICA can help the Region to:
 - maintain a buoyant real estate market;
 - create jobs;
 - attract activities with high added value.
- Considering the extent of the debt and its increase in recent years, a UDF should be realised preferably outside the ESA95⁵ budgetary perimeter.
- Considering the trend in relation to regional guarantees on the debts of independent or semi-independent public institutions, any regional guarantees granted to a regional UDF must be moderate.

⁵ ESA95 (European System of Accounts) governs the national accounts of the EU Member States. The system gives guidance on the debt of public or autonomous semi-public corporations. Such debt may or may not be charged to the overall national debt of a Member State depending on certain criteria.

5 THEME 2: ACTORS

5.1 Public actors

5.1.1 *Overview of public actors*

Urban investment is divided between various actors:

- **The Brussels-Capital Region:** the Region invests at several levels:
 - Direct investment in infrastructures and transport infrastructures: maintenance and development of regional road infrastructures (including public spaces)
 - Neighbourhood contracts: the Region takes the initiative and it cofinances these programmes
 - Funding for regional autonomous and semi-autonomous organisations (of which some below)
 - Grants to businesses and private individuals: renovation of buildings
 - Regional planning: The Administration for Regional Planning and Housing (AATL) draws up regional development and enhancement plans (RLUP and RDPD) and master plans (strategic zones), and oversees and subsidises communal plans (SLUP and CDP).
- **Communes:** the communes are the primary managers of the public domain. They mainly invest in:
 - Infrastructures and transport: maintenance and development of communal spaces and roads.
 - The execution of neighbourhood contracts
 - Communal services: sports halls, schools, nurseries, etc
 - Facade improvement grants
 - Safety and security via police zones and the urban stewards (around 10% of communal budgets)
- **Autonomous communal public corporations:** certain communes have organised land management into autonomous public corporations. The principal advantage is the budgetary separation of these corporations. The principal goal is the creation of affordable social housing.
- **The ADT (Regional Development Agency):** the ADT was founded on the initiative of the Government of the Brussels-Capital Region in July 2008. The ADT is not entirely a new initiative; it was preceded by the SRDU (the Regional Service for Urban Development).
The ADT's mission includes:
 - studies: the ADT carries out studies and analyses within the framework of its territorial information missions. It is within this framework that the ADT participates in the preparation of the RDPD: production of strategic documents, observations and preparatory studies, in collaboration with the Administration for Regional Planning and Housing (AATL) of the Ministry for the Brussels-Capital Region.
 - project management: the territorial development unit is in charge of the implementation of master plans. This entails coordinating the development of regional strategic zones (Tour & Taxis, Delta, Josaphat, European Quarter, etc): the Agency acts as an interface or facilitator between all parties, whether they are public or private, involved in the development of a zone or not.

- urban marketing: the ADT is entrusted with a mission encompassing the urban marketing of the PIZ, within the framework of an ERDF contract. The aim is to promote the image of the PIZ to various public and private actors inside and outside the zone based on identity characteristics revealed in the study.
- **The SDRB (Société de Développement pour la Région de Bruxelles-Capitale):** is a regional public institution which was founded in 1974. The SDRB is a public body that has legal personality and an unlimited term. It is active in the two following fields:
 - **economic expansion:** the SDRB's role is to support economic development and employment in the Brussels-Capital Region. Its activities focus mainly on infrastructures for accommodating business, including industrial and scientific parks and business buildings.

In Brussels, the SDRB manages a total of 193 hectares of business parks and lands and 75,000 m² of buildings, distributed over 42 different sites in the Brussels-Capital Region. Created in 1974, the SDRB's mission is to attract to and maintain in Brussels industrial, semi-industrial, and artisanal enterprises and high-added-value services by offering them property infrastructures (land or buildings) at attractive prices. It acquires and develops sites and manages who can locate there. Thanks to this mission, the SDRB encourages economic development and promotes employment in the Brussels region.

- **urban renewal:** the SDRB's urban renewal mission consists in building housing for middle-income persons in districts characterised by a lack of residential construction with the aim of ensuring inhabitants stay in or come back to the Region. These various housing projects are carried out thanks to a partnership between the public sector and the private sector.

The two branches of the SDRB have relevant experience in the development of integrated urban projects: the economic expansion unit has experience in land development and heritage management. The urban renewal unit has a tradition of arranging PPPs (and going even further). Combining the know-how of these two units could be very useful in implementing JESSICA in the Brussels-Capital Region. Moreover, the Governmental Agreement of the Brussels-Capital Region specifies that the SDRB should evolve from a real estate development actor to a planning actor capable of carrying out major urban development projects.

- **The SRIB (Société Régionale d'Investissement de Bruxelles):** the SRIB is the investment vehicle of the Region. It is entirely independent of the Region at the budgetary level. Ownership of the SRIB is composed as follows:
 - Brussels-Capital Region: 73.15%
 - P&V Assurances: 7.31%
 - BNP Paribas Fortis: 6.96%
 - ING: 4.81%
 - Dexia Banque Belgique: 3.05%
 - Ethias: 3.91%
 - KBC private equity: 0.80%

The SRIB financially supports the creation, reorganisation or expansion of private companies located in the Brussels-Capital Region. The services proposed by the group S.R.I.B. are intended for any type of enterprise

established in the Brussels-Capital Region. The activities are structured around various subsidiaries:

- SRIB (development capital and transfer of businesses): acquisition of minority interests and loans (min. €125,000)
- BRUSTART (financing of start-ups): acquisition of minority interests and loans (from €12,500 to €250,000)
- BRUSOC (local economy): social and local development actor with four financial tools: microcredit, seed capital, subordinated loans, cash loans
- BRUFONDS (guarantees for bank loans): joint venture with the Holding Fund (federal).
- B2E (cofinancing of investments): cofinancing of the loans for the investments made by SMEs.

In addition, the SRIB carries out delegated missions on behalf of the Brussels-Capital Region:

- BRINFIN: financial management and advice for the Brussels-Capital Region.
- SOFIBRU: Tool dedicated specifically to real estate financing and capital equipment
- SFAR: delegated mission in relation to the construction of social housing. The SFAR carries out social housing projects on land belonging to other public actors (pursuant to a right of superficies). When the construction is finished, these residences are assigned to a social housing operator.

Via this last subsidiary the SRIB has acquired experience in the management of urban and real estate projects.

- **The STIB (société des transports intercommunaux de Bruxelles):** the STIB develops and operates the public transport system in the BCR. Like the SDRB, it receives an allocation from the Region according to the projects planned and the budgetary framework. It is also responsible for the land management of its domains and commercial development in metro stations. Recently, the STIB has tried to set up an investment fund outside the budgetary scope: "CITEO" (99.99% the STIB - 1 share SRIB). The goal of CITEO is to accelerate the necessary investment in the network, by committing new financing. CITEO is a subsidiary. For the moment, the initiative is at a standstill since Eurostat did not accept the "outside budgetary scope" classification. As a great number of major projects are expected in the Region, the STIB and the Region still wish to study the possibilities of financial engineering and PPPs.
- **The SAF (société d'acquisition foncière):** In 2005, the Brussels-Capital Region founded the Société d'Acquisition Foncière (SAF). The purpose of this land policy instrument is to buy strategic lands in Regional Interest Zones or in key zones, in order to obtain a central role in the future development of these sites and to direct their planning. Since 2005, the association has acquired strategic lands from Société nationale des Chemins de Fer Belges in the Key Zones of Delta and Josaphat. The SAF is a public-law SA whose shareholders are the Brussels-Capital Region (99.9%) and the SDRB (0.1%). It was always intended that the SAF should remain outside the budgetary scope (ESA 95), by the nature of its operations. This has not been unanimously accepted up to now by public budget supervisors.
- **Bruxelles Environnement (IBGE):** Bruxelles Environnement's tasks include the development and operation of parks and natural reserves. It also deals with regulation and subsidies for reducing land pollution.

5.1.2 Conclusions in relation to the JESSICA strategy in the BCR

Within the framework of JESSICA, the following organisations could anchor the mechanism in the Brussels-Capital Region:

- **The SRIB:** in view of its independent budgetary status and its experience in matters of financial engineering, including financial PPPs. However, investing in major real estate projects is not the mission of the SRIB which concentrates on investment in Brussels' SMEs. Given the deterioration of the economic and financial situation, the SRIB must mobilise its resources to support the activity of SMEs in Brussels. Nevertheless, considering its expertise in financial engineering, and if the Government decides to entrust the SRIB with a delegated mission, a UDF arrangement in the BCR could be envisaged.
- **The SDRB:** considering its experience in the completion of economic expansion projects (ERDF theme) and its PPP experience. All the more so since urban renewal is one of its statutory missions and the Government plans to give the SDRB an operational role in major urban projects. The SDRB's articles of association also stipulate that the SDRB can make commitments to third parties and implement financial engineering instruments.
- **The SAF:** considering it manages a stock of lands each of which is concerned by a strategic urban investment project. However, until now the SAF has not had any real operational experience. Moreover, it does not have staff that can handle projects. However, the SAF and its lands could make an interesting complement to a UDF, since the valorisation of these lands is a significant financial lever.

Of course, structuring by the EIB is also an alternative.

5.2 Private actors

5.2.1 Property developers

In relation to urban development, property developers in the Brussels-Capital Region (and Belgium) can be classified as follows:

- Real estate investors: Brussels is the biggest real estate market in Belgium, especially in the office segment. Each of these segments has specialised actors:
 - The office market: some Belgian companies (Cofinimmo, Befimmo, etc) have been present on this market as developers and investors for a long time. In the last two decades, numerous foreign investors have appeared on the Brussels market, primarily as investors.
 - The market of commercial buildings: this market is not very dynamic in the Brussels-Capital Region. Recently ING real estate finalised the restoration of the Galeries Toison d'Or.
 - Housing: alongside many small investors, several large French companies recently launched major projects. The most well known is certainly the housing tower that will be built by Atenor opposite Tour&Taxis.
- Developers/owners of large sites: in the past two decades, large areas of public land (SNCB, army, police, etc) have moved to private investors. Some examples:

- T&T SA: owner of the Tour & Taxis site. This investor aims to take over practically this entire project, in order to be able to control the coherency of the project
- Breevast: owner of the former administrative site of the state. This project primarily consists of unsanitary office buildings which must be requalified.
- Construction firms: these companies partly create their own market by property development projects. Actors with a very strong presence on the Brussels market are Herpain, CIT Blaton, Besix, etc.
- Market niches: recently, developers specialised in pollution abatement and the requalification of industrial buildings have entered the Brussels market (PSR, Re-vive, etc)

Apart from the investment in offices by contracts with regional, national or international public institutions, the presence of actors with a long-term view, necessary for the development of large sites, is quite limited.

In general, private investors are looking for an equity yield of at least 15%. Under current market conditions, with few opportunities, this yield could be lower and compensated by project opportunities, the possibility of joining a project with long-term potential, etc.

With regard to JESSICA, developers and private investors made the following comments:

- The chief advantage of JESSICA relative to a purely private execution is the leverage on the yield and the fact that the UDF might be able to assume the residual risks of a project.
- JESSICA can improve and professionalise the debate between the public and private sector with regard to project content and the long-term view of the Region's development.
- To enter at the level of a fund (UDF), the goal, mission and projects of this fund have to be very clear, in order to be able to estimate the potential yield and the risks relating to the project.
- Because each investor has its own speciality, the composition of the fund must be structured around a certain set of themes, which requires the creativity of investors with specialist knowledge.
- In a participative PPP formula, a 50%-50% distribution is seen as the only realistic one, since it forces the two partners to adopt a common vision in relation to projects.
- This implies that the UDF must make its decisions independently. The UDF's operation must ensure that private partners can contribute their know-how to development plans.
- There are few property developers in Belgium that are big enough to implement major development projects.

5.2.2 Banks and financial investors

The traditional banks in Belgium (KBC, Dexia, BNP Paribas Fortis, ING) have suffered greatly from the financial crisis and are more careful than before in relation to risk. Although all these banks have certain experience in the development and financing of real estate projects, they will be looking for highly secure projects. In addition, new directives (Basel 2 and Basel 3) will force banks to adopt lower loan/equity ratios.

The Belgian market does not have many financial investors with long-term vision (pension funds, specialised investment funds.), apart from investors specialised in the office sector (see above). There are some examples such as Extensa/Leasinvest, Fortis real estate, Cofinimmo, etc.

On the other hand, this type of investor generally has a pan-European investment strategy. The creation of opportunities for these funds could reinforce their presence on the Belgian market.

In relation to the JESSICA mechanism, banks made the following comments:

- The UDF must offer a short or medium-term exit possibility.
- Public equity can assume the residual risk.
- UDFs and projects must leave sufficient leeway to guarantee optimisation and gains.
- The business plan and articles of association must clearly identify investment processes, investment criteria and decision cycles.
- JESSICA must encourage the Region to display rigour in the area of urban development: there is a tendency to devise master plans for which there is insufficient market demand.

5.2.3 Conclusions in relation to the JESSICA strategy in the BCR

In relation to the implementation of JESSICA in the Brussels-Capital Region, the following can be observed:

- To ensure true "public-private coproduction", formulas with egalitarian decisions and financial reporting (50/50) would be preferable.
- In order to find partners prepared to take on regional ambitions, it is necessary to be very clear about projects, investment criteria, etc.
- The UDF is preferably a "closed-end" fund, if not, it must comprise exit procedures.

5.3 The public-private partnership in the Brussels-Capital Region

The Brussels Region does not have extensive experience in the implementation of public-private organisations for urban renewal or urban development operations.

Experience of public-private partnerships is quite limited in the Brussels-Capital Region. In the area of integrated urban development, public and private practices are seldom integrated. The private sector carries out real estate projects and the public sector deals with the public domain and public services. A big problem with this practice is the complete absence of coordination between the different project components in major development zones.

The Region created two tools in response to this problem:

- Town planning charges;
- The drafting of master plans.

In other domains, a few joint enterprises exist, such as for the treatment of waste and water (Bruxelles-Energie and Aquiris). As regards planning, only the development of the area around the Gare du Midi was entrusted to a joint enterprise, Bruxelles-Midi SA.

5.3.1 Town planning charges

The Brussels Planning Code allows the Commune or the Government to impose town planning charges or subject the issuance of building permits to town planning charges.

Town planning charges require the licence holder to build, transform or renovate roads, green areas, public buildings, public equipment and residential buildings free of charge.

The authority which issues the licence can also require, by way of town planning charges, the payment of an amount of money intended to contribute to the financing of such works. It must apply the principle of proportionality, regardless of the form of the charges imposed.

The Council of State recently cancelled the decree of the Government. A new decree which will establish the regime of town planning charges for the future was adopted by the Government.

5.3.2 Drafting of joint plans

Recently, the Region was confronted by the problems of coordinating public and private ambitions in major development zones:

- Tour & Taxis: for this site, fully owned by a private investor, the Region initiated the drafting of a master plan for this zone at the end of 2005. Following a process of studies and counter-studies, this plan led to an agreement in principle between the private actor and the Region in 2009. An SLUP is expected by the end of 2010.
- The European Quarter: in the perimeter of the Rue de la Loi, the Region wants to carry out substantial urban rehabilitation, which must allow for the creation of green areas as well as the integration of housing in this quarter. Considering that the majority of the buildings are private properties, this objective requires intense negotiation with owners.

Despite the fact that these files are giving rise to significant know-how, these processes remain difficult owing to the lack of genuine public-private "coalitions" which seek a common interest in the development of these zones.

5.3.3 SA Bruxelles-Midi

SA Bruxelles-Midi was set up in 1992 by the Brussels-Capital Region, which is currently its majority shareholder alongside STIB, SRIB, SNCB and Dexia. In the beginning, the private shareholder was a French real estate developer, Projenor. Projenor has since withdrawn from the project.

In 1995, Bruxelles-Midi was entrusted with "a public service mission within the framework of a concession contract". It entails:

- combating speculation
- developing real estate projects via public-private partnerships
- acquiring and cleaning up the lands of the SLUP "Fonsny 1"
- expropriating owners,
- providing social guidance and assistance in the re-housing of inhabitants

Bruxelles-Midi SA is not perceived as a great success, for several reasons:

- lack of quality of the majority of its projects and the absence of an overall vision;
- the presence of speculation and vacant properties for long periods
- the lack of reactivity of the real estate market which led to a loss of interest on the part of private partners and slowed down the project;
- lack of consideration for the inconvenience caused to expropriated owners.

5.3.4 PPPs of the SDRB

However, since 1990 the SDRB has applied the PPP principle to the majority of its residential projects. The objective of these PPPs is to increase the offer of quality housing at affordable prices and to ensure social diversity in declining districts.

For this purpose, semi-public companies are created with the SDRB as minority shareholder (equity interest < 25%). These semi-public companies are SPVs whose purpose is the completion of a real estate project. The distribution between "regulated" and "unregulated" housing can vary depending on how the project is set up.

5.3.5 Conclusions in relation to the JESSICA strategy in the BCR

Given the lack of genuine public-private coalitions for the development of urban areas, JESSICA can fill a gap in the practice of urban development by public-private partnerships. This approach can include:

- A true partnership based on:
 - An exchange of ideas and skills
 - Genuine sharing of risk
 - Genuine sharing of financial gains
- Co-drafting of project definitions
- Private partners who make long-term commitments
- A major emphasis on quality and sustainable development

However, this approach must profit to the greatest extent possible from the experience already gained, in particular, with the semi-public companies of the SDRB and the drafting of master plans.

6 THEME 3: PROJECTS

6.1 Sources of pilot projects for JESSICA in the Brussels-Capital Region

Taking account of the JESSICA philosophy, pilot projects in an urban development strategy in the Brussels-Capital Region could be developed on the basis of the following projects:

- Major strategic projects in the area of urban investment
- Economic development projects by physical investment

Below are the selection criteria which we defined to allow pilot projects to be selected.

- Criterion 1: project contents that can be related to ERDF objectives
- Criterion 2: market deficiency. This deficiency can be due to various causes: financial performance, regulation, size of the project, project complexity, etc
- Criterion 3: a project with a potential for revenue, at least partially
- Criterion 4: a project sufficiently identified and defined

Given that the PIZ, even if its perimeter is not absolute, nonetheless constitutes a zone of relevant interest in relation to the objectives of the ERDF, projects are essentially selected in this zone on the basis of two factors:

- major strategic development projects
- thematic approaches to integrated economic development.

6.1.1 *Major strategic development projects*

A good number of key zones (KZs) and Regional Interest Zones (RIZs) are in and around the PIZ:

- Erasme (KZ): a key economic and industrial zone in the southwest of Brussels. No integrated master plan available for this zone, which is already significantly developed.
- Forest (KZ): this zone comprises the part of the economic zone which is located in the Commune of Forest. No integrated plan at the present time.
- Midi (KZ): this zone comprises the area around of the Gare du Midi, which was extensively developed over the past two decades following the station's conversion into a TGV station. Since the development of this zone was started with little coherency, certain projects must now "correct" the lack of urban quality.
- Canal (KZ): - a broad zone along the Willebroek Canal in the Communes of Molenbeek-St.-Jean, Anderlecht and Brussels. An integrated plan does not exist for the whole zone, but plans are being drawn up for certain parts, e.g.
 - Abatan 2020
 - the vicinity of the canal at Molenbeek-St.-Jean
- Ecole Vétérinaire (RIZ): this old Veterinary School has been entirely redeveloped into a block of flats (private). The project will also comprise an ERDF project.
- Tour&Taxis (KZ and RIZ): the key zone of Tour&Taxis comprises two large project components:
 - The T&T SA project, with an approved master plan
 - The zone of the abandoned BILC project, owned by the Port of Brussels. A new vision must be conceived for this zone.

- Botanique - Cité Administrative (KZ and RIZ): this project essentially entails the redevelopment of the former Administrative City of the Belgian State, currently under development by the private owner/developer Breevast.
- Schaerbeek-Formation (KZ and ZIRAD): this "deferred planning regional interest zone" is the largest land reserve of the Brussels-Capital Region. A master plan is currently being devised.
- Gare de l'Ouest (KZ and RIZ): the zone around the Gare de l'Ouest, Brussels' principal metro nexus and future nexus in the RER network. A partial master plan exists for this zone.

Given that JESSICA requires an integrated urban development plan and that the pilot projects are preferably unrealised projects for which there is still some "leeway", the following projects seem to be the most suitable for selection as pilot projects:

- Abatan 2020 in the Canal KZ
- Parts of the "Molenbeek-Canal" master plan
- The T&T project
- The zone of the "BILC" project
- The southern part of the Schaerbeek-Formation: Mabru
- Eventually, the northern part of the MP of Schaerbeek-Formation

6.1.2 Thematic approaches to integrated economic development

In addition to the major development projects, smaller operations are declined in the ERDF operational programme currently in the course of execution. Although they do not always form part of an integrated development plan, they might on a case-by-case basis be candidates for a JESSICA investment:

- Accommodating businesses
- Scientific incubators
- Commercial innovation
- Pollution abatement of wastelands

A UDF can investigate such projects which already form part of an integrated urban development plan, encourage project developers to draft it or draft it itself.

6.2 New trends and developments in the field of integrated urban development in the BCR

The new Government took the initiative to draw up a new RDP from the angle of sustainable development (S.RDP). Although this initiative is only in the preparatory stage, certain trends can already be identified for the future of urban development in the Brussels-Capital Region:

- **A more regional and metropolitan reflection:** the main aim of the first RDP (1995) was urban renewal in the historical centre in order to combat the urban exodus. This RDP emphasised a concentric city concept. The second RDP (2002, currently in force) continues the goals of the first RDP and introduced the regional project, integrating the first and the second *couronne*, by defining key zones. One of the limits of this RDP is certainly the lack of defined priorities, which complicates the achievement of the objectives of this RDP. It is partially for this reason that the Region recently devised the IDP (International Development Plan for Brussels). This document specifies in more detail the Region's requirements as regards international development and also indicates the zones where these projects should be implemented. For the new RDP, the Region wishes to adopt a metropolitan focus by integrating

a more thorough reflection on the role and operation of the Region in a vaster zone.

- **"Major projects"**: the previous Government took the initiative of preparing the development of many key zones by the drafting of a master plan. This includes, inter alia:
 - **Josaphat** (outside the PIZ/ERDF zone): for this RIZ of the RLUP, the Region encouraged, via a "RIZ" decree, the Communes of Schaerbeek and Evere to develop an SLUP. This objective of this double SLUP is the development of an eco-district and an administrative centre (for the EC) on the grounds of an old goods depot, now owned by the SAF.
 - **Tour&Taxis** (in the PIZ/ERDF zone): another goods depot, which has been owned by a private investor for 10 years. The Region and this investor recently concluded an agreement on the development programme of this zone.
 - **Delta** (outside the PIZ/ERDF zone): railway grounds owned by the SAF. The EC recently decided to move onto these grounds and to conduct part of its activities there. The master plan also provides for a hospital (Chirec) and a reorganisation of mobility.
 - **Reyers** (outside the PIZ/ERDF zone): reinforcement of a business and housing centre at one of the city's main entrances. The project provides in particular for the conversion of empty offices into flats, the creation of a park, the conversion of the motorway into a parkway, etc.
 - **The European Quarter and Rue de la Loi** (outside the PIZ/ERDF zone): an ambitious project of the Region and of the EC to make the European Quarter attractive and multifunctional. The project also envisages the concentration of certain EC activities. The "Projet Urbain Loi" succeeded the master plan, which has given rise to an SLUP, currently being drafted.
 - **Schaerbeek-Formation** (partially in the PIZ/ERDF zone): a large land reserve in the north of the Region. A master plan is currently being drawn up and provides for a mixed project with a lever function (national stadium), housing, harbour and industrial facilities in a green zone.

These major projects will ultimately reinforce the poly-centrality of the Region and create new structuring axes given their position on the Moyenne Ceinture and the Willebroek Canal.

- **New structuring axes**: the development of these key zones gave new importance to certain structuring axes in the city. These axes also show that urban development thinking has progressed from a mononuclear city towards a polycentric urbanity:
 - **New tramlines**: the STIB is currently building two new tramlines in the Deuxième Couronne: extension of tram 93 onto Boulevard du Souverain and the tram towards NATO on Avenue Léopold II, passing through the key zone of Josaphat.
 - **The RER**: an RER project is being carried out by SNCB. These RERs, which connect Brussels to the metropolitan zone, will serve a multitude of stations across the Region, reinforcing polycentrality.
 - **The Moyenne Ceinture**: with the drafting of the master plans for Schaerbeek-Formation, Josaphat, Reyers and Delta, the Moyenne Ceinture will become a structuring axis in the city.
 - **The Canal**: recently, the FLOW contest (organised by Beci, ULI and the Port of Brussels) demonstrated the strategic importance of the Willebroek Canal to Brussels. In a sustainable city, this Canal will become increasingly important for the supply of goods in the city. In addition, this Canal is the structuring axis of the PIZ and of many key zones (Schaerbeek-Formation, Tour & Taxis, Canal, etc)

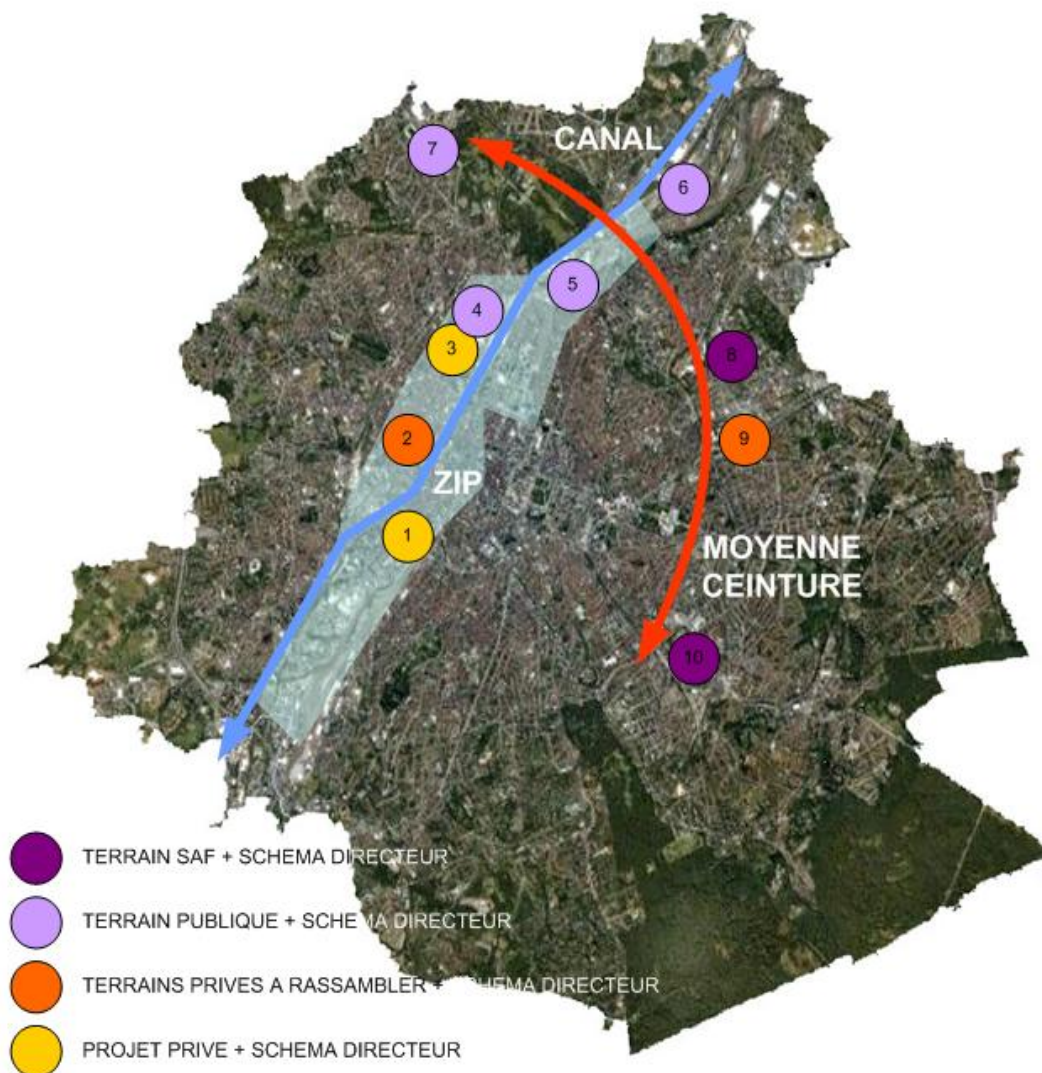
- **Sustainable development:** the Brussels-Capital Region has formulated significant ambitions in the area of sustainable development. Brussels aims to be the European Green Capital in 2020. Several actions are taking place in this perspective:
 - **Sustainable neighbourhoods:** any project on virgin ground, as well as major urban transformation projects in the Brussels Region, must take account of sustainable neighbourhood principles. The Region has provided facilitators who assist project owners and planners with this approach. For projects specific to the Region or its affiliated institutions, the ambitions are greater. In concrete terms, all regional projects (including housing projects) must be passive as from 2015.
 - **IRIS II:** the Region is currently modifying the IRIS II mobility plan from the viewpoint of sustainable development. In concrete terms, particular attention will be given to reducing cars in the city, the creation of park-and-ride car parks, and the promotion and development of an efficient public transport system.
 - **Greenfields project:** is the biggest project currently supported by the current ERDF package. This project aims to encourage landowners to engage in land remediation in projects with an economic vocation.

6.3 Pilot projects

6.3.1 *Overview*

On the basis of the above considerations, the following projects were identified as potential pilot projects for a JESSICA mechanism in the Brussels-Capital Region:

- A series of projects in the core of the PIZ, on the axis of the canal
- Possibly, in the long term, a series of projects on the Moyenne Ceinture, future strategic axis in the city's development, with many (public) land reserves.



FRENCH	ENGLISH
ZIP	PIZ
TERRAIN SAF+SCHEMA DIRECTEUR	SAF LAND + MASTER PLAN
TERRAIN PUBLIQUE +SCHEMA DIRECTEUR	PUBLIC LAND + MASTER PLAN
TERRAIN PRIVES A RASSAMBLER	PRIVATE LANDS TO BE CONSOLIDATED
PROJET PRIVE + SCHEMA DIRECTEUR	PRIVATE PROJECT + MASTER PLAN

1. Abatan SA Project
2. Molenbeek Canal Master Plan
3. Tour&Taxis
4. Former BILC project
5. Mabru

6. Schaerbeek-Formation
7. Heysel
8. Josaphat
9. Reyers
10. Delta

These two pilot projects are described in more detail in the appendices:

- A brief description of the contents of the project
- Main actors concerned in the development and financial arrangement of the project
- An overall estimate of the investment package
- The potential role of JESSICA or of a UDF in the arrangement of the project

These projects all have the following common features:

- Presence of public actors or a public (financial) interest
- Presence of an integrated urban development scheme
- Presence of a market deficiency: what activities can justify public intervention, e.g. remediation problems, infrastructures for improving access, conservation of heritage, etc.

	public actors - public interest	integrated urban development scheme	Market deficiency
ABATAN 2020	<ul style="list-style-type: none"> ■ Commune of Anderlecht property ■ role for the STIB and the SDRB ■ key project for the requalification of the Cureghem district 	<ul style="list-style-type: none"> ■ Master Plan prepared by Abatan SA ■ Communal SLUP, to be partially revised 	<ul style="list-style-type: none"> ■ integrated economic development ■ public infrastructures
Molenbeek Industrial island sites	<ul style="list-style-type: none"> ■ key project(s) for the requalification of the historical centre of Molenbeek ■ need for a project director 	<ul style="list-style-type: none"> ■ being prepared by the Commune ■ SLUP to be prepared/revised if necessary 	<ul style="list-style-type: none"> ■ consolidation of sites ■ pollution abatement infrastructure
Tour&Taxis	<ul style="list-style-type: none"> ■ integration of public functions into the private project ■ desire to "accumulate gains" 	<ul style="list-style-type: none"> ■ Approved MP ■ SLUP in preparation 	<ul style="list-style-type: none"> ■ externalities of the commercial project ■ infrastructure-public transport ■ heritage to be preserved
Former BILC project	<ul style="list-style-type: none"> ■ property of the Port of Brussels ■ strategic site for the KZ 	<ul style="list-style-type: none"> ■ MP to be drawn up 	<ul style="list-style-type: none"> ■ economic development ■ pollution abatement infrastructure
Mabru	<ul style="list-style-type: none"> ■ property of the City of Brussels ■ role for the SDRB 	<ul style="list-style-type: none"> ■ MP being drawn up 	<ul style="list-style-type: none"> ■ economic development ■ pollution abatement infrastructure ■ heritage to be preserved
Schaerbeek-Formation	<ul style="list-style-type: none"> ■ property of the Federal State ■ property of the Port of Brussels 	<ul style="list-style-type: none"> ■ MP being drawn up 	<ul style="list-style-type: none"> ■ economic development ■ functional reservations (BILC) ■ pollution abatement
Heysel	<ul style="list-style-type: none"> ■ property of the City of Brussels 	<ul style="list-style-type: none"> ■ MP being drawn up 	<ul style="list-style-type: none"> ■ economic development ■ key project for tourism
Josaphat	<ul style="list-style-type: none"> ■ property of the SAF 	<ul style="list-style-type: none"> ■ communal SLUPs in preparation 	<ul style="list-style-type: none"> ■ sustainable neighbourhood ambition ■ economic development ■ infrastructure ■ pollution abatement
Reyers	<ul style="list-style-type: none"> ■ properties of the SDRB ■ RTBF and VRT properties reg. and fed. properties (sector E40) 	<ul style="list-style-type: none"> ■ Approved MP 	<ul style="list-style-type: none"> ■ consolidation of sites ■ economic development
Delta	<ul style="list-style-type: none"> ■ property of the SAF 	<ul style="list-style-type: none"> ■ Approved MP 	<ul style="list-style-type: none"> ■ economic development and services ■ pollution abatement infrastructure

6.3.2 Conclusions in relation to an implementation of JESSICA in the Brussels-Capital Region

The following conclusions can be drawn in relation to the implementation of JESSICA in the Brussels-Capital Region:

- The preparation of master plans has created a good base of projects with high urban and economic impact which can benefit from the JESSICA mechanism to accelerate, systematise and optimise their realisation.
- All these projects comprise aspects which justify public (financial) involvement: complex land situations, need for plans to be drawn up, ground pollution, strong mix of public services and private projects, etc
- All of the pilot projects described vary from the realisation timing initially devised. This makes it possible to implement JESSICA in stages and to optimise investment cycles (with a possible launch during the current ERDF 2007-2013 programming period and a continuation during the next period 2014-2020).
- Certain projects, by their land status and their strategic importance, offer many opportunities for the creation of a UDF in Brussels. However, they are located outside the PIZ/ERDF perimeter. Considering their strategic importance for the urban and economic development of Brussels, they could be taken into account, possibly at a later stage (after a first investment cycle).

6.4 Case study: the Abatan project

6.4.1 Abatan site

The location of the Abatan site in the Brussels-Capital Region is certainly strategic. The site is located at the very core of the PIZ/ERDF zone.



Figure 14: Abatan site: location

Source: Bing Maps reworked by IDEA Consult

The site is located along the Willebroeck Canal near the Petite Ceinture and three existing or future multimode centres: the Gare TGV du Midi, the junction of the four underground lines at the Gare de l'Ouest and the Porte de Ninove. Moreover, the site is on an underground line served by two stations in the vicinity.

However, the districts next to the site have not benefitted much from this strategic location. They are known as the most difficult districts of the Region (poverty, insalubrity, insecurity, etc).

The site consists of a complex of large industrial buildings. The central building, the covered cattle market, is a structure with (classified) historical value like other elements on the site.



Figure 15: Abatan site: aerial view

Source: Bing Maps

6.4.2 Abatan SA

In 1887, a group of private investors obtained a 50-year concession to operate an abattoir, a cattle market, and a wholesale fodder market with an unloading bay on the territory of Anderlecht-Cureghem. The Abattoirs and Markets of Anderlecht were officially inaugurated on 24 August 1890.

In 1919, the commune of Anderlecht declared that it wished to repurchase the concession before the scheduled date. An inter-communal entity was created under the supervision of the commune of Anderlecht to manage and operate the abattoirs. In 1983, the commune decided to grant an emphyteutic lease to the private group Abatan SA, in order to speed up the required investment.

Abatan is a "société anonyme" (public limited company) that was created in 1983 by a group of some 160 shareholders with capital of 2.5 million euros. Since 1983, this company has invested more than 41 million euros in the site. Today, the consolidated turnover of all the companies present on the site is around 250

million euros, including around 9-10 million euros for the company Abatan SA. On the domain, there exists a total employment offer of 700 FTE.

Today, SA Abatan's activities include:

- The Abattoirs: the abattoir of Anderlecht is one of the most modern in Belgium and carries the EEC No.1 export label. It is the leading fresh meat supplier of the region of Brussels and of the provinces of Flemish Brabant and Walloon Brabant. Except for a pig slaughter line, all activities are carried out by about fifty concessionaires.
- The Agro-Food Park: two wholesale markets are located on the site: a covered fish market and a meat market. These markets are visited by caterers, but also by private individuals.
- The Market: every week the site of the Anderlecht abattoir plays host to public markets where consumers can make their purchases (vegetables, fruits, spices, textiles, clothing, flowers, second-hand articles, etc). In addition, in an authentic butcher's market, people can buy fresh meat in small or large quantities from more than 40 butchers.
- Cureghem Cellars: the cellars below the old cattle market have been transformed into a 10,000 m² event venue which can be divided into two parts that are completely isolated from each other.

In 2008, Abatan SA concluded a contract with the Brussels-Capital Region for the creation of a new agro-food market with the support of the ERDF programme. This project was also the catalyst for a long-term plan for the development of the site.

6.4.3 ERDF Project: agro-food market

The ERDF project currently in progress has the objective of increasing the attractiveness of the site of the Cureghem abattoirs and developing economic activities there via the construction of 6,500 m² in industrial-type buildings and an 3,500 m² covered market in order to encourage the establishment of mobile traders on the weekend.

The second aspect is the development and implementation of a system to raise the target public's awareness and inform it about topics like waste management and compliance with rules.

Several other initiatives will also be implemented, such as the construction of a "black-box" infrastructure for events and the restoration of the covered market. The SDRB is in charge of the construction of the apartments above the ground levels used by Abatan.

The investment in relation to this project is €12.4m, subsidised by €6m in funding from the ERDF.

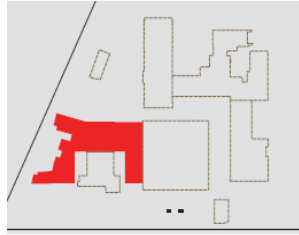
6.4.4 Abatan 2020 project

The Abatan 2020 project is founded on the following principles:

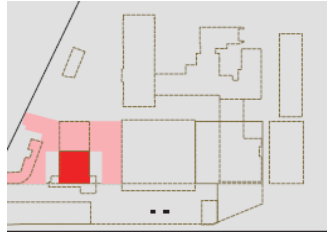
- Maintaining and reinforcing the existing activities on the site
- A multipurpose project
- Changing the image of the zone
- Urban integration of the zone

The project is composed of several components which can be carried out separately in order to optimise phasing, cash flows and to ensure the site can accommodate its activities continuously.

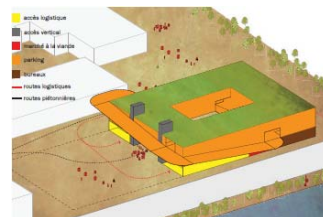
South project - Agro-food market: the current ERDF project: a covered market, car parks and housing in the future.



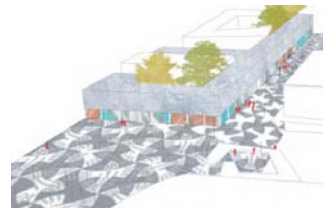
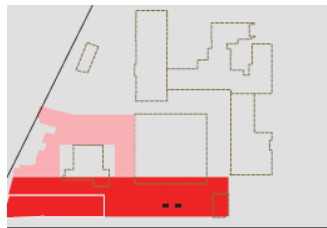
Complement to the South project: the future extension of the covered market to the site of the current fish market.



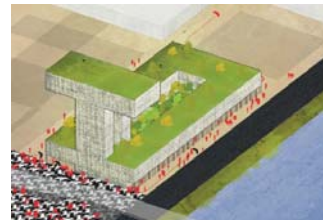
West Canal Zone: new slaughter facilities, car parks and housing in the long term



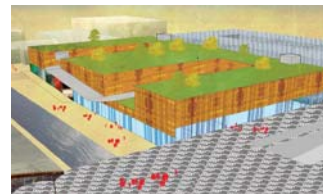
L + Square Project : structuring of the island by a building containing housing and shops on the ground floor - development of the square: a structured entrance for the site



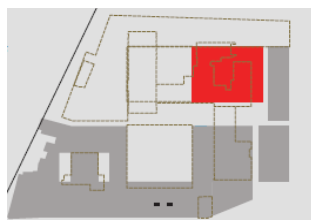
East Canal: shops on the ground floor with residences in the tower



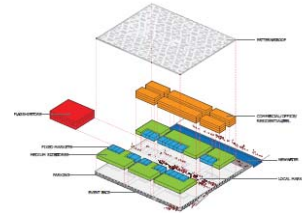
North project: shops on the ground floor and around a new graded space.



Central project: mainly apartments and spaces for SMEs.



Emporium: the commercial heart of the site, intended to accommodate big brands.



East Mons Zone: the programme has not yet been completely defined, but the zone could be supplemented with apartments and business spaces.

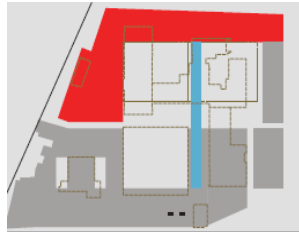


Table 3: Abatan 2020 project - component projects

The programme of new developments can be summarised as follows:

- Reinforcement of the market by the integration of covered markets (circa 12,000 m²), shops (circa 20,000 m²) and hotels, restaurants and cafes (circa 6,500 m²)
- Integrate multi-functionality by the creation of affordable housing (circa 41,300 m² or around 350 apartments)
- Develop the event sector by supplementing the Cellars of Cureghem with two multipurpose rooms.
- Restructure slaughtering activity by new equipment and modern business spaces. (circa 12,000 m²)
- The creation of car parks in convertible buildings (circa 1,350 spaces.). Ultimately, the number of these sites can be reduced and the buildings can be converted into housing and/or offices.
- Connection of the project with the district of Cureghem, the Canal and the campus of the Erasmus School

Although a substantial part of this project can be carried out under the existing SLUP, certain aspects of this project can be called into question:

- Car parks & mobility: the Brussels-Capital Region has big ambitions in relation to sustainable development, in particular by promoting the development of eco-districts with a minimum of car parks, in order to encourage residents and visitors to use soft means of transport and public transport.
- The commercial concept: given the ambition of the commercial project on the site, the project will have to take account of the significant competition of other projects inside and outside the Region:
 - The "Just under the Sky" project: The developer Equilis has applied for a planning certificate for a 45,000 m² commercial project.
 - The City of Brussels wants to revitalise the Heysel Plateau, in particular, with a luxury shopping mall of around 100,000 m².
 - The maritime terminal project: 30,000 m² to 40.000 m² in an old railway station.
 - The U-place project in Vilvorde for a 55,000 m² retail area in a multipurpose project.
- Economic development: the SDRB has identified a great need for accessible business premises in the Region, which can attract start-ups or international investment in the Region in order to create a greater employment offering.

The case study will thus look at three variations:

- Variation 1: the project such as proposed by Abatan SA
- Variation 2: the project of Abatan with the underground car parks, less commercial area and more housing area
- Variation 3: fewer car parks, more space for companies and businesses.

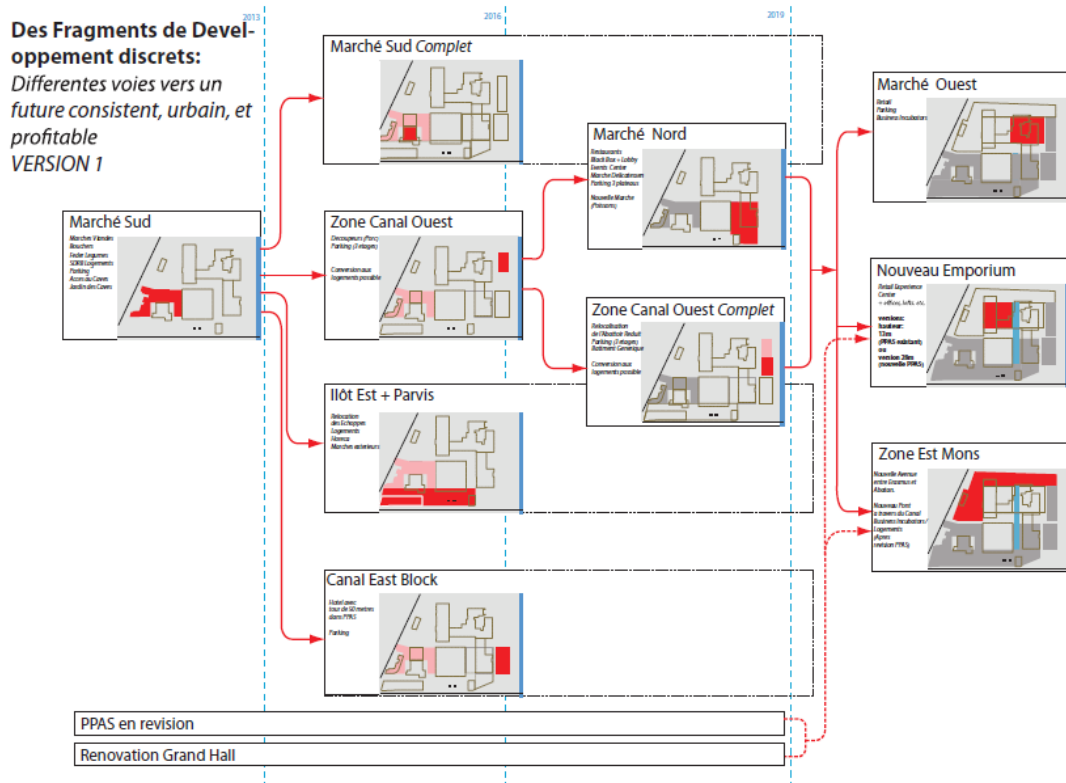
	VAR 1: project ABATAN	VAR 2: Underground car parks reduction comm. area housing	VAR 3: car reduction in car parks in business space
Covered market	12,000 m ²	12,000 m ²	12,000 m ²
Shops	19,760 m ²	11,650 m ²	11,650 m ²
Hotels & catering	6,600 m ²	6,600 m ²	6,600 m ²
Events	5,050 m ²	5,050 m ²	5,050 m ²
Offices	1,780 m ²	1,780 m ²	1,780 m ²
Housing	41,300 m ²	52,300 m ²	45,300 m ²
Incub. + entr.	5,500 m ²	5,500 m ²	24,610 m ²
Car parks (overground)	24,500 m ²	9,500 m ²	9,500 m ²
Car parks (underground)	16,700 m ²	31,700 m ²	15,900 m ²
TOTAL	133,190 m²	136,080 m²	132,390 m²

Table 4: Programming variations

Source: IDEA Consult financial model

6.4.5 Project phasing

The phasing is summarised in the diagram below:



FRENCH	ENGLISH
<i>Des fragments de développement discrets</i>	<i>Discrete development fragments</i>
<i>Differentes voies vers un future consistant, urbain et profitable VERSION 1</i>	<i>Different ways to a consistent, urban and profitable future VERSION 1</i>
<i>Marché sud/ Nord / Ouest</i>	<i>South/ North / West market</i>
<i>Marché sud complet</i>	<i>Complete south market</i>
<i>Zone canal ouest</i>	<i>West canal zone</i>
<i>Ilôt est + parvis</i>	<i>East island + square</i>
<i>Zone canal ouest complet</i>	<i>Complete West canal zone</i>
<i>Nouveau emporium</i>	<i>New emporium</i>
<i>Zone est mons</i>	<i>East mons zone</i>
<i>PPAS en revision</i>	<i>SLUP being revised</i>
<i>Renovation Grand Hall</i>	<i>Renovation of the Main Hall</i>

Figure 10: Summary of the phasing for the Abatan 2020 project

The project is organised in three phases:

- 2010-2013: Project start (south market) (ERDF project)
- 2015-2023: Realisation of the zones on the side of Rue Ropsy-Chaudron and the Canal
- 2020-2028: Realisation of the central parts of the site following a revision of the SLUP.

Thanks to this phasing, the revenues of the first phases can finance the later phases, which may reduce external financing needs. Moreover, this phasing makes it possible to manage project risks more effectively, particularly those relating to changes in the property market or the realisation of other projects in the Region or district.

6.4.6 Project risks

The development and execution of the project still comprise big risks, which must be assumed:

- Programme: as indicated above, the feasibility of the project may be called into question in view of the large number of commercial projects in the Region. Moreover, the feasibility and potential revenues of the project will strongly depend on a requalification of neighbouring districts, in order to make the project attractive for third parties.
- Building concept: the master plan proposes buildings with "generic" structures. Although this is an interesting concept from the viewpoint of sustainable development, technical and financial feasibility (integration of building techniques, conduits and chimneys, position of beams, etc) will not be easy.
- Ground remediation: owing to the fact that the site is in the industrial basin of the Canal, it is highly likely that parts of the site will be (slightly) polluted.
- Public works: the project is highly dependent on other public initiatives in the perimeter, like the rehabilitation of the Delacroix metro station, the urban integration of the square, the connection with neighbouring districts, etc
- SLUP: the SLUP needs to be revised for the execution of some project components. The preparation of an SLUP is a communal and/or regional responsibility. If the Region created an RIZ (regional interest zone), the Region's control of the zone would be consolidated.
- ...

This first analysis clearly shows the need for good public-private collaboration in order to be able to counter these risks with an inventive solution that generates value.

6.4.7 Financial structure of the ABATAN 2020 project

For the most part, the site of the abattoirs is under a long emphyteutic lease. This implies that real estate projects can only be operated by a regular or long lease.

The financial model is based on indicative amounts, for example:

- Costs
 - Underground works (wiring, drainage, etc): €50 per sqm.
 - Development: €200 per sqm.
 - Construction of the covered market: €700 per sqm.
 - Construction of retail units: €700 per sqm.
 - Construction of hotels, restaurants, cafes: €700 per sqm.
 - Construction of event venues: €1,000 per sqm.
 - Construction of offices: €850 per sqm.
 - Construction of housing: €850 per sqm.

- Construction of business premises: €850 per sqm.
 - Construction of car parks (overground): €470 per sqm.
 - Construction of car parks (underground): €780 per sqm.
 - Development/integration of the Delacroix station: €2,000,000
- Indeed, the urban form of the car parks (underground or overground) can have an important effect on the end result.
- Revenues
 - Markets: €0.5 per sqm. per day (net amount chargeable to the project, after deducting management costs)
 - Commercial projects: rental prices from €200 to €250 per sqm. per annum for "covered market"-type shops or other local stores. For the specialised brands (Emporium and vicinity), a rental income of €400 per sqm. is projected.
 - Hotels, restaurants, cafes: €100 per sqm. per annum
 - Offices: €100 per sqm. per annum
 - Event venues
 - Housing: €85 per sqm. per annum (or €560 per month for an 80 sqm. apartment)
 - Business premises: €75 per sqm. per annum
 - Car parks: €1,200 per parking space per annum

The diagrams below summarise, for the entire zone, the costs and revenues of each alternative studied.

ABATAN 2020 PROJECT : VARIANT 1	
COSTS	REVENUES
Recurrent costs Emphyteusis €226,600 pa	Recurrent revenues Property rental €11.390.163 pa Markets € 1.586.000 pa
book value of land and buildings book value of land € 2.922.235 book value of buildings € 282.494	immediate revenues sale of property € 11.220.000
infrastructure, development and construction infrastructure & development € 35.034.000 ERDF eligible constructions € 43.340.000 other constructions (housing, car parks) € 59.646.000	
additional costs (studies, VAT, management, etc) additional costs (ERDF attributable) € 17.071.997 additional costs (non ERDF attributable) € 12.992.528	
€ 175.065.921	€ 227.489.375
30% € 52.423.454	

Table 5: Costs and revenues Abatan 2020 variant 1

Source: IDEA Consult financial model

In the first variant, circa €98.7m of the costs are eligible for the ERDF programme (infrastructures, economic functions, etc) out of a total of circa €175m, i.e. 56%.

ABATAN 2020 PROJECT : VARIANT 2

COSTS		REVENUES	
Recurrent costs		Recurrent revenues	
Emphyteusis	€226,600 pa	Property rental	€10.805.038 pa
		Markets	€ 1.586.000 pa
book value of land and buildings		immediate revenues	
book value of land	€ 2.922.235	sale of property	€ 11.220.000
book value of buildings	€ 282.494		
infrastructure, development and construction			
infrastructure & development	€ 35.034.000		
ERDF eligible constructions	€ 43.340.000		
other constructions (housing, car parks)	€ 73.646.000		
additional costs (studies, VAT, management, etc)			
additional costs (ERDF attributable)	€ 15.792.693		
additional costs (non ERDF attributable)	€ 15.998.854		
€ 185.115.943		€ 217.737.292	
		18% € 32.621.349	

Table 6: Costs and revenues Abatan 2020 variant 2

Source: IDEA Consult financial model

In the second variant, circa €91.7m of the costs are eligible for the ERDF programme (infrastructures, economic functions, etc) from a total of circa €185.1m, i.e. 49%.

ABATAN 2020 PROJECT : VARIANT 3

COSTS		REVENUES	
Recurrent costs		Recurrent revenues	
Emphyteusis	€226,600 pa	Property rental	€10.986.963 pa
		Markets	€ 1.586.000 pa
book value of land and buildings		immediate revenues	
book value of land	€ 2.922.235	sale of property	€ 11.220.000
book value of buildings	€ 282.494		
infrastructure, development and construction			
infrastructure & development	€ 35.034.000		
ERDF eligible constructions	€ 53.906.500		
other constructions (housing, car parks)	€ 55.372.000		
additional costs (studies, VAT, management, etc)			
additional costs (ERDF attributable)	€ 19.333.619		
additional costs (non ERDF attributable)	€ 12.036.599		
€ 182.664.114		€ 220.769.375	
		21 % € 38.105.261	

Table 7: Costs and revenues Abatan 2020 variant 3

Source: IDEA Consult financial model

In the third alternative, circa €111.5m of the costs are eligible for the ERDF programme (infrastructures, economic functions, etc) from a total of circa €182.7m, i.e. 61%.

6.4.8 The potential role of JESSICA in the ABATAN 2020 project

Usually, a project like ABATAN 2020 is financed by private means (equity + bank loans), supplemented by grants (ERDF and others). In order to achieve a reasonable return on equity and reduce the risks of the project (a criterion also demanded by the banks), the investor will always try to control costs, increase revenues and reduce risk.

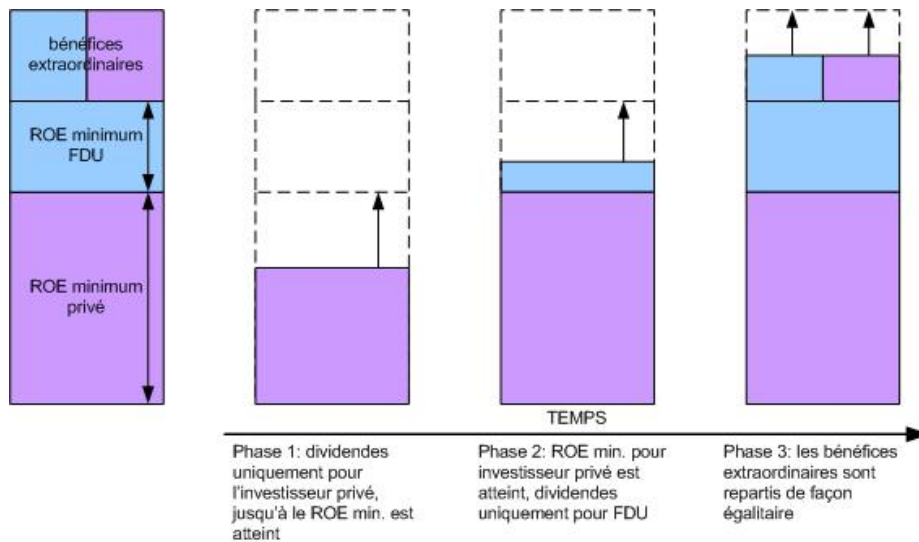
This is not always compatible with the search for quality in the project, which often requires higher investment at the beginning of the project or a greater assumption of risk.

In a project such as ABATAN 2020, the role of JESSICA can support the development of the project according to principles of sustainable development:

- Mixed project (variants 1,2 and 3)
- Zero emission mobility (variant 2 and 3)
- Presence of urban economy (variant 3)
- ...

In concrete terms, this can be carried out according to two mechanisms:

- The acquisition of an equity stake. The JESSICA mechanism provides that this participation can be subordinated to private equity. (Commission Regulation No 1828/2006, art.43 §7).

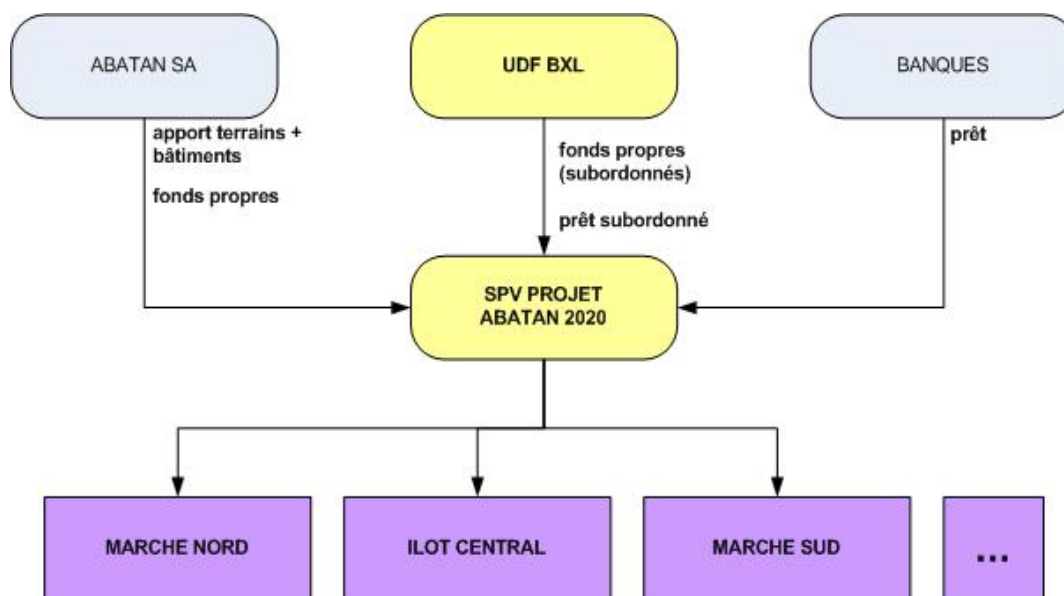


<i>Benefices extraordinaires</i>	<i>Extraordinary profits</i>
<i>ROE minimum FDU</i>	<i>UDF minimum ROE</i>
<i>ROE minimum FDU</i>	<i>private minimum ROE</i>
<i>Temps</i>	<i>time</i>
	<i>Phase 1: dividends solely for the private investor until the min. ROE is attained</i>
	<i>Phase 2: min. ROE for private investor is attained, dividends solely for UDF</i>
	<i>Phase 3: extraordinary profits are distributed equally</i>

Figure 16: UDF - treatment of subordinated dividends

- The granting of a loan on terms that are more accessible than those of commercial banks. Given the nature of this mechanism (interest subsidy), this is likely to be classified as state aid.

Since the project is completed by means of an SPV ("single purpose vehicle"), the overall structure is shown in the figure below:



<i>BANQUES</i>	<i>BANKS</i>
<i>Apport terrains+batiments</i>	<i>Contribution land + buildings</i>
<i>Fonds propres</i>	<i>equity</i>
<i>Fonds propres (subordonnés)</i>	<i>(subordinated) equity</i>
<i>Prêt subordonné</i>	<i>Subordinated loan</i>
<i>SPV PROJET ABATAN 2020</i>	<i>ABATAN 2020 PROJECT SPV</i>
<i>MARCHE NORD</i>	<i>NORTH MARKET</i>
<i>ILOT CENTRAL</i>	<i>CENTRAL ISLAND</i>
<i>MARCHE SUD</i>	<i>SOUTH MARKET</i>

Figure 17: Abatan 2020 - role of a UDF

6.4.9 Scenario 1-3: traditional project arrangement

In these scenarios, the basic situation (traditional financing via grant) is tested for the three programme variants. Equity is 100% private (SA Abatan + private co-financiers) and the loans are granted by commercial banks (5% with mortgage securities).

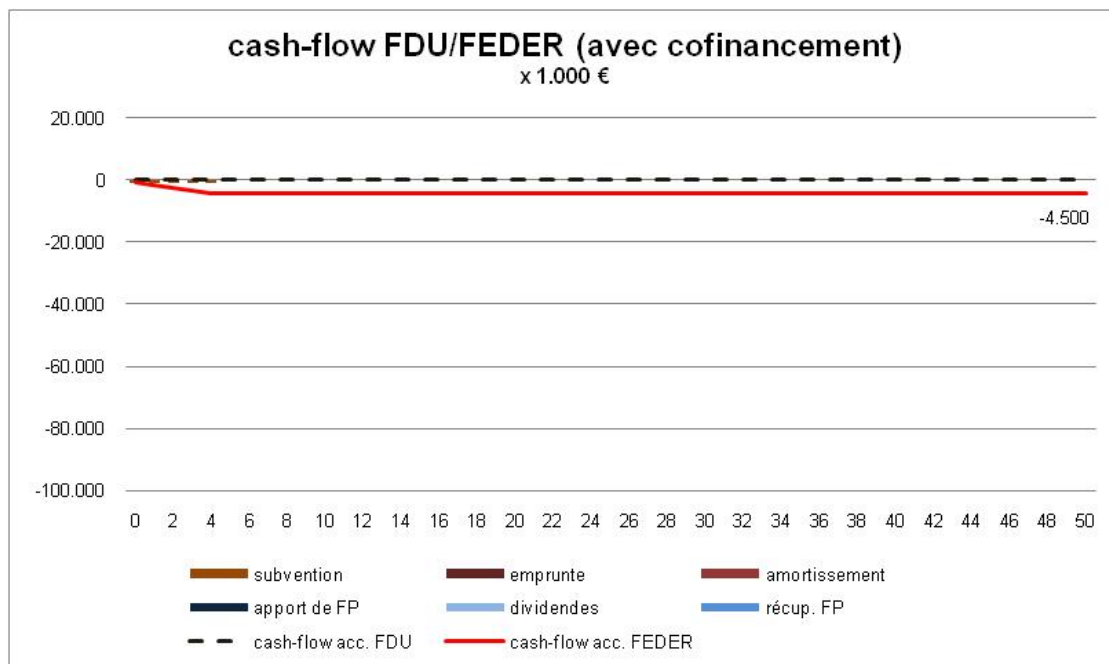
The financing requirements and returns are as follows:

- Scenario 1 (VAR 1):
 - IRR ("internal rate of return" of the project): 5.5%
 - financing needs (equity + bank financing): €163.9m
 - ROE ("return on equity"): 8.4%
- Scenario 2 (VAR 2):
 - IRR: 4.8%
 - financing needs (equity + bank financing): €172.0m
 - ROE: 4.3%

- Scenario 3 (VAR 3):
 - IRR: 5.0%
 - financing needs (equity + bank financing): €171.8m
 - ROE: 3.9%

In fact, in the scenarios with a more desirable programme variant, the return on equity is not very satisfactory for a private investor.

The ERDF's involvement is limited to a traditional grant. For the ERDF, the cash flow is shown below.



<i>French</i>	<i>English</i>
<i>Cash-flow FDU/FEDER (avec cofinancement) x 1.000 €</i>	<i>UDF/ERDF cash flow (with cofinancing) x €1,000</i>
<i>subvention</i>	<i>grant</i>
<i>emprunt</i>	<i>borrowings</i>
<i>amortissement</i>	<i>repayment</i>
<i>Cash-flow acc. FDU</i>	<i>UDF acc. cash flow</i>
<i>Apport de FP</i>	<i>Contribution of PF</i>
<i>Cash-flow acc. FEDER</i>	<i>ERDF acc. cash flow</i>
<i>Récup. FP</i>	<i>PF recovered</i>
<i>dividendes</i>	<i>dividends</i>

Figure 13: ERDF cash flow scenario 1-2-3

Source: IDEA Consult financial model

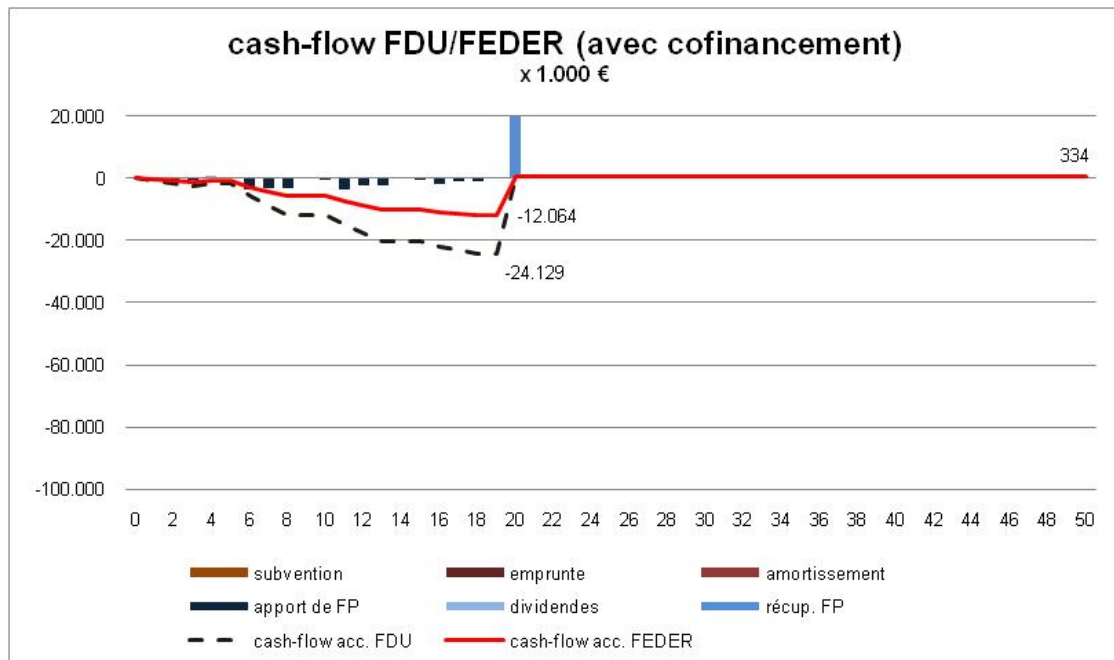
6.4.10 Scenario 4-5: equity participation of a UDF

For the two desired programme variants (var 2 and var 3), the acquisition of a 50% equity stake by the UDF is proposed. If this UDF has a mixed composition, 50% of the funds allotted by a UDF to the Abatan project will come from the ERDF. However, the return will be shared between the private investor and the UDF, and, in turn, between the UDF's private partner and the Managing Authority (by the ERDF).

For scenario 4, the results are the following:

- Scenario 4 (VAR 2):
 - IRR: 4.8%
 - financing needs (equity + bank financing): €191m
 - contribution by a UDF: €24.8m
 - ROE - private: 7.3%
 - ROE - UDF: 2.8%

The cash flow for the UDF is indicated in the figure below. The UDF's investment will be recovered in the year 20, after all investments have been made.



French	English
Cash-flow FDU/FEDER (avec cofinancement)	UDF/ERDF cash flow (with cofinancing)
subvention	grant
emprunt	borrowings
amortissement	repayment
Cash-flow acc. FDU	UDF acc. cash flow

French	English
Apport de FP	Contribution of PF
Cash-flow acc. FEDER	ERDF acc. cash flow
Récup. FP	PF recovered
dividendes	dividends

Figure 18: UDF cash flow scenario 4

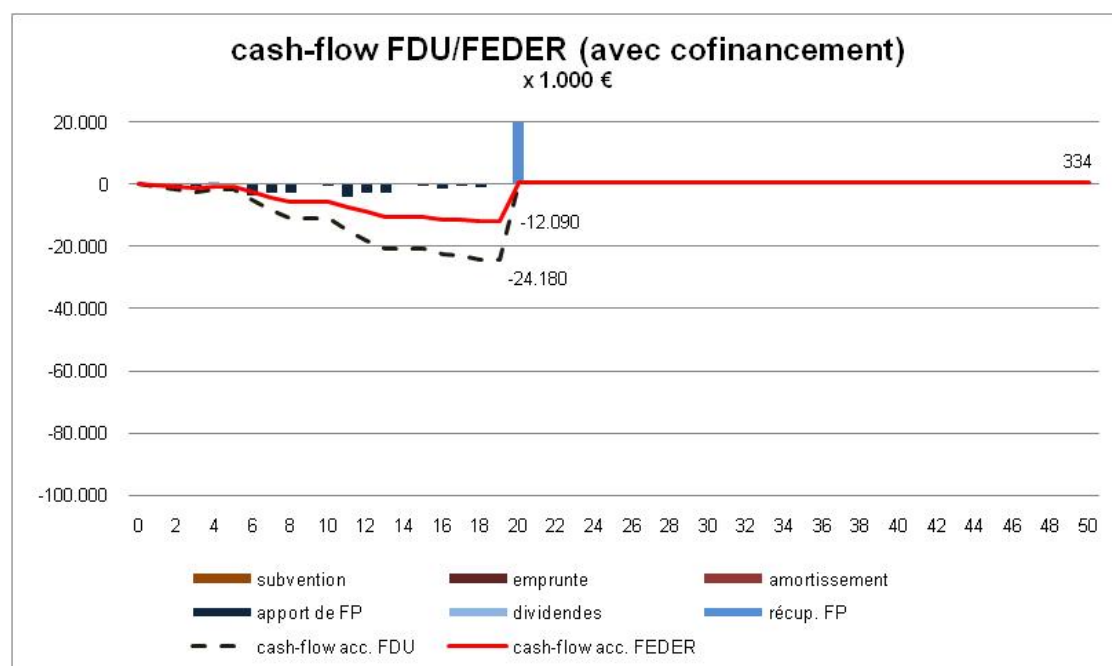
Source: IDEA Consult financial model

The results for scenario 5 are the following:

- Scenario 5 (VAR 3):
 - IRR: 5.0%
 - financing needs (equity + bank financing): €191.4m
 - contribution by a UDF: €24.8m
 - ROE - private: 7.6%
 - ROE - UDF: 2.8%

The equity presence of the UDF makes it possible to strongly optimise the return for the private investor.

The cash flow for the UDF is quite similar to that of scenario 4:



French	English
Cash-flow FDU/FEDER (avec cofinancement)	UDF/ERDF cash flow (with cofinancing)
subvention	grant
emprunt	borrowings
amortissement	repayment
Cash-flow acc. FDU	UDF acc. cash flow

French	English
Apport de FP	Contribution of PF
Cash-flow acc. FEDER	ERDF acc. cash flow
Récup. FP	PF recovered
dividendes	dividends

Figure 19: UDF cash flow scenario 5

Source: IDEA Consult financial model

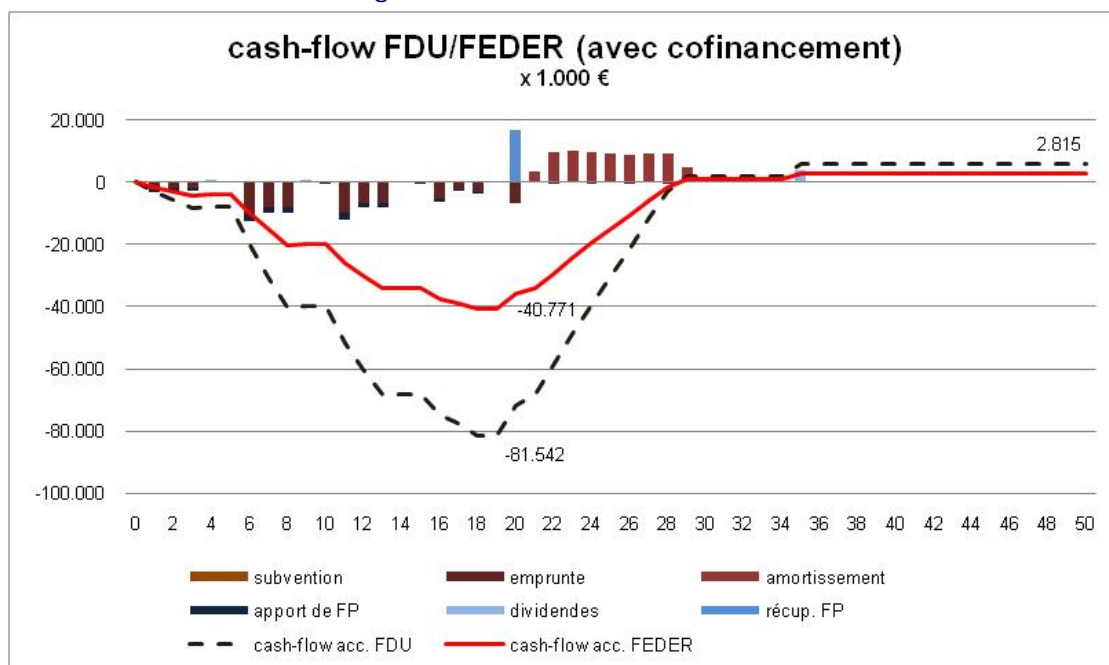
6.4.11 Scenario 6-7: equity participation of a UDF + granting of a loan

In these two scenarios, the participation is supplemented by a loan on advantageous terms. In order to optimise leverage, this loan will finance 50% of banking requirements. The other 50% will be financed by a commercial bank with a priority rank. This will permit the bank to finance on more advantageous terms (because less risk).

In the case of scenario 6, the results are the following:

- Scenario 6 (VAR 2):
 - IRR: 4.8%
 - financing needs (equity + bank financing): €184.0m
 - contribution of equity by a UDF: €16.6m
 - granting of a loan by a UDF: €73.6m
 - loan repaid in year: 29
 - ROE - private: 10.3%
 - ROE - UDF: 4.9%

Indeed, the cash flow for the UDF will be much greater because of the granting of the loan, as shown in the figure below:



French	English
Cash-flow FDU/FEDER (avec cofinancement)	UDF/ERDF cash flow (with cofinancing)
subvention	grant
emprunt	borrowings
amortissement	repayment
Cash-flow acc. FDU	UDF acc. cash flow

French	English
Apport de FP	Contribution of PF
Cash-flow acc. FEDER	ERDF acc. cash flow
Récup. FP	PF recovered
dividendes	dividends

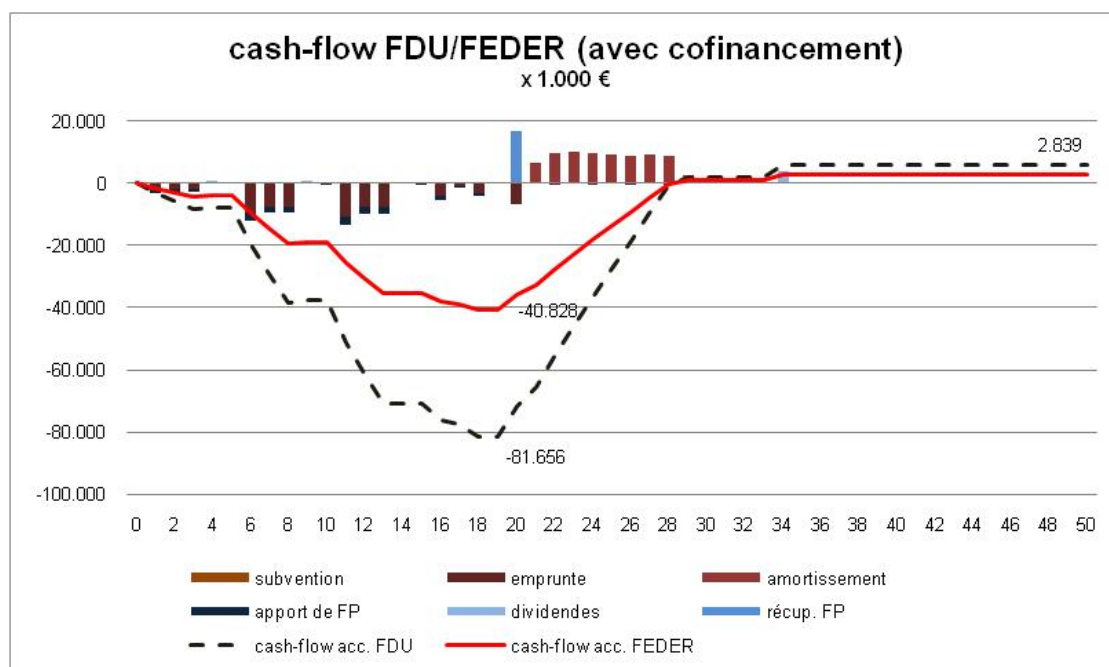
Figure 20: UDF cash flow scenario 6

Source: IDEA Consult financial model

For scenario 7, the results are the following:

- Scenario 7 (VAR 2):
 - IRR: 5.0%
 - financing needs (equity + bank financing): €184.4m
 - contribution of equity by a UDF: €16.7m
 - granting of a loan by a UDF: €73.8m
 - loan repaid in year: 29
 - ROE - private: 10.7%
 - ROE - UDF: 5.0%

The cash flow is similar to that of scenario 6.



French	English
Cash-flow FDU/FEDER (avec cofinancement)	UDF/ERDF cash flow (with cofinancing)
subvention	grant
emprunt	borrowings
amortissement	repayment
Cash-flow acc. FDU	UDF acc. cash flow

French	English
Apport de FP	Contribution of PF
Cash-flow acc. FEDER	ERDF acc. cash flow
Récup. FP	PF recovered
dividendes	dividends

Figure 21: UDF cash flow scenario 7

Source: IDEA Consult financial model

Although this form of financing generates more leverage than in a scenario without financing in the form of loan (granted by a UDF), it should be noted that the UDF's resources are recovered much more slowly because of the subordination of the UDF loan to the bank loan.

6.4.12 Scenario 8: optimised housing programme

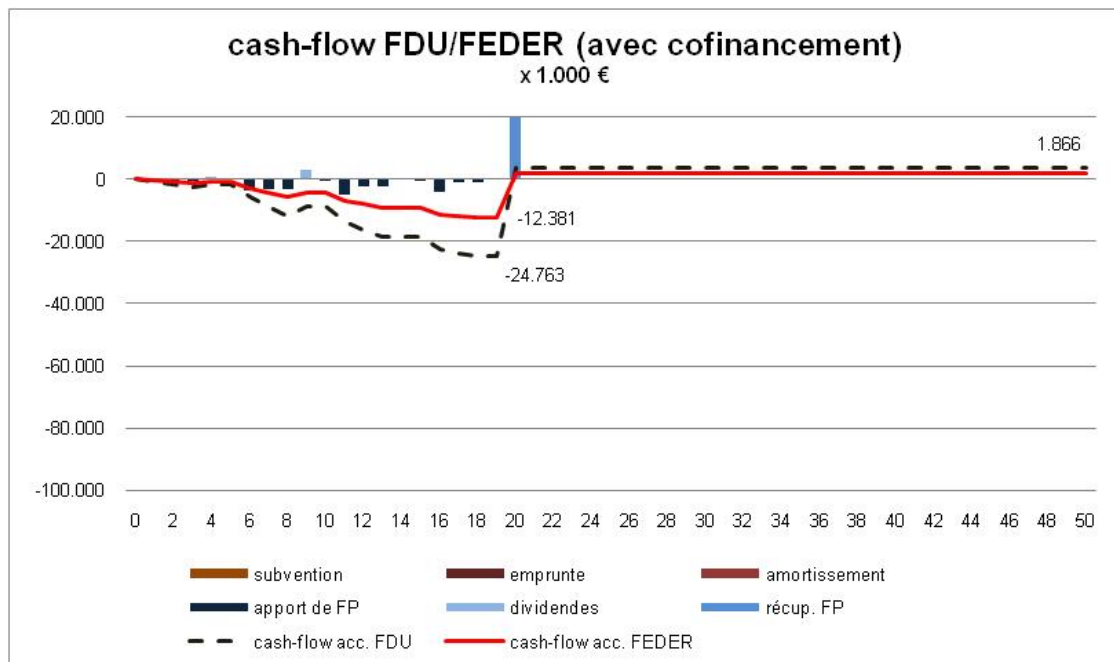
In all the previous scenarios, almost all revenues stem from annual rental cash flows. Moreover, the rental price of the residences was estimated modestly.

With regard to housing, various hypotheses are possible:

- The project will succeed and will transform the district, which could make it possible to attain prices more in line with the average prices of the Brussels housing market.
- Encouraging the sale rather than the renting of housing makes it possible to optimise cash flows (immediate revenues instead of revenues spread out over time).

The results would be the following:

- Scenario 8 (VAR 2):
 - IRR: 5.3%
 - financing needs: €219.4m
 - contribution of equity by a UDF: €28.5m
 - ROE - private: 6.9%
 - ROE - UDF: 4.0%



Cash-flow FDU/FEDER (avec cofinancement)	UDF/ERDF cash flow (with cofinancing)
subvention	grant
emprunt	borrowings
amortissement	repayment
Cash-flow acc. FDU	UDF acc. cash flow

Apport de FP	Contribution of PF
Cash-flow FEDER acc.	ERDF acc. cash flow
Récup. FP	PF recovered
dividendes	dividends

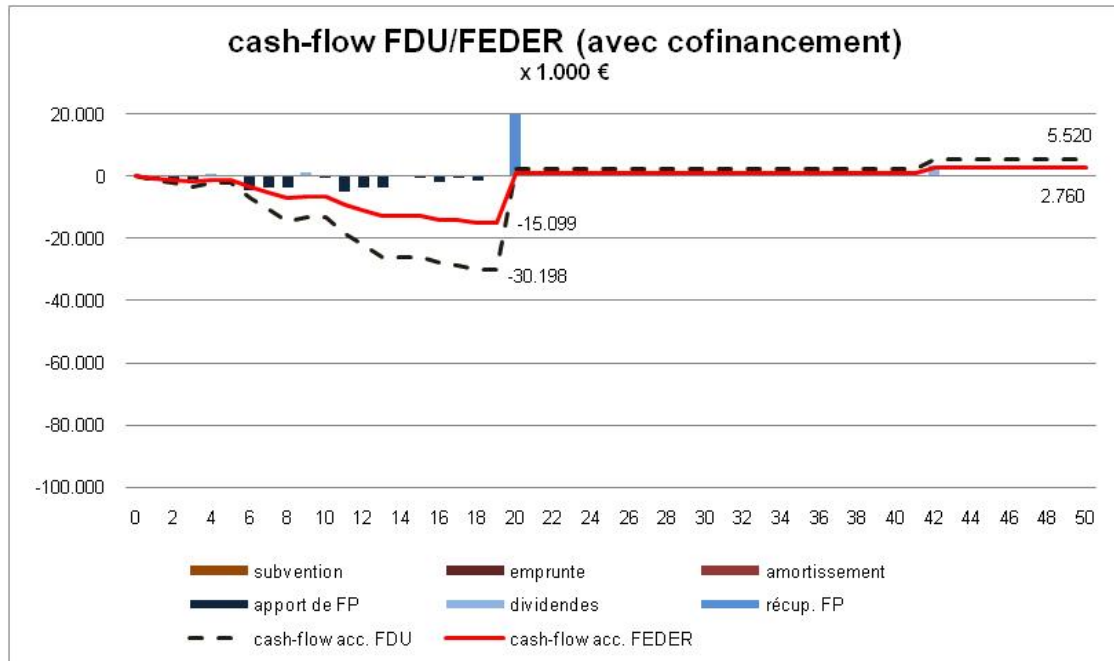
Figure 22: UDF cash flow scenario 8

Source: IDEA Consult financial model

6.4.13 Scenario 9: high UDF participation

In the case of the variant of programme 3, the project can integrate more ERDF eligible costs and thus also integrate a higher UDF participation. This scenario tests a UDF participation of 60% in the project (versus 50% in the preceding scenarios). The results are the following:

- Scenario 9 (VAR 3):
 - IRR: 8.6%
 - financing needs (equity + bank financing): €198.9m
 - contribution of equity by a UDF: €32.3m
 - ROE - private: 8.6%
 - ROE - UDF: 3.9%



French	English
Cash-flow FDU/FEDER (avec cofinancement)	UDF/ERDF cash flow (with cofinancing)
subvention	grant
emprunt	borrowings
amortissement	repayment
Cash-flow acc. FDU	UDF acc. cash flow

French	English
Apport de FP	Contribution of PF
Cash-flow acc. FEDER	ERDF acc. cash flow
Récup. FP	PF recovered
dividendes	dividends

Figure 23: UDF cash flow scenario 9

Source: IDEA Consult financial model

Participation comes to €30m, but there also high returns (€5.5m at the end of the project).

6.4.14 Conclusions in relation to the JESSICA strategy in the BCR

Below is an overview of the results of the various scenarios:

RESULTATS	SCEN 1	SCEN 2	SCEN 3	SCEN 4	SCEN 5	SCEN 6	SCEN 7	SCEN 8	SCEN 9
projet									
IRR	5,5%	4,8%	5,0%	4,8%	5,0%	4,8%	5,0%	5,3%	5,0%
investissement total	168.392.392 €	178.442.415 €	175.990.586 €	178.442.415 €	175.990.586 €	178.442.415 €	175.990.586 €	178.442.415 €	175.990.586 €
fonds propres privés									
- mise de fonds totale	31.881.265 €	58.615.305 €	66.915.784 €	32.508.642 €	32.574.987 €	20.185.454 €	20.221.806 €	37.315.225 €	27.356.800 €
- rendement net	8,4%	4,3%	3,9%	7,3%	7,6%	10,3%	10,7%	6,9%	8,6%
prêt bancaire									
- emprunte total	127.525.061 €	108.856.994 €	100.373.677 €	133.714.281 €	133.988.168 €	73.635.666 €	73.768.957 €	153.556.842 €	139.206.356 €
- intérêts payés	3.188.127 €	2.721.425 €	2.509.342 €	3.342.857 €	3.349.704 €	1.840.892 €	1.844.224 €	3.838.921 €	3.480.159 €
FEDER									
- subvention FEDER	4.500.000 €	4.500.000 €	4.500.000 €	0 €	0 €	0 €	0 €	0 €	0 €
FDU (JESSICA)									
- mise de fonds propres	0 €	0 €	0 €	24.797.479 €	24.848.513 €	16.632.379 €	16.662.672 €	28.494.850 €	32.303.067 €
- dividendes	0 €	0 €	0 €	668.601 €	668.601 €	5.262.670 €	5.308.769 €	3.732.090 €	5.519.589 €
- remboursement	0 €	0 €	0 €	24.797.479 €	24.848.513 €	16.632.379 €	16.662.672 €	28.494.850 €	32.303.067 €
- rendement net sur fonds propres	n/a	n/a	n/a	2,8%	2,8%	4,9%	5,0%	4,0%	3,9%
- emprunte total	0 €	0 €	0 €	0 €	0 €	73.635.666 €	73.768.957 €	0 €	0 €
- intérêts payés	0 €	0 €	0 €	0 €	0 €	368.178 €	368.845 €	0 €	0 €
CONTRIBUTION TOTALE FEDER	4.500.000 €	4.500.000 €	4.500.000 €	6.199.370 €	6.212.128 €	40.975.927 €	41.050.146 €	7.123.712 €	8.075.767 €
RETOMBES	0 €	0 €	0 €	6.366.520 €	6.379.279 €	42.475.684 €	42.561.761 €	8.056.735 €	9.455.664 €
SOLDE	-4.500.000 €	-4.500.000 €	-4.500.000 €	167.150 €	167.150 €	1.499.757 €	1.511.615 €	933.023 €	1.379.897 €

RESULTS
Project
IRR
total investment
Private equity
total investment
net yield
Bank loan
total borrowings
interest paid
ERDF
ERDF grant
UDF (JESSICA)
equity investment
Dividends
Reimbursement
net return on equity
total borrowings
interest paid
TOTAL ERDF CONTRIBUTION
IMPACT
BALANCE

Table 8: Abatan case study - results of the scenarios

Source: IDEA Consult financial model

In general, the following conclusions are pertinent in relation to the implementation of a JESSICA strategy in the Brussels-Capital Region:

- The advantage of working with a JESSICA structure which integrates (a part) of the ERDF funds becomes clear when we look at the last line of the above table. We note that the ERDF contribution can evolve from a non-recoverable

grant to a contribution in the form of financing. Depending on the project arrangement, the ERDF contribution can be fully recovered, in certain formulas even with a gain.

- A major development such as Abatan 2020 offers interesting opportunities because of its scale:
 - A medium or long-term commitment of a UDF in such a scheme allows the other investors to make decisions which are directed towards the creation of long-term value.
 - Less profitable parts can be offset by more profitable parts.
 - Project flexibility is necessary to be able to react to changes in the market or in political options in the future.
 - The phasing increases the leverage of the funds applied: the revenues of the first phases finance the later phases.

- The commitment of a UDF in the project generates financial leverage in relation to the other funding sources:
 - The subordination of UDF equity to private equity allows private investors to take certain "risks" in the interests of project quality in the longer term.
 - If the UDF also makes loan commitments, the leverage is increased further, because the commercial banks will have additional guarantees and can reduce their interest rates.
 - However, a loan-based formula requires much higher sums or substantial public guarantees.

- The public sector's change of role – from a grantor of subsidies to an investment partner – can make urban renewal more efficient:
 - The dialogue between public sector and private sector changes in character: the joint commitment to a project forces them to find a "win-win" scenario for everyone.
 - Public funds are used more effectively: although they still cover the residual risk, the results of a financially advantageous project will be distributed in an equitable manner.

- In order to provide a return on equity that is acceptable for a private investor (minimum 10%-12%), the gross margin of the projects (revenues/costs) must be about 25% to 30%. Nevertheless, this can be qualified:
 - If JESSICA allows a private investor to carry out its project within a shorter time or with less risk, the private investor is often prepared to accept a lower return.
 - The interests of an owner or private investor are not always strictly financial: in the case of Abatan, it is also important to be able to continue the existing activities on the site.
 - If JESSICA focuses on major high-impact development schemes, private investors can also benefit from the gains made in the project's vicinity.

7 THEME 4: A JESSICA STRUCTURE IN THE BCR

7.1 Topics for consideration

In the rest of this chapter, the general structure suggested for JESSICA in the Brussels-Capital Region is described, initially in broad outlines, then in more detail. We will begin by describing the hypotheses that result from the above analyses.

7.1.1 *Implementation phasing*

The ERDF 2007-2013 programme is in progress. The budget was entirely allocated at the beginning of the period. However, some projects were abandoned or have still not taken concrete form. By the end of this year, the Government wants to review these projects in order to see whether any additions to the budget might be considered.

This exercise and possibly, other updates over the coming years, have the potential to release a sum of about €5m during this programming period.

During a later period (2014-2020), further payments can supplement the budget, so that the UDF can operate to its full extent.

7.1.2 *A realisation tool for the S.RDP*

The Region is currently drawing up the new S.RDP in which the major master plans will be reemployed as strategic projects for the spatial and socio-economic development of the Region.

Although a whole range of mechanisms for the realisation of strategic projects already exists, there is a clear need for a holistic tool that can take the initiative in the physical realisation of these major projects.

The proposed role of a UDF in the Region will thus be that of a land developer for major urban transformation projects.

In order to optimise the fund rotation, a juxtaposition of major projects with more targeted real estate projects is proposed. These "small projects" may be projects which supplement development plans, e.g.

- A business centre
- An incubator project
- The renovation of income properties in a commercial street
- ...

Moreover, in this way the UDF will benefit from the creation of induced value in the surroundings of the major projects.

7.1.3 *Structuring by the SDRB with the ADT in support*

The structuring of a UDF by means of the SDRB seems logical for several reasons:

- The SDRB's experience in integrated urban development, in particular, regulated housing projects, industrial land and business centres
- The Government's wish to make the SDRB a land developer as a tool for the performance of major development projects.
- The articles of association of the SDRB provide for the SDRB's role as an operator in the area of economic development and urban renewal (chapter

III: Missions, Article 4), notably by the creation of SPVs or holdings in public-private enterprises⁶.

- The SDRB's experience in arranging public-private partnerships, and the acquisition of interests in private companies.

Since the ADT's remit includes the coordination of major urban projects in the Brussels-Capital Region, operational support by the ADT seems logical. As it is a public-law, non-profit association, the ADT will not be able to create financial structures and financial partnerships, but it will have to play its part in the JESSICA projects in the Brussels-Capital Region. A framework contract between the ADT and the SDRB may be concluded in relation to this collaboration.

7.1.4 Equity financing

The UDF will finance the projects solely by equity interests in project SPVs. This is proposed for three reasons:

- The Brussels-Capital Region has significant debt and the loans already guaranteed by regional independent or semi-independent public institutions have strongly increased in recent years.
- The case study has shown that the financial resources of the UDF will be recovered much less quickly, which will slow down the revolving fund.
- Since the majority of the pilot projects are more or less private, there is a significant risk that financing by advantageous loans will be deemed illegal state aid.

Moreover, financing by way of equity investment is much more in keeping with the principle of creating leverage.

That said, there is nothing to prevent the granting of loans from supplementing the range of financial instruments provided by the UDF (e.g. when the BCR's indebtedness is reduced) at a later date.

7.1.5 An independent public-private structure

Given that the UDF must follow economic principles, in order to ensure the supply of long-term funds, it is proposed to set up a UDF as a public-private investment fund with a 50-50 share allocation. This implies that each board decision will require a consensus.

A clear business plan and an autonomous board of directors are essential for this operation (see below).

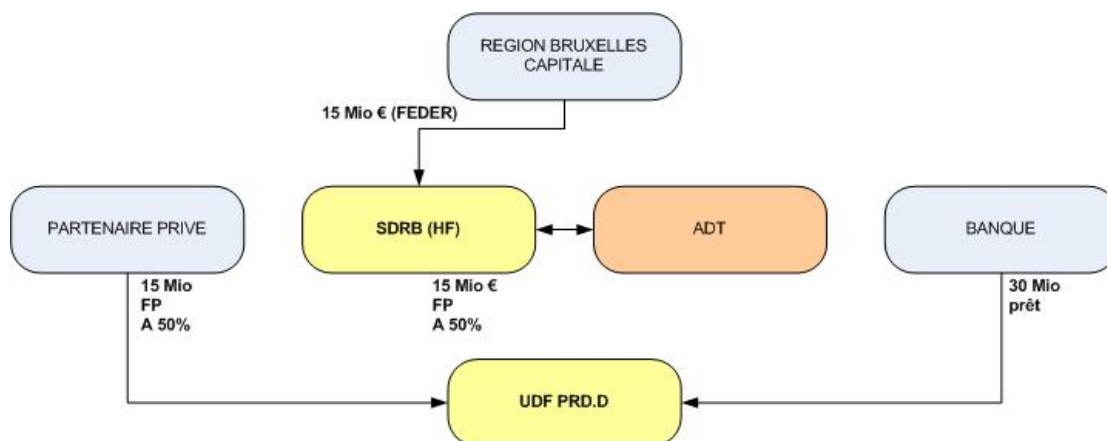
7.2 General structure

7.2.1 Composition of the UDF-S.RDP

Based on the above reflections, the structure below is proposed as the general structure for the implementation of JESSICA in the Brussels-Capital Region.

⁶ § 4. The SDRB may enter into contracts with third parties for the performance of the economic development and urban renewal missions referred to in the above two paragraphs.

The SDRB may set up commercial companies, acquire interests in such companies or participate in real estate transactions with third parties.



<i>French</i>	<i>English</i>
<i>REGION BRUXELLES CAPITALE</i>	<i>BRUSSELS CAPITAL REGION</i>
<i>15 Mio (FEDER)</i>	<i>15 Mn (ERDF)</i>
<i>PARTENAIRE PRIVE</i>	<i>PRIVATE PARTNER</i>
<i>SDRB (HF)</i>	<i>SDRB (HF)</i>
<i>ADT</i>	<i>ADT</i>
<i>15 Mio FP A 50%</i>	<i>15 Mn PF AT 50%</i>
<i>BANQUE</i>	<i>BANK</i>
<i>30 mio pret</i>	<i>30mn loan</i>
<i>UDF PRD.D</i>	<i>UDF S.RDP</i>

Figure 24: Basic UDF S.RDP structure

Source: IDEA Consult financial model

Basically, the UDF will consist of two founder partners:

- The SDRB, as investment channel of the Brussels-Capital Region: The SDRB will take the initiative in creating the UDF by engaging a private partner. Initially, the ERDF money can be paid straight into a separate account of the SDRB. During this period, the SDRB will act as a sort of pre-UDF.
- A private financial partner: selected following a public tendering procedure. In addition to its financial contribution, the role of this partner will be to share its experience and knowledge in the UDF.

The private partner is selected following a public tendering procedure. On the basis of the analysis of the projects and the advancement of the ERDF programme in the Brussels-Capital Region, a budget of €15m (ERDF + cofinancing), supplemented in the same amount by the private partner and a bank loan of €30m, may be enough to finance a first round of projects.

In order to create financial leverage, the loan must be granted on advantageous terms, for example a loan from an International Financial Institution.

7.2.2 *Revolving funds*

In the analysis of the projects it is specified that there are projects likely to be carried out in the short term and others that are not yet mature:

- Projects which may be completed or started before 2020:
 - Tour&Taxis
 - Abatan 2020
 - Molenbeek Canal
 - Heysel
 - ...
- Projects which will probably not start before 2020:
 - Schaerbeek-Formation
 - Mabru
 - Former BILC project
 - ...

This allows the fund to recover its resources after a first round of investment and to invest them in a new series of projects, as indicated in the diagram below:

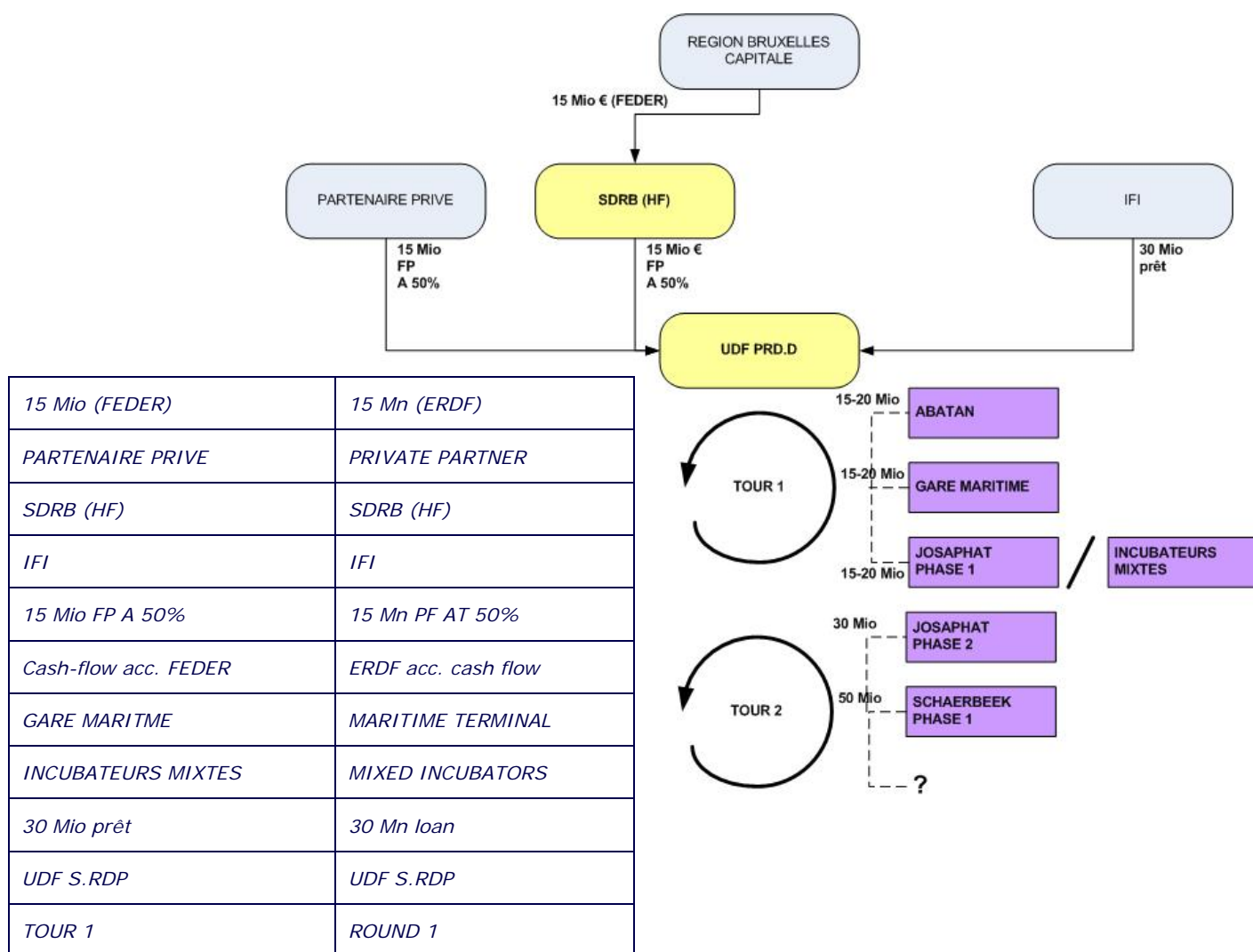


Figure 25: UDF S.RDP

Source: IDEA Consult financial model

7.2.3 Activities

Given the structure of the proposed UDF-S.RDP and the potential projects, its tasks will be multiple:

- To constitute a portfolio of projects
- Project pre-feasibility
- Definition of projects in collaboration with authorities and landowners
- To select project partners
- Arrangement of project structures
- Project oversight
- Project marketing
- ...

It is notably in respect of these preparatory activities that the ADT can play a big role (delimitation of JESSICA projects, partnerships, integration of projects into broader urban projects, etc).

So that these tasks can be carried out effectively by the UDF's management, which is also selected in compliance with public procurement rules, objectives should be clearly formulated in the business plan and communicated to all collaborators and directors. The objectives will comprise:

- The ambitions to be realised in the projects, e.g.
 - Functional diversity
 - The quality of the architecture and of the public space
 - Energy performance
 - ...
- The desired financial performance
 - Gross margin of the projects
 - IRR of the projects
 - Desired ROE
 - Risk management
 - ...
- The planning for the execution of the projects
 - Execution scenarios
 - Procedures to be followed
 - ...

7.3 Operation

7.3.1 Legal structure

For the pre-UDF

Initially, it is proposed that the HF should not be a legal person, but should limit itself to a separate account with the SDRB that is distinct from the general accounting of the SDRB that is clearly described in a specific management contract between the Brussels-Capital Region and the SDRB in relation to the SDRB's task in the implementation of JESSICA in the Brussels-Capital Region.

For the UDF

The UDF will be structured as a *société anonyme* (public limited company – SA). First of all, this form is the most suitable for companies whose interests are primarily financial (joint stock company) and thus allows for great flexibility in the drafting of contracts between shareholders.

Since the société anonyme is one of the most widely-used company forms, it is well described in legislation and allows for great flexibility in the organisation of its organs.

The decision-making core in an SA is the board of directors. In the present UDF, it is recommended to create a board of directors with an equal composition between public shareholders (SDRB) and private shareholders, possibly supplemented by independent directors.

In order to optimise the operation of the UDF and its board of directors, it is better to give a more operational role to this board and to appoint a limited number of directors. These directors will thus monitor project progress very closely.

In order to guarantee project quality, certain experts may be added to specific boards, in the form of a chamber of reflection.

One composition example could be:

- Two directors named by the SDRB and the ADT
- Two directors named by the private partner

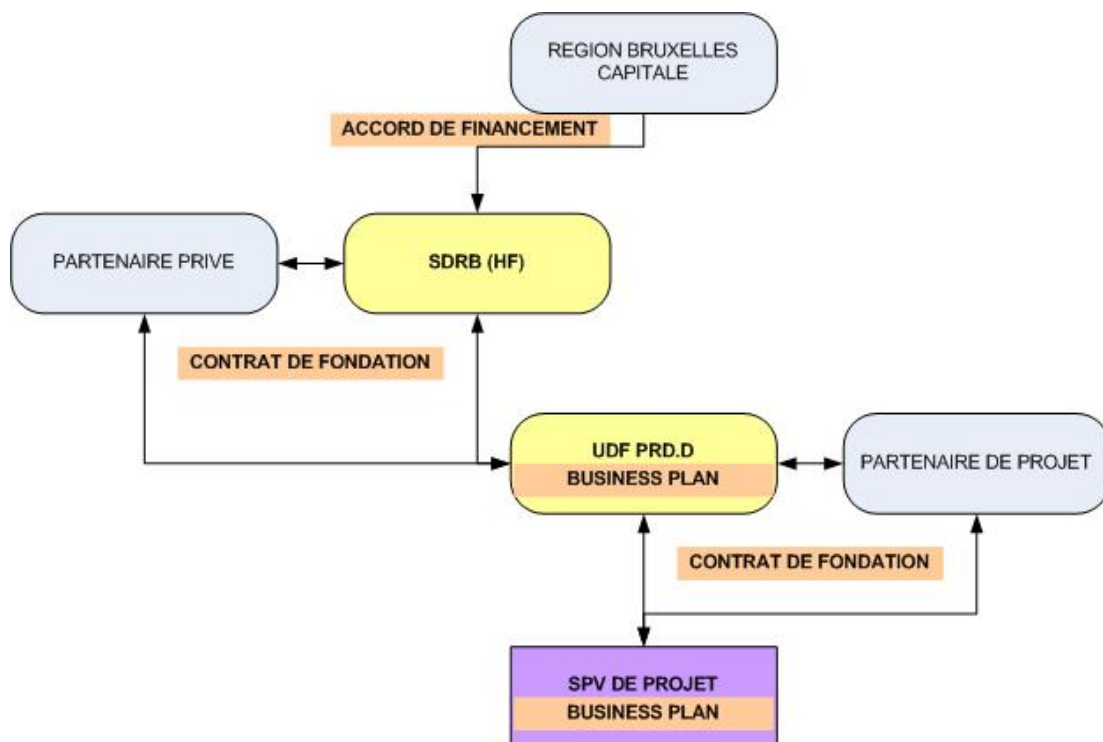
For the extended board, the chamber of reflection, a possible composition could be:

- Four directors
- An expert in the real estate market
- A legal expert
- A financial expert
- A sustainable development expert
- An expert in architectural quality (possibly Bouwmeester)
- A representative of the ADT
- ...

This chamber of reflection could meet once a year to discuss project progress or hold extraordinary meetings to support important decisions with respect to new investment.

7.3.2 The financing agreement, the UDF-S.RDP business plan and the contract of formation

The operation of the various components of the strategy in the Brussels-Capital Region (Holding Funds of the SDRB, the UDF-S.RDP and projects) will be governed by strategic documents and contracts, as shown in the figure below:



<i>REGION BRUXELLES CAPITALE</i>	<i>BRUSSELS-CAPITAL REGION</i>
<i>ACCORD DE FINANCEMENT</i>	<i>FINANCING AGREEMENT</i>
<i>PARTENAIRE PRIVE</i>	<i>PRIVATE PARTNER</i>
<i>SDRB (HF)</i>	<i>SDRB (HF)</i>
<i>CONTRAT DE FONDATION</i>	<i>CONTRACT OF FORMATION</i>
<i>UDF-PRD.D BUSINESS PLAN</i>	<i>UDF-S.RDP BUSINESS PLAN</i>
<i>PARTENAIRE DE PROJET</i>	<i>PROJECT PARTNER</i>
<i>SPV DE PROJET BUSINESS PLAN</i>	<i>PROJECT SPV BUSINESS PLAN</i>

Figure 26: JESSICA strategy: contracts

1. The financing agreement on the UDF

The Management Contract to be drawn up between the Brussels-Capital Region and the SDRB concerning its role in a UDF shall provide in particular for:

- the conditions of the contribution of the ERDF programme to the holding fund: amounts, timetable, accounts, etc
- a model call for expressions of interest addressed to the future private partners
- the evaluation method, selection and approval of these private partners
- the investment policy: long-list of the projects concerned, amounts and timetables, etc
- the mechanism for the restitution of resources by the SDRB to the ERDF unit of the Region and the Government.
- requirements as regards auditing
- the policy for the exit of the holding funds of the UDF to be created
- rules of liquidation of the holding fund, including the re-use of resources attributable to the contribution of the operational programme

2. Business Plan of the UDF-S.RDP

The draft of the business plan and the contract of formation form an integral part of the conditions for the commitment of a private financial partner. These documents must clearly describe the objectives and the operation of the UDF and also propose pilot projects to be realised, with the aim of being as concrete as possible. We propose to leave a certain margin for negotiation and specification in these drafts in order to maximise the result of a public contract and to create an effective public-private partnership.

The final UDF-S.RDP business plan is prepared after the selection of a private financial partner and contains at least the following elements:

- the target market of the urban projects, as well as the criteria and the terms and conditions of financing: minimum margin, minimum IRR, minimum ROE, etc
- the annual operational budget of the financial engineering instrument
- the properties of the financial engineering instrument
- the articles of association of the shareholders and the relations between them
- the articles of association of the financial engineering instrument;
- provisions as regards professionalism, competence and independence of management
- the justification for and intended use of the Structural Funds contribution, particularly with respect to the aspects relating to State aid
- the policy of the financial engineering instrument concerning disinvestment in companies or urban projects
- the rules of liquidation of the financial engineering instrument

3. The UDF-S.RDP Contract of Formation

The contract of formation (concluded between shareholders) contains the following elements at least:

- the strategy and investment programme;
- the supervision of implementation in accordance with applicable rules;
- a policy for exiting the financial engineering instrument for the contribution of the operational programme;

- the rules of liquidation of the financial engineering instrument, including the re-use of the resources attributable to the contribution of the operational programme which are transferred to the instrument pursuant to investments or which remain after the payment of all guarantees.

The provisions of the contract of formation are partially reproduced in the articles of association of the UDF-S.RDP, but are also the subject of contracts between the shareholders.

Thereafter, at the level of the projects, business plans will have to be drawn up once more along with contracts of formation and articles of association of the SPVs.

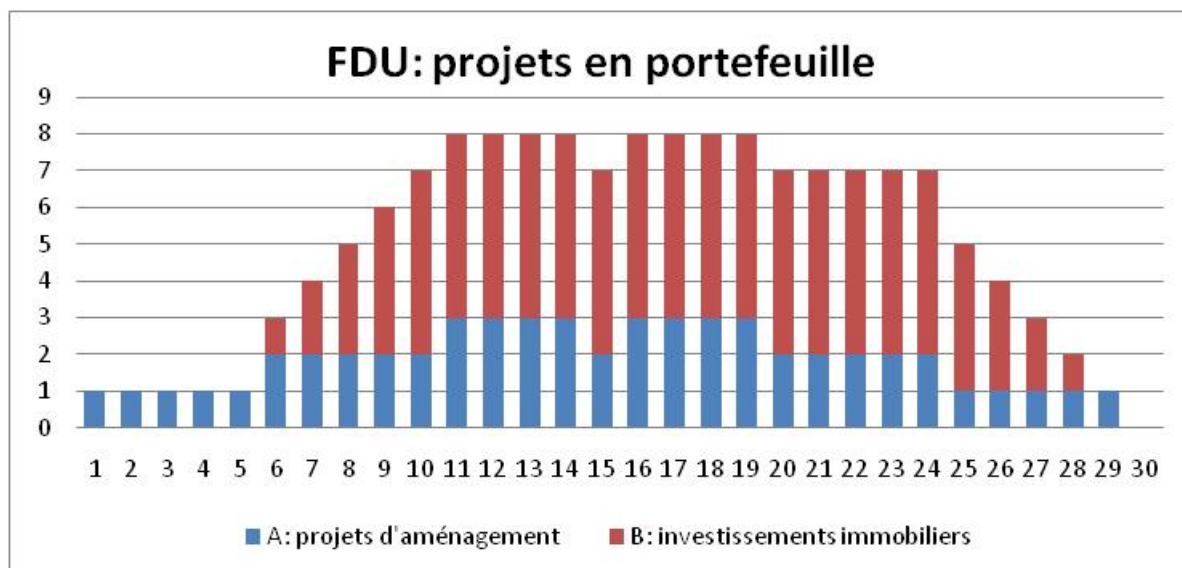
7.4 Financial operation

7.4.1 Financial simulation

To test the financial operation of the UDF, a simplified financial model was constructed on the basis of the ABATAN 2020 project case study. This simulation integrates two types of project:

- Development projects (such as Abatan 2020)
 - Investment of €200m
 - Margin of 30% on costs
 - 15-year project cycle
- Real estate projects (e.g. mixed incubator, commercial building, etc)
 - Investment of €10m
 - Margin of 20% on costs
 - 5-year project cycle

After a launching period, the UDF will invest each year in a real estate project, and every five years a new development project will be started.



<i>FDU - projets en portefeuille</i>	<i>UDF – portfolio projects</i>
<i>Projets d'aménagement</i>	<i>Development projects</i>
<i>Investissements immobiliers</i>	<i>Real estate investment</i>

Figure 27: UDF – portfolio projects

Source: IDEA Consult financial model

With a limited and targeted board of directors, the management costs of the UDF can be estimated at 350,000 euros per annum (staff, company expenses, preparatory studies, etc - all expenses related to the projects are recorded as project costs).

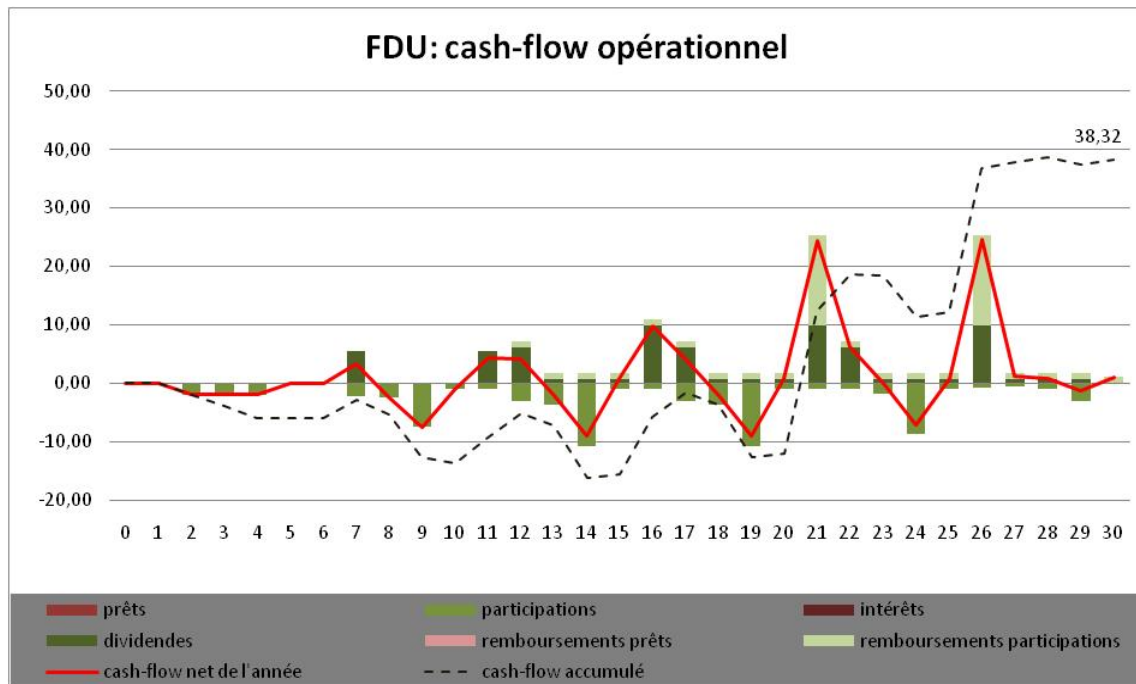
The proposed financing of the UDF is the following:

- 50% in equity
- 50% in loans from an IFI or a commercial bank with a regional guarantee (hypothetical interest rate of 4%)

The cash flow of the UDF is composed of the following elements:

- Equity stakes
- Dividends
- Project exit: reimbursement of the investment + reserves

On the basis of these assumptions, the UDF's cash flow over 30 years is the following:

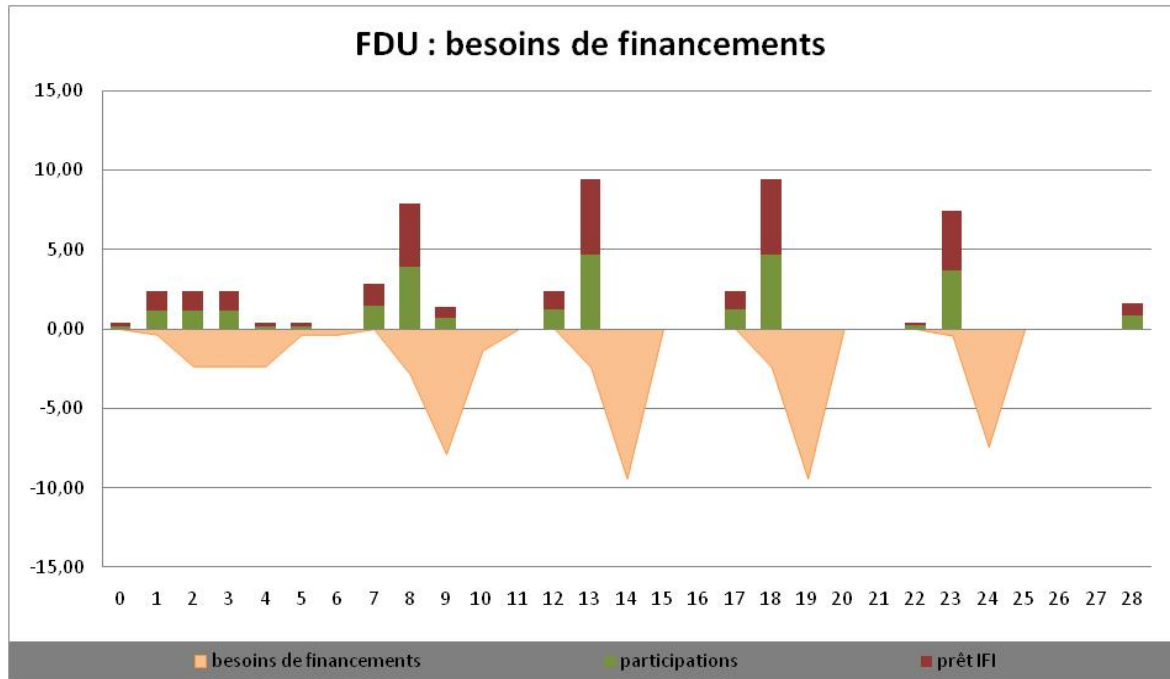


<i>FDU – cash-flow opérationnel</i>	<i>UDF - operational cash flow</i>
<i>Prêts</i>	<i>loans</i>
<i>Dividendes</i>	<i>dividends</i>
<i>Cash flow net de l'année</i>	<i>Net cash flow for the year</i>
<i>Participations</i>	<i>investments</i>
<i>Remboursement prêts</i>	<i>Repayment of loans</i>
<i>Cash flow accumulé</i>	<i>Accumulated cash flow</i>
<i>Intérêts</i>	<i>interest</i>
<i>Remboursements participations</i>	<i>Reimbursement of investments</i>

Figure 28: UDF - operational cash flow

Source: IDEA Consult financial model

On the basis of the assumptions made, over 30 years the UDF will carry out 23 projects (4 major projects + 19 small projects) for a total investment of €990m. Thanks to the fact that these projects will be carried out in partnership with other investors and the fact that the projects will be carried out in phases, the financing requirement will be much smaller.



<i>FDU: besoins de financements</i>	<i>UDF: financing requirements</i>
<i>besoins de financements</i>	<i>financing requirements</i>
<i>Participations</i>	<i>investment</i>
<i>Pret IFI</i>	<i>IFI loan</i>

Figure 29: UDF - financing requirements

Source: IDEA Consult financial model

As shown in the figure above, this financing requirement will also be spread out over time according to the UDF investment cycles.

Overall, the UDF described will need total financing of €59.1m:

- €29.5m in bank credit (interest rate of 4%)
- €14.8m in public investment
- €14.8m in private investment

The total ROE for the equity investment is 7.4%. If one wishes to guarantee a minimum ROE for the private investor of about 12%, the return on the public funds (the ERDF + cofinancing) is 2.8%, which makes it possible to recycle the funds.

7.4.2 The role of the ERDF in the UDF

In relation to the use of the ERDF budget of the Region in this strategy, two scenarios are possible:

- Quick start: the SDRB and UDF holding funds are created during the current programming period with a budget arising from the failure of certain projects to get off the ground. This budget may be of the order of €5m (ERDF +

regional cofinancing). After 2013, the SDRB budget is then supplemented by an amount in the region of €10m. The private partner participates to the same extent. This strategy allows the UDF to begin one project in the O.P. currently in progress and thus to test its effectiveness.

- Creation after 2013: It is highly likely that the EC will put more pressure on Member States regarding the use of financial engineering in the next programming period. The Region may also decide to wait until the next period before implementing JESSICA. Nevertheless, the preparation of the mechanism and projects can already begin.

The advantages of the "quick-start" are multiple:

- It makes it possible to test the mechanism, for the SDRB and the private partner. The contracts of formation can then provide for an exit in 2013 in the event of failure.
- It makes it possible to recover budgets which might be lost owing to the non-realisation of a project.
- It makes it possible to carry out projects currently present in the OP in a JESSICA mechanism and thus to improve the financial efficiency of the programme.

7.5 Legal aspects

7.5.1 *Observance of free trade*

Since the mechanism will use public resources (the ERDF + regional cofinancing), public procurement legislation must be applied at all levels:

- Selection of a financial partner for the UDF
- Project selection
- Selection of project partners
- Investments made by project SPVs

In theory, some of these operations may take place outside the framework of the legislation on government contracts, but the application will notably provide more legal security, greater clarity and will also help to avoid illegal State aid.

In order to create sufficient independence and avoid conflicts of interest in the financing of project SPVs, the suggestion may be made to include the following aspects in the criteria for the selection of private financial partners:

- Private investors cannot have ties with the construction companies. The latter will always be selected by a procedure that guarantees competitive prices and quality of execution.
- Bank financing of the projects will always take place under advantageous and competitive conditions. The UDF's private financial partner will not automatically have the right to finance project SPVs.

7.5.2 *State aid*

In order to prevent the mechanism from being considered illegal State aid, the following measures must be observed:

- Delimitation of a **geographical perimeter of intervention** for the UDF initiatives that are not in conformity with the operation of the market. This perimeter may be the current PIZ or a more specific perimeter. This does not prevent the UDF from taking initiatives outside this perimeter, but such

initiatives will have to be carried out in compliance with free trade and use parameters that conform to the market.

- A good **description of the initiative** in all documents on the basis of which decisions are made, which highlights the socio-economic objectives, a perimeter of intervention, the failure of the market in the perimeter of intervention, etc

This must in particular be incorporated into the following documents:

- the governmental decision on the implementation of JESSICA in the BCR
 - the management contract between the Region and the SDRB
 - the business plan of the UDF
 - the financing contract between the SDRB and its UDF
 - the financing contracts between the UDF and the projects
- A **demonstration of the necessity for public involvement** in the projects, e.g.
 - Pollution abatement
 - Consolidation of sites
 - Socio-economic, touristic development, etc
 - Interlacing of the project with public infrastructures
 - ...
 - Clear specifications in the business plan and the articles of association of the UDF as to the **use of any extraordinary gains** resulting from the projects.
 - **Preliminary announcement** of the initiative and its specific implementation instruments for the BCR vis-à-vis the relevant EC services.

7.5.3 *ESA 95 Neutrality*

The proposed UDF can be set up so that the debts of the UDF cannot be consolidated into the public debt of the Brussels-Capital Region, by respecting the following aspects:

- **An institutional unit:** the UDF will have its own accounting and its board will make its decisions independently in compliance with the business plan and the contracts of formation. In particular, the UDF will have the right to own real estate, make its own investments with full legal responsibility and conclude contracts with third parties.
- **Public producer:** since the public sector will only have reduced power in the UDF, the UDF should not in theory be classified as a public producer.
- **Market producer:** the UDF is created as a revolving fund that is responsible for its own revenue. Project SPVs must recover investment costs by sales or other kinds of revenue.
- **Guarantee in respect of risks:** the SDRB, the private financial partner and the project partners assume joint and several liability for risks (although the return of the public partner is subordinated). Essentially, the public sector will thus always have a minority responsibility in relation to the guarantee in respect of risks. Moreover, the UDF and project SPVs will always follow a market logic in the development of projects.

7.6 Implementation

7.6.1 *Stages*

The implementation of the JESSICA strategy can be deduced from the proposed structure. These stages are developed in more detail below.

Stage 1: Political decision

Considering the strategic importance of the developed mechanism, it goes without saying that implementation begins with a political decision which confirms the desire of the Brussels-Capital Region for the realisation of a UDF. This decision already traces the guidelines of the contemplated mechanism and authorises the SDRB to take implementation initiatives.

This political decision will be confirmed by the conclusion of a management agreement with the SDRB in relation to JESSICA.

Stage 2: Creation of the pre-UDF within the SDRB

The SDRB will set up a separate account and distinct accounting to manage the ERDF package for the implementation of JESSICA. A specific management contract for JESSICA is concluded between the Region and the SDRB. The Region can take advantage of the absence of a general management contract with the SDRB in order to draft this contract in parallel.

Stage 3: Development of the UDF

Then the SDRB can start developing a UDF:

- On the basis of the long-list of projects, meetings and negotiations with project developers are initiated, in order to clarify the broad outlines of a possible cofinancing of the UDF in these projects:
 - Definition and delimitation of the projects
 - Financial criteria
 - Specific role of the UDF in these projects
- European publication of a call for proposals: in this call for proposals, the following criteria can play a part:
 - Size and financial stability of the candidate
 - The candidate's experience with similar PPPs
 - The candidate's development experienceThe absence of conflicts of interest (e.g. no ties between financial investors and building firms, etc)
- Pre-selection of the candidates who will be admitted to the negotiation phase:
 - Submission and explanation of specifications. These specifications contain, in particular, the outline of the business plan of the UDF and the project definitions.
 - Reception and negotiation of offers: in addition to the financial offer, the candidates' vision of the projects in question must be taken into account!
 - Final negotiation, possibly on the basis of a BAFO

Stage 4: Creation of the public-private UDF

Once the private financial partner has been selected, the UDF can be implemented:

- Finalisation of the business plan
- Conclusion of contracts of formation between the private partner and the SDRB
- Creation of a legal entity: the UDF-S.RDP SA

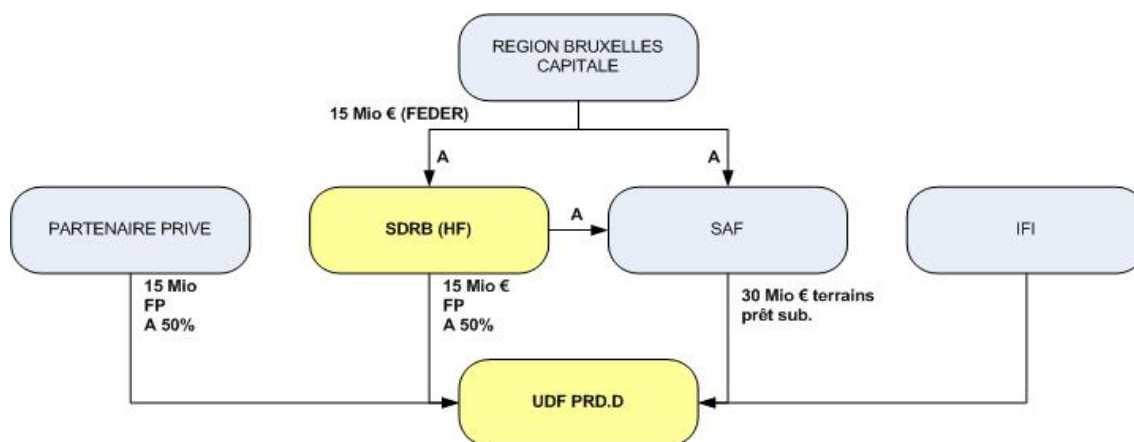
7.6.2 Option: integration of the SAF

As an option, the proposed structure could integrate part of the land portfolio of the SAF, with the following advantages:

- A rationalisation and acceleration of planning in the BCR
- A better balance between projects with high profitability and projects with low profitability

- The land portfolio can constitute financial leverage, providing more financial guarantees to banks or IFIs.

In such a structure, these lands could be introduced into the UDF in the form of a subordinated loan.



<i>French</i>	<i>English</i>
REGION BRUXELLES CAPITALE	BRUSSELS CAPITAL REGION
15 Mio (FEDER)	15 Mn (ERDF)
PARTENAIRE PRIVE	PRIVATE PARTNER
SDRB (HF)	SDRB (HF)
SAF	SAF
15 Mio FP A 50%	15 Mn PF AT 50%
IFI	IFI
30 mio € terrains/ prêt sub	€30 Mn land / Sub. loan
UDF PRD.D	UDF S.RDP

Figure 30: UDF S.RDP - option with integration of the SAF

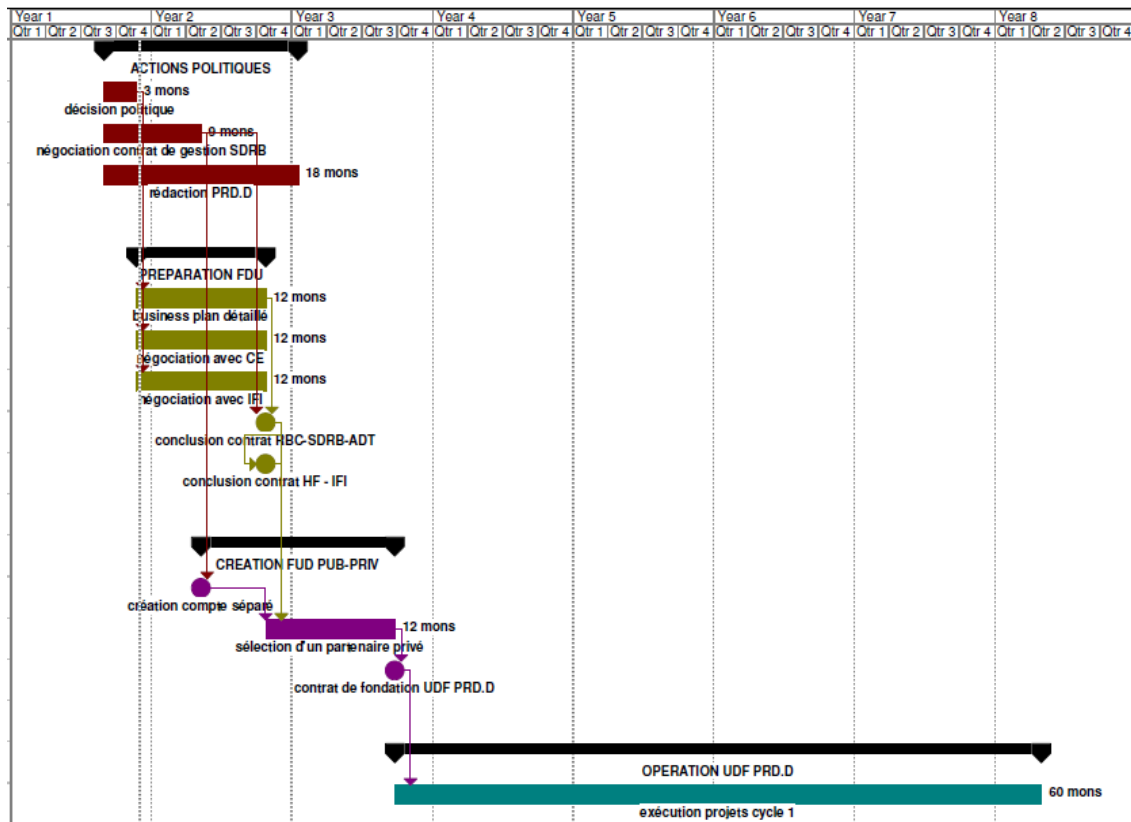
7.6.3 Timetable

The implementation time of the mechanism may be estimated up to two years. During this preparatory period, the following tasks are planned:

- Political discussion within the Government and between the Government and the SDRB (approx. 3 months) + creation of the pre-UDF
- Development of the UDF within the SDRB (drafting of a detailed business plan, negotiation with IFIs, selection of projects, etc.: approx. 12 months)
- Preparation of the foundations of the UDF (selection of a private partner, etc.: approx. 12 months)

This may seem like a long time, but considering the proposal to centre the UDF on the S.RDP (still in preparation) this timing is perfectly acceptable.

Furthermore, it is the creation of the pre-UDF that is the key date in the financial management in relation to the ERDF. The pre-UDF can be created very quickly, on the basis of a political agreement on the implementation of JESSICA in the Brussels-Capital Region.



French	English
ACTIONS POLITIQUES	POLITICAL ACTIONS
Mons	months
Décision politique	Political decision
Négociation contrat de gestion SDRB	Negotiation of SDRB management contract
Rédaction S.RDP	Drafting of S.RDP
PREPARATION HF	PREPARATION OF HF
Business plan détaillé	Detailed business plan
Négociation avec CE	Negotiation with EC
Négociation avec IFI	Negotiation with IFI

French	English
Conclusion contrat HBC-SDRB	Conclusion of HBC-SDRB contract
Conclusion contrat HF-IFI	Conclusion of HF-IFI contract
PREPARATION UDF S.RDP	PREPARATION OF UDF S.RDP
Préselection projets	Pre-selection of projects
Pré faisabilité	Pre-feasibility
Sélection d'un partenaire privé	Selection of a private partner
Contrat de fondation UDF S.RDP	UDF S.RDP foundation contract
OPERATION UDF S.RDP	UDF S.RDP OPERATION
Exécution cycle 1 projets	Project execution cycle 1

Figure 31: Times for the implementation of JESSICA in the BCR

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APPENDIX 1: ERDF PROJECTS CHOSEN

No.	Project	Beneficiary	Contents
P11-02	Port Sud	AC Anderlecht	<p>The principal activity, and first component, of the PORT SUD – Canal d'Innovation project is aimed at attracting new and expanding SMEs of intermediate size (more than 500 m²) and at job creation. This activity will be accommodated in the building at 23, Quai Demets, the former flour mill of Anderlecht, which will be renovated beforehand.</p> <p>The second component of the PORT SUD – Canal d'Innovation project aims to make the areas more dynamic by the construction of a Canal Innovation and Discovery Centre (exhibitions, training, events, visits, etc) at 23 and 33 Quai Demets (former STIB power plant). This activity will develop 500 m².</p>
P11-05	Brussels Greenfields	Bruxelles Environnement	The Greenfields project is a pilot project that consists of a mechanism of guidance and of financial support of sponsors of economic projects which plan to locate their activities on a polluted site. The project focuses on the multidisciplinary guidance of project sponsors to increase their chances of success, as well as increasing business accommodation capacities (grounds), through re-mobilisation of sites that have been put "on ice" due to pollution.
P11-06	Espace Lumière	AC Anderlecht	The "ESPACE LUMIERE" project sponsored by the Commune of Anderlecht consists in renovating in accordance with low-energy principles the administrative building of the site of the old Cureghem veterinary school, which has a Monuments and Sites classification. The renovated 2,400 m ² space will make it possible to accommodate six or seven companies and to lease two conference rooms.
P11-07	Paepsem SME Centre	SDRB	Through this project, the SDRB proposes to supply space for growing businesses that produce physical goods and that generate employment; the project aims to keep them in the PIZ. The 6,000 m ² building will be built on land let to the SDRB under an emphyteutic lease, located at rue Paepsem 121, 1070 Anderlecht. It is in the southern extension of the PIZ, which is reserved for economic infrastructures.
P11-08	Urban economic activities centre	CPAS Ville de Bruxelles	The CPAS of the City of Brussels acquired the "BYRRH" industrial building in which it envisaged the creation of a nursery, selected pursuant to the first call for proposals. The project for the creation of an urban economic activities centre consists of the development and rehabilitation of the rest of the building which represents more than 8,500 m ² . The objectives of the project contribute to achieving the operational goal of the group of operation 1.1 by providing for the provision of almost 6,000 m ² to cater to expanding companies. The spaces will be adaptable. The creation of these spaces will help to keep economic actors on the site and attract new actors to the PIZ.
P12-01	Brussels GreenBizz	SDRB	The project aims to create an incubator for environmental companies in the field of eco-construction, renewable energies, and eco-products. The incubator aims to create 2730 m ² of offices, and 4770 m ² of workshops.

P12-02	Bruxelles Ecopôle	ARP	<p>The project concerns the creation of a social economic centre in the field of waste recovery. The request for financing relates in particular to the purchase of a 3,000 m² abandoned industrial building, and the development and rehabilitation of the site. Four activities will be carried on: bulky objects, IT, materials and bio fuel. In addition, the project should act as a centre of expertise in relation to re-use and recycling techniques, which will encourage the emergence and spread of innovative solutions making it possible to reduce the volume of incinerated waste.</p>
P21-01	Abatan Agro Park	Abatan nv	<p>The ERDF project has the objective of increasing the attractiveness of the site of the Cureghem abattoirs and developing economic activities there via the construction of 4,290 m² in industrial-type buildings and an 880 m² covered market in order to encourage the establishment of mobile traders on the weekend.</p> <p>The second aspect is the development and implementation of a system to raise the target public's awareness and inform it about topics like waste management and compliance with rules.</p> <p>Several other initiatives will also be implemented, such as the construction of a "black-box" infrastructure for events and the restoration of the covered market. The SDRB is in charge of the construction of the apartments above the ground levels used by Abatan.</p>
P21-07	Commercial innovation centre (act. 2&3)	Atrium	<p>The project aims to increase the attractiveness and to support the revitalisation of commercial arteries of the Priority Intervention Zone (PIZ) by transforming them into commercial innovation centres. The project envisages the renovation of commercial units and facades (activities 2 and 3).</p> <p>The project entails the deployment of a specific and innovative tool making it possible to increase the attractiveness of commercial arteries of the PIZ which require a boost by transforming them into commercial innovation centres. The public targets are the inhabitants of the PIZ but also the entrepreneurs and retailers of the PIZ, companies as well as tourists and regular customers. Moreover, Atrium estimates that finalisation will lead to the creation of 140 full-time equivalent jobs during the programming period. The project sponsor also envisages the creation of 120 shops and the renovation of 140 others.</p>
P22-14	Belle-Vue Hotel Complex	AC Molenbeek	<p>The "Espace hôtelier Belle Vue" training-insertion project focuses on poorly-qualified young people and a direct return to employment. It plans to train 115 people every year.</p> <p>Thanks to the hotel rooms created, it makes it possible to situate trainees and attract tourists to this zone where they can be accommodated in rooms of high quality. The project will occupy approximately 2,500 m².</p>

Table 9: ERDF projects likely to evolve towards a JESSICA mechanism

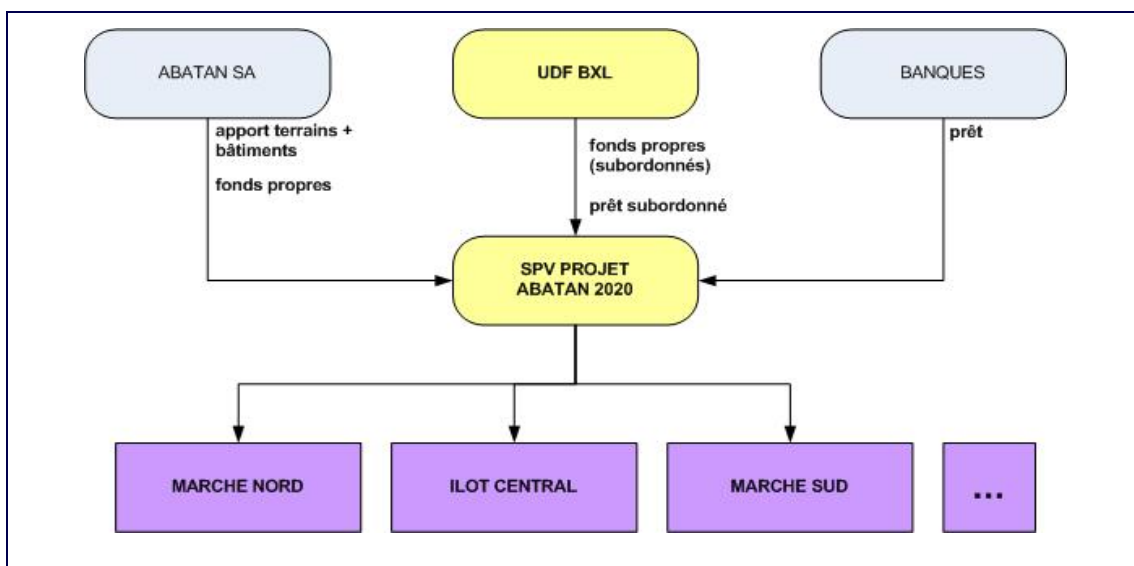
Source: ERDF 2007-2013 Coordination and Management Unit, modified by IDEA

APPENDIX 2: PILOT PROJECTS

1. ABATAN PROJECT



Description	Project ABATAN entails the renovation and development of the grounds of the abattoirs and of the cattle market in Anderlecht in a mixed urban district. This must be done in such a way as to respect the activities currently present on the site.
Actors	<ul style="list-style-type: none"> ■ Principal developer: Abatan SA ■ Other actors concerned: the STIB, the Commune of Anderlecht, the SDRB, etc
Area	+ 10 ha
Amount	Circa 170 mill. euros
Timing	2012-2025
Role of JESSICA	<p>JESSICA or a UDF BCR could structure the financial arrangement of the overall project or part of the project:</p> <ul style="list-style-type: none"> ■ The UDF could be co-financier with the company ABATAN either in its entirety, limited to the land development, or limited to the project commencement period ■ This allows the Region (via the UDF) to influence a strategic project for the Region. ■ Public contributions will thus take the form of leverage financing rather than traditional grants.

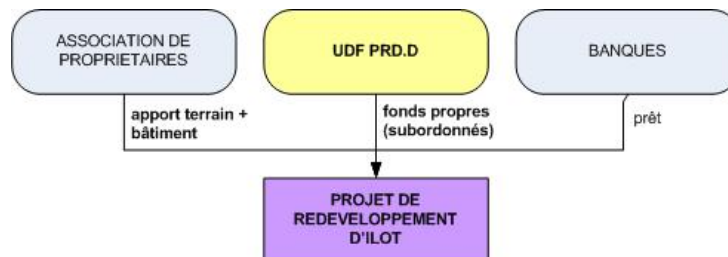


<i>ABATAN SA</i>	<i>ABATAN SA</i>
<i>UDF BXL</i>	<i>UDF BXL</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>Apport terrains + bâtiments</i>	<i>Contribution land + buildings</i>
<i>Fonds propres</i>	<i>equity</i>
<i>Fonds propres (subordonnés)</i>	<i>(subordinated) equity</i>
<i>Prêt subordonné</i>	<i>Subordinated loan</i>
<i>Prêt</i>	<i>loan</i>
<i>SPV PROJÉT ABATAN 2020</i>	<i>ABATAN 2020 PROJECT SPV</i>
<i>MARCHE NORD</i>	<i>NORTH MARKET</i>
<i>ILOT CENTRAL</i>	<i>CENTRAL ISLAND</i>
<i>MARCHE SUD</i>	<i>SOUTH MARKET</i>

2. MOLENBEEK-CANAL PROJECT



Description	<p>The Commune of Molenbeek-Saint-Jean is currently drawing up a master plan for parts of the Commune close to the Canal, between the Sainctelette Bridge and the Delacroix metro station. Although the contents of this project are still rather vague at the present time, the following points can already be indicated:</p> <ul style="list-style-type: none"> ■ Establishment of public services (nurseries, schools, etc) ■ A guiding framework for several major projects (Porte de Ninove, etc) ■ An economic redeployment of the zone <p>In particular, the zone contains several hangar complexes, often used for activities with little added-value (storage, illegal activities, etc)</p>
Actors	<ul style="list-style-type: none"> ■ Molenbeek Commune: drafting of the Master Plan ■ Owners of lands and hangars ■ ...
Area	Several operations circa 1-2 ha
Amount	Several operations of circa 25 Mn euros
Timing	2010-2020
Role of JESSICA	<p>The role of JESSICA in these hangar conversion operations could be as follows:</p> <ul style="list-style-type: none"> ■ Consolidation of sites ■ Help and encourage private owners in project development ■ Equity investment in the project ■ ...

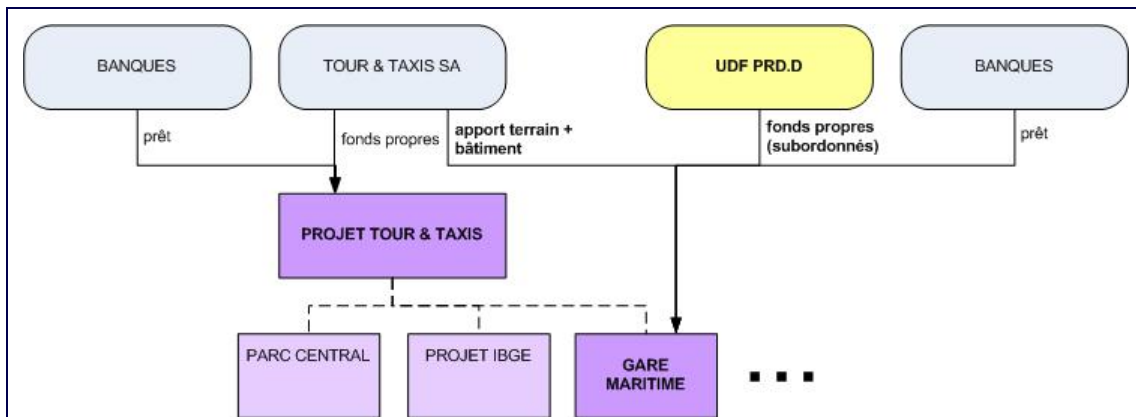


<i>ASSOCIATION DE PROPRIETAIRES</i>	<i>ASSOCIATION OF OWNERS</i>
<i>UDF PRD.D</i>	<i>UDF S.RDP</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>Apport terrains+batiments</i>	<i>Contribution land + buildings</i>
<i>Fonds propres (subordonnés)</i>	<i>(subordinated) equity</i>
<i>Prêt</i>	<i>loan</i>
<i>PROJET DE REDEVELOPPEMENT D'ILOT</i>	<i>ISLAND REDEVELOPMENT PROJECT</i>

3. TOUR & TAXIS PROJECT



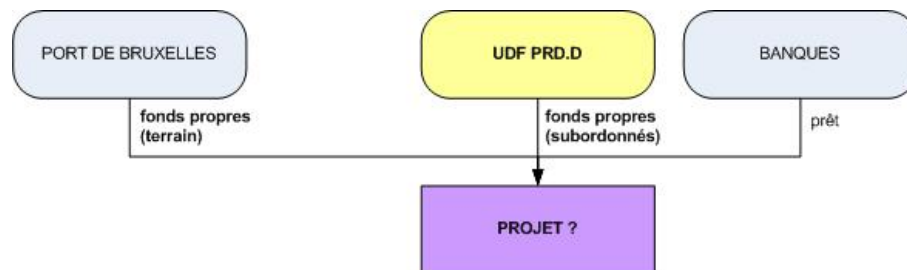
Description	<p>The Tour & Taxis project is a private project which consists in renovating a series of railway infrastructures and developing the surrounding lands</p> <ul style="list-style-type: none"> ■ offices ■ SMEs ■ a shopping centre in an old goods station ■ housing <p>This project also incorporates a park of 10 ha, a new tramline and a new bridge on the Canal. Certain parts of the project may be ceded to public actors.</p>
Actors	<ul style="list-style-type: none"> ■ Principal developer: T&T SA ■ Other actors concerned: the STIB, the City of Brussels, the IBGE, etc
Area	circa 30 ha
Amount	Circa 1 billion euros
Timing	2012-2030
Role of JESSICA	<p>JESSICA or a UDF BCR could structure the financial arrangement of part of the project:</p> <ul style="list-style-type: none"> ■ The Maritime Terminal requires either a large grant or substantial programming to finance the renovation ■ On the other hand, depending on the success of the rest of the development, substantial gains may be generated by this project component. ■ A JESSICA arrangement could therefore decrease the risk of this project component as well as generating gains for the public authority. ■ Public contributions will thus take the form of leverage financing rather than traditional grants.



<i>BANQUES</i>	<i>BANKS</i>
<i>TOUR & TAXIS SA</i>	<i>TOUR & TAXIS SA</i>
<i>UDF PRD.D</i>	<i>UDF S.RDP</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>Prêt</i>	<i>Loan</i>
<i>Fonds propres</i>	<i>Equity</i>
<i>Apport terrains + batiments</i>	<i>Contribution land + buildings</i>
<i>Fonds propres (subordonnés)</i>	<i>(subordinated) equity</i>
<i>Prêt subordonné</i>	<i>Subordinated loan</i>
<i>PROJET TOUR & TAXIS</i>	<i>TOUR & TAXIS PROJECT</i>
<i>PARC CENTRAL</i>	<i>CENTRAL PARK</i>
<i>IBGE PROJET</i>	<i>IBGE PROJECT</i>
<i>GARE MARITIME</i>	<i>MARITIME TERMINAL</i>

4. FORMER PROJECT BILC

Description	<p>Part of the Tour&Taxis RIZ is the property of the Port of Brussels and was intended to be the site of an urban logistics project (BILC). After years of studies and political discussions, the Region decided that this BILC project was not appropriate for this site and it proposed that the Port of Brussels locate this project further north in the Region.</p> <p>Another project must therefore be devised for this zone. This project will have to be a project that is more integrated with the Tour&Taxis project and will probably comprise a mix between urban and economic functions.</p>
Actors	<ul style="list-style-type: none"> ■ Land owner: Port of Brussels ■ Neighbouring project: Tour&Taxis SA ■ Other actors concerned: the Brussels-Capital Region (master plan)
Area	
Amount	Unknown
Timing	after 2020
Role of JESSICA	<p>A UDF can change the discussion with the Port of Brussels, initially creating a study syndicate which must decide on a project which satisfies the interests of the Port and public interests and which will have reasonable financial profitability.</p> <p>This study syndicate could evolve towards a true development partnership.</p>

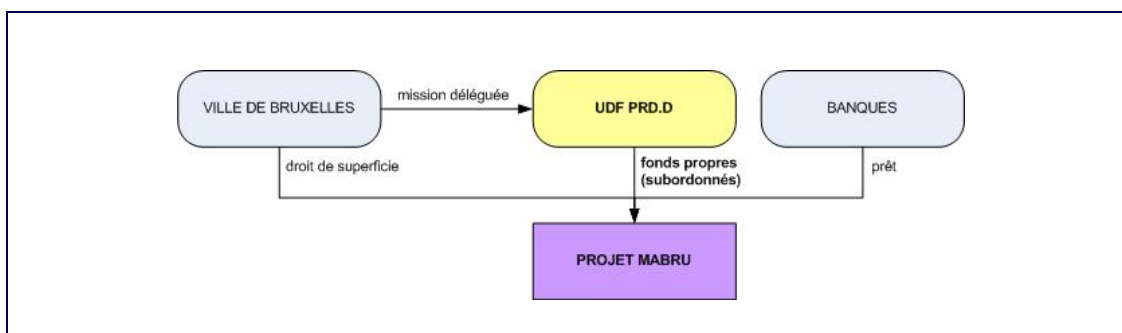


<i>PORT DE BRUXELLES</i>	<i>PORT OF BRUSSELS</i>
<i>UDF PRD.D</i>	<i>UDF S.RDP</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>Prêt</i>	<i>Loan</i>
<i>Fonds propres (terrain)</i>	<i>Equity (land)</i>
<i>Fonds propres (subordonnés)</i>	<i>(subordinated) equity</i>
<i>PROJET</i>	<i>PROJECT</i>

5. MABRU PROJECT



Description	<p>In the draft of the master plan for Schaerbeek-Formation, as well as in the proposals of the private developer "Equilis", the proposal is to urbanise the island of Mabru:</p> <ul style="list-style-type: none"> ■ Displacement of the wholesale market activities ■ Development of a mixed eco-district (SME + housing) ■ Renovation of the Godin factories ■ Creation of a commercial centre ■ ... <p>The Mabru grounds are extremely polluted. The project must take account of this.</p>
Actors	<ul style="list-style-type: none"> ■ Land owners : Equilis SA and City of Brussels ■ Other actors concerned: the SDRB, the IBGE, the STIB, etc
Area	circa 34 ha
Amount	unknown (> 500 million euros)
Timing	after 2020
Role of JESSICA	<p>JESSICA or a UDF BCR could structure the financial arrangement of the project:</p> <ul style="list-style-type: none"> ■ A delegated mission + right of superficies of the City of Brussels to the UDF ■ A development agreement with private owners (e.g. Equilis) ■ Financially, a UDF could help to guarantee/soften remediation risks. ■ After development, the gains made on the grounds can be divided between the City of Brussels and the UDF

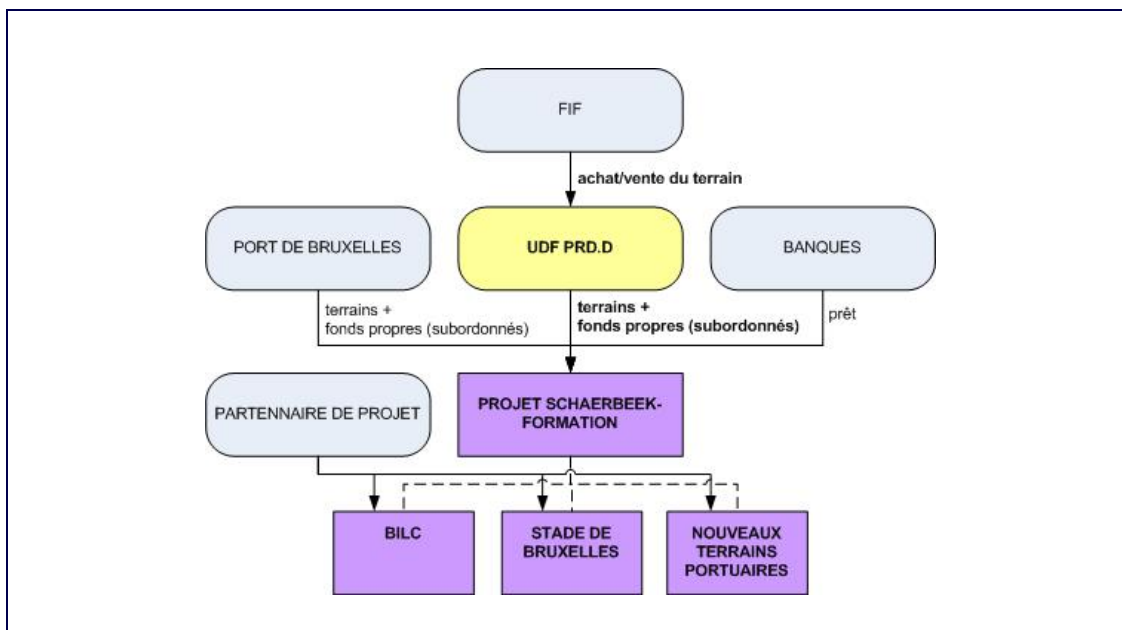


<i>VILLE DE BRUXELLES</i>	<i>CITY OF BRUSSELS</i>
<i>UDF PRD.D</i>	<i>UDF S.RDP</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>Mission déléguée</i>	<i>Delegated mission</i>
<i>Droit de superficie</i>	<i>right of superficies</i>
<i>Prêt</i>	<i>loan</i>
<i>Fonds propres (subordonnés)</i>	<i>(subordinated) equity</i>
<i>PROJET MABRU</i>	<i>MABRU PROJECT</i>

6. NORTHERN SCHAEARBEEK-FORMATION + PORT



Description	In the draft of the master plan for Schaerbeek-Formation, the zone will become a modern logistic zone at the scale of the city, integrated into a campus accommodating the future Brussels Stadium and other urban functions.
Actors	<ul style="list-style-type: none"> ■ Land owners: Port of Brussels, FIF and other private and public owners ■ Other actors concerned: the STIB, SNCB, etc ■ ...
Area	circa 120 ha
Amount	unknown (> 500 million euros)
Timing	after 2020
Role of JESSICA	<p>JESSICA or a UDF BCR could structure the financial arrangement of the project:</p> <ul style="list-style-type: none"> ■ The purchase of the FIF ground by the UDF or the SAF (e.g. in the capacity of shareholder of a UDF) ■ A project in the form of a public-public partnership with the Port of Brussels in order to share the costs and revenues of the development of the site. ■ Structure the project in project components, in all cases with other project partners, according to needs and opportunities. ■ ...

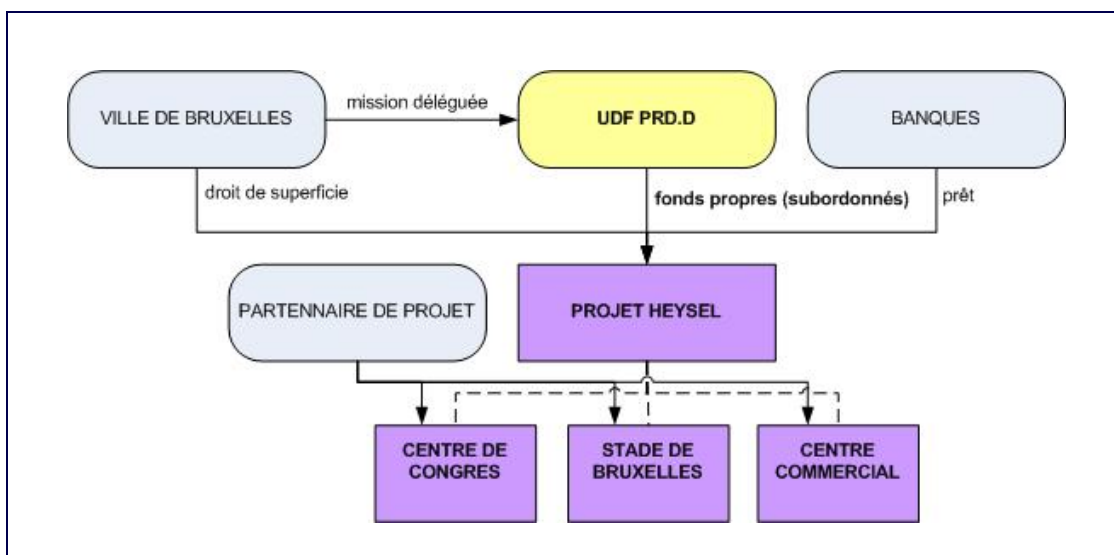


<i>FIF</i>	<i>FIF</i>
<i>Achat/vente du terrain</i>	<i>Purchase/sale of the land</i>
<i>PORT DE BRUXELLES</i>	<i>PORT OF BRUSSELS</i>
<i>UDF PRD.D</i>	<i>UDF S.RDP</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>Terrains+ fonds propres (subordonnés)</i>	<i>Lands + (subordinated) equity</i>
<i>Prêt</i>	<i>Loan</i>
<i>PARTENNAIRE DE PROJET</i>	<i>PROJECT PARTNER</i>
<i>PROJET SCHAERBEEK-FORMATION</i>	<i>SCHAERBEEK-FORMATION PROJECT</i>
<i>BILC</i>	<i>BILC</i>
<i>STADE DE BRUXELLES</i>	<i>BRUSSELS STADIUM</i>
<i>NOUVEAUX TERRAINS PORTUAIRES</i>	<i>NEW PORT LANDS</i>

7. HEYSEL



Description	<p>The City of Brussels is currently drawing up a master plan for the redevelopment of the Heysel Plateau:</p> <ul style="list-style-type: none"> ■ Reinforcement of the "fair/exhibition" function ■ Siting of a congress centre ■ A "top-of-the-range" shopping centre of circa 100,000 m² ■ Possibly, a new stadium ■ ...
Actors	<ul style="list-style-type: none"> ■ Land owner: City of Brussels ■ Financiers of the stadium: the Federal State, the Communities ■ Other actors concerned: the Brussels-Capital Region
Area	
Amount	unknown (> 500 million euros)
Timing	after 2010-2020
Role of JESSICA	<p>Since the project will be mainly developed under a PPP, the role of JESSICA or of a UDF BCR may be multiple:</p> <ul style="list-style-type: none"> ■ Guarantee the residual risk in relation to the development of the congress centre and stadium (touristic investment) ■ Allow gains to be made in relation to the accompanying developments ■ Structure the general financial arrangement of the development, creating financial connected vessels between the project components. ■

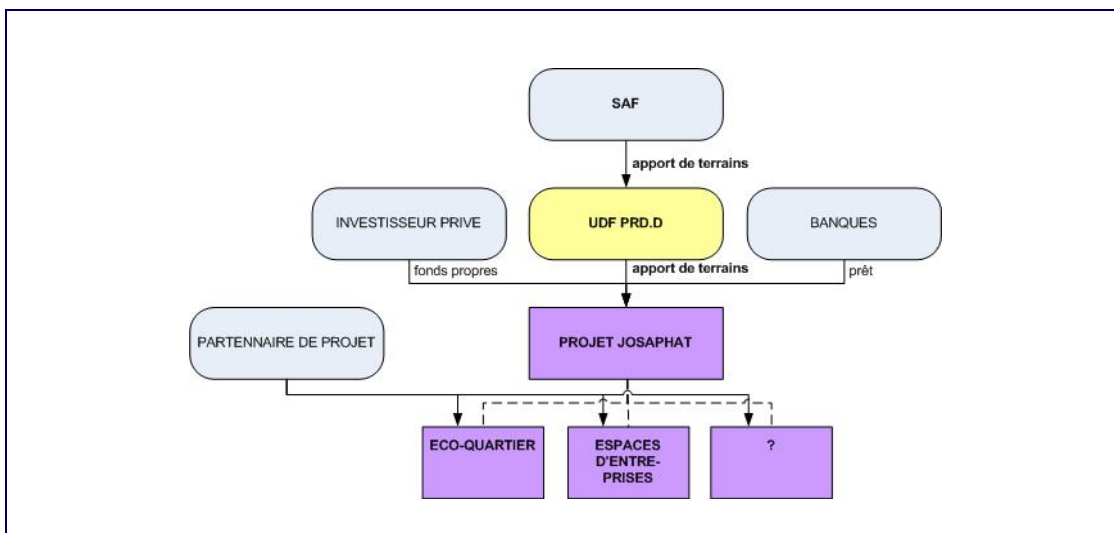


<i>VILLE DE BRUXELLES</i>	<i>CITY OF BRUSSELS</i>
<i>UDF PRD.D</i>	<i>UDF S.RDP</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>Mission déléguée</i>	<i>Delegated mission</i>
<i>Droit de superficie</i>	<i>right of superficies</i>
<i>Prêt</i>	<i>Loan</i>
<i>Fonds propres (subordonnés)</i>	<i>(subordinated) equity</i>
<i>PARTENNAIRE DE PROJET</i>	<i>PROJECT PARTNER</i>
<i>PROJET HEYSEL</i>	<i>HEYSEL PROJECT</i>
<i>CENTRE DE CONGRES</i>	<i>CONGRESS CENTRE</i>
<i>STADE DE BRUXELLES</i>	<i>BRUSSELS STADIUM</i>
<i>CENTRE COMMERCIAL</i>	<i>SHOPPING CENTRE</i>

8. JOSAPHAT



<p>Description</p>	<p>The project consists in creating on a slab above the railways:</p> <ul style="list-style-type: none"> ■ An eco-district ■ Offices ■ Shops <p>The programming is not entirely decided, since the offices market is not very attractive at the present time. Urban industry activities currently present on the site are to be modernised and optimised.</p>
<p>Actors</p>	<ul style="list-style-type: none"> ■ The SAF: owner of practically all the lands to be developed ■ Communes of Schaerbeek and Evere ■ SNCB ■ The Brussels-Capital Region
<p>Area</p>	<p>circa 25 ha</p>
<p>Amount</p>	<p>circa 500 Mn euros</p>
<p>Timing</p>	<p>2015-2025</p>
<p>Role of JESSICA</p>	<p>JESSICA or a UDF BCR could structure the financial arrangement of the project:</p> <ul style="list-style-type: none"> ■ Integration of the SAF or part of its portfolio in a UDF ■ Guarantee the sustainable development of the site ■ A partnership with the SAF

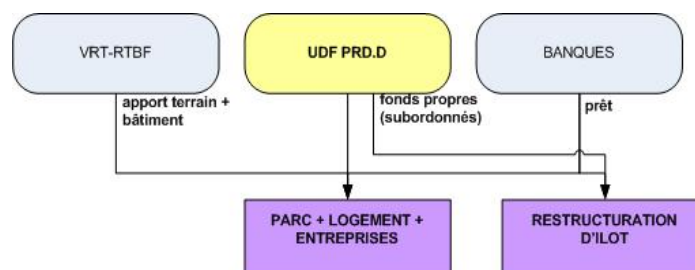


SAF	SAF
Apport de terrains	Contribution of lands
INVESTISSEUR PRIVE	PRIVATE INVESTOR
UDF PRD.D	UDF S.RDP
BANQUES	BANKS
BANQUES	BANKS
Prêt	Loan
Fonds propres	Equity
PARTENNAIRE DE PROJET	PROJECT PARTNER
PROJET JOSAPHAT	JOSAPHAT PROJECT
ECO-QUARTIER	ECO-DISTRICT
ESPACES D'ENTREPRISES	ENTERPRISE AREAS

9. REYERS



Description	<p>The "Reyers" master plan provides for several operations along the E40 and around the campus of the VRT and the RTBF:</p> <ul style="list-style-type: none"> ■ The creation of a park and apartments on part of the grounds of the VRT and the RTBF ■ The gradual conversion of industrial island sites into urban multipurpose island sites ■ The conversion of obsolete offices into housing ■ ...
Actors	<ul style="list-style-type: none"> ■ Land owners : the VRT, the RTBF, the SDRB ■ Other private owners
Area	?
Amount	Unknown
Timing	2012-2030
Role of JESSICA	<p>JESSICA or a UDF BCR can have several roles in the development of this zone:</p> <ul style="list-style-type: none"> ■ Leverage financing of the conversions of obsolete offices ■ Set up a partnership with the VRT and the RTBF for the urbanisation of their lands ■ Acquisitions of strategic lands for island reorganisation ■ ...

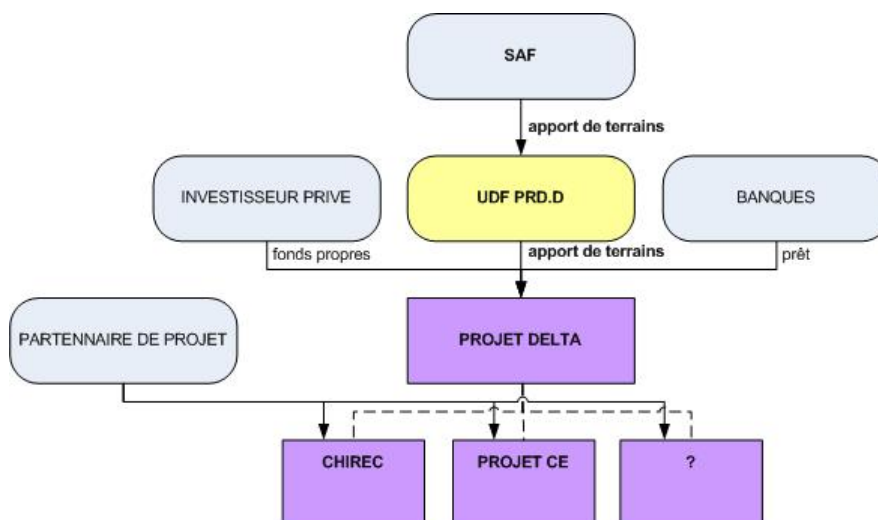


<i>VRT-RTBF</i>	<i>VRT-RTBF</i>
<i>UDF PRD.D</i>	<i>UDF S.RDP</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>Apport terrain + bâtiment</i>	<i>Contribution of land + building</i>
<i>Prêt</i>	<i>Loan</i>
<i>Fonds propres (subordonnés)</i>	<i>(subordinated) equity</i>
<i>PARC + LOGEMENT + ENTREPRISES</i>	<i>PARK + HOUSING + BUSINESSES</i>
<i>RESTRUCTURATION D'ILOT</i>	<i>ISLAND RESTRUCTURING</i>

10.DELTA



Description	<p>The "Delta" project can be broken down into several projects around the junction "Delta", future RER station:</p> <ul style="list-style-type: none"> ■ The development of a centre for the EC ■ The development of a CHIREC hospital ■ A mixed neighbourhood ■ Restructuring of the university plain ■ ...
Actors	<ul style="list-style-type: none"> ■ Owner of the "Delta" land: SAF ■ The EC ■ CHIREC ■ Various other owners and private investors ■ Other actors concerned: the STIB, SNCB, etc
Area	
Amount	Unknown
Timing	2012-2020
Role of JESSICA	<p>JESSICA or a UDF BCR could structure the financial arrangement of the project:</p> <ul style="list-style-type: none"> ■ Integration of the SAF or part of its portfolio in a UDF ■ Guarantee the sustainable development of the site ■ A partnership with the SAF ■ Create partnerships with other owners in the perimeter



<i>SAF</i>	<i>SAF</i>
<i>Apport de terrains</i>	<i>Contribution of lands</i>
<i>INVESTISSEUR PRIVE</i>	<i>PRIVATE INVESTOR</i>
<i>UDF PRD.D</i>	<i>UDF S.RDP</i>
<i>BANQUES</i>	<i>BANKS</i>
<i>Prêt</i>	<i>Loan</i>
<i>Fonds propres</i>	<i>Equity</i>
<i>PARTENNAIRE DE PROJET</i>	<i>PROJECT PARTNER</i>
<i>PROJET DELTA</i>	<i>DELTA PROJECT</i>
<i>CHIREC</i>	<i>CHIREC</i>
<i>PROJET CE</i>	<i>EC PROJECT</i>