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MAY 2023 - PORTUGUESE OPPORTUNITIES

THE LISBON/PORTO HIGH-SPEED RAIL LINE PROJECT

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OVERVIEW

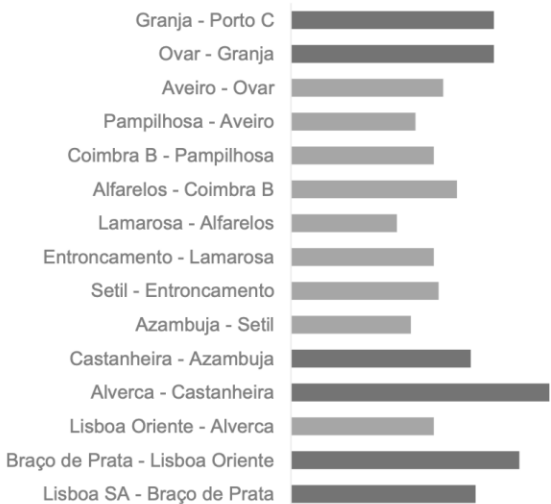
In 2022, the Portuguese road infrastructure manager, Infraestruturas de Portugal (IP) announced plans to build a new high-speed rail line between Lisbon and Porto.

The North Line (*Linha do Norte*) currently connects Portugal's two main cities (Lisbon and Oporto) and is Portugal's primary railway, spanning 336 km. However, it has been struggling with capacity and competitiveness issues.

Despite significant investment in its modernisation over the past 30 years, the travel time between Porto and Lisbon remains at 2 hours and 49 minutes.

Consequently, constructing an entirely new line with a different path is deemed the most viable solution. This is because the North Line is crucial to the country's railway infrastructure, with almost 730 trains per day or 44% of all trains operating on it - including over 90% of freight trains and half of all passenger trains.

TRAINS PER DAY/TRACK > 75



Source: IP's presentation dated 28 September 2022

THE HIGH-SPEED RAIL LINE PROJECT

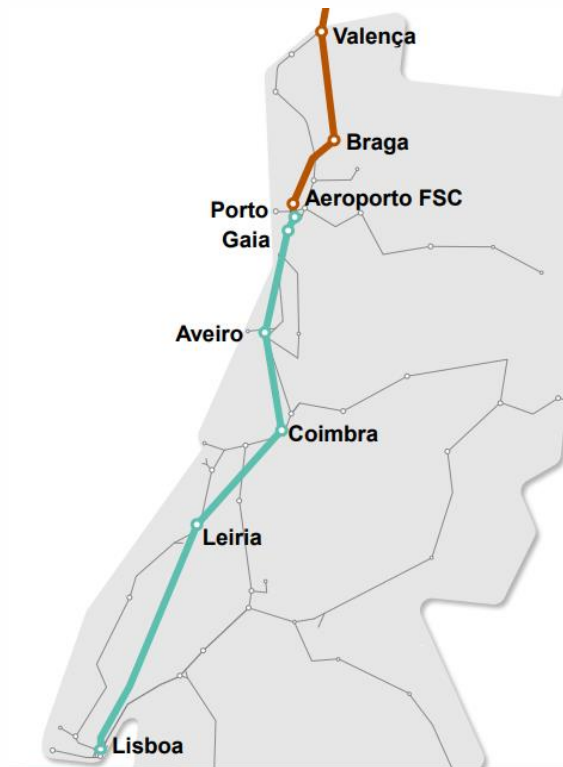
As part of the broader stimulus programme, the 2030 Investment National Plan, Portugal plans to build a high-speed rail line connecting Portugal's two largest metropolitan areas.

This will free up space on the North Line for regional and suburban passenger and freight traffic, while boosting transportation and connectivity between the two cities.

The establishment of a high-speed line linking the Metropolitan Areas of Porto and Lisbon will greatly enhance the capacity and quality of the national railway network, promoting territorial cohesion and environmental sustainability in the transportation sector.

Additionally, the project aims to link the high-speed rail line to neighbouring Spain and the European high-speed network.

The project is set to be implemented alongside the construction of the high-speed rail line between Porto and Vigo, with the first phase of the project (Braga-Valença) expected to be completed by 2030.



Source: IP's presentation dated 28 September 2022

GENERAL FEATURES AND GOALS

The project for the high-speed rail line between Lisbon and Porto will be implemented in phases with double-tracking, utilizing the Iberian gauge (1668 mm).

The anticipated benefits of this new rail line include improved transportation infrastructure and reduced travel time between both cities from over 3 hours to only 1 hour and 15 minutes (without stops).

The new high-speed railway will be connected to the traditional railway network, with existing stations being adapted to accommodate high-speed trains (such as Aveiro, Coimbra, and Leiria) and a new railway station being built in Vila Nova de Gaia.

The new line will have a minimum speed of 160 Km/H, nearly five times faster, and a maximum of 300 Km/H speed.

This project is part of the government's efforts to comply with the goals and objectives of the European Green Deal and the Sustainable & Smart Mobility Strategy climate/sustainability actions.

The European Green Deal's goals and objectives

By 2030, greenhouse gas (GHG) emissions should be reduced by at least 55% when compared to 1990 levels

The new rail line will allow the reduction of ~3 million tons of CO₂ equivalent by 2050

Sustainable & Smart Mobility Strategy's goals and objectives

By 2030, high-speed traffic should double and public transport trips scheduled in the EU for distances of less than 500km should be carbon neutral

Annual demand on the Porto/Lisbon axis more than doubles by 2030
There will be a modal shift from air and road to rail

CONTRACT MODEL

To minimize costs and make the most of available resources while also managing risk, IP proposes implementing the high-speed rail line project through three concession agreements.

The concession agreements will cover the design, construction, maintenance, and financing of the project using the DBFM model. IP will oversee the operation of the line.

The project team, in collaboration with the Technical Unit for Project Support, will assess whether the concession model is the best option compared to public sector alternatives and prepare all necessary contracting procedures. The proposed contracting model will adhere to international best practices.

IP plans to contract specific works separately, such as signalling and telecommunications, resulting in increased risk-sharing with the private sector compared to other railway projects.

WORKS	CONTRACT MODEL
Substructure/superstructure	3 design, construction and financing concession contracts
Complementary Projects Alverca-Azambuja, Oriente Station	Independent contractors
Signalling and Telecommunications	Design, construction and maintenance contracts

Source: IP’s presentation dated 28 September 2022

PROJECT PHASES AND TIMETABLE

The new high-speed rail line between Porto and Lisbon will have a length of approximately 290 km.

The project is scheduled to be executed in three phases starting in Porto, adjusted according to the country's financial capabilities and the availability of EU funding, as follows:

- **Phase 1:** between Porto (Campanhã Station) and Soure, with an investment of almost 3,000 million euros and expected completion in 2028;
- **Phase 2:** between Soure and Carregado, with an estimated investment of 1,900 million euros and expected completion in 2030; and
- **Phase 3:** between Carregado and Lisbon (Oriente Station), which will likely be constructed later.

The first tender regarding the construction of the first section of the Porto-Lisbon high-speed rail line is expected to be launched at the end of 2023, so that works can begin in 2024 and be completed by the end of 2028.



Source: IP's presentation dated 28 September 2022

INVESTMENT AND EU FUNDS

The estimated cost of this project is approximately €4,900 million until 2030.

Phase 1 will be divided into two sub-sections:

- The Porto-Aveiro (Oia) sub-section, with an investment of €1,650 million (which will include a new bridge over the Douro River connecting the cities of Porto and Gaia); and
- The Aveiro-Soure sub-section, with an investment of €1,300 million.

It is expected that €1,000 million from the European Union's Connecting Europe Facility will be allocated to Phase 1 - €500 million for each sub-section - with the potential to secure additional funding through competitive means.

EU funds will only finance one-third of the construction works on the new high-speed rail line between Porto and Lisbon. The remaining amount will come from the State Budget.

However, EU funds may be at risk if the European Commission does not accept financing new railways built with Iberian gauge.

PHASE I	PORTO-CAMPANHÃ- AVEIRO (OIA)	AVEIRO (OIA) - SOURS
Total Investment	€1.650 M	€1,300 M
EU Funds	€500 M	€500 M

Source: IP's presentation dated 28 September 2022

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ABOUT US

WHO WE ARE & WHAT WE DO

ABOUT US

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