



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	ILUNION SOCIAL COMPANY INVESTMENTS
<u>Promoter or financial intermediary</u>	GRUPO ILUNION SL
<u>Country of implementation</u>	Spain
<u>Summary project description</u>	<p>The objective of the project is to support the promoter's four-year investment programme focusing on (i) refurbishments to the existing hotel portfolio; (ii) the construction of a new hotel, (iii) energy efficiency improvements in the industrial laundries segment; and (iv) research and development activities to improve accessibility for less able people.</p> <p>The project comprises a four-year investment programme of GRUPO ILUNION SL., a social enterprise, whose ultimate goal is to provide diverse employment opportunities for people with disabilities. At the end of 2017, the company employed 36,300 people of which over 14,000 were with disabilities. The share of employees with disabilities has risen from 30% in 2013 to over 40% in 2017. The social nature of the enterprise means in practice, that its ultimate goal is employment creation, while the profit is a means of achieving the main goal, by ensuring financial sustainability of the business.</p> <p>The operation is structured as a Framework Loan.</p> <p>Out of the investment programme, 40% of the investment cost will be in energy efficiency improvements of the industrial laundries operated by the Promoter, 17% will be for refurbishments of the hotels owned and/or operated by the Promoter and 33% is foreseen for the construction of a new 4* hotel in a cohesion region of Spain (Andalucía or Extremadura). The remaining 10% of investment cost will finance the Promoter's research and development activities to improve accessibility for less able people.</p> <p>The business and facility services provide the lion's share of the company's employment with 76% of the total, followed by the industrial laundry business with 16% and the hotel segment with 4%.</p>

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision. Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under the articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	50.00%
Climate Action	40.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Research, development and innovation	10.00%
Other research, development and innovation	10.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities	40.00%
Energy efficiency and energy savings (with a focus on reducing demand through demand side management and the refurbishment of buildings)	40.00%
EFSI: Human capital, culture and health	50.00%
Tourism	50.00%

Pillar 2

Quality and soundness of the project	Excellent
1. Overall strategic intent and investment quality	[...]
2. Promoter capacity	[...]
3. Sustainability	[...]
4. Employment	[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of four indicators which include:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;
- (iii) "Sustainability" i.e. environmental and social sustainability²;
- (iv) "Employment" i.e. the project's direct employment effect.

Pillar 3

EIB Technical and financial contribution to the project	Moderate
1. Financial contribution	[...]
2. Financial facilitation	[...]
3. Advice	[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor),

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

- (ii) *“Financial Facilitation” i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments,*
- (iii) *“Technical Contribution and Advice” i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer – provided in-house by the EIB or in the form of assignments to external consultants – to facilitate the preparation or implementation of a project.*

Pillar 4 – Complementary indicators

Additionality

This operation with a diversified social enterprise, whose social objective is providing employment to disabled people, addresses a number of EU and EFSI objectives. Firstly it supports the objective of developing tourism, by assisting the promoter in the refurbishment of its existing hotel portfolio and construction of a new hotel. Secondly, the operation supports the energy sector in accordance with the Energy Union priorities - moderation of energy demand - and to the Bank's climate action objectives through energy efficiency improvements in industrial laundries (energy savings and reduced CO2 emissions). Finally the operation targets the EFSI objectives of research, development and innovation, by supporting activities aiming at improving accessibility for less able people. Also circa 50% of the project shall be located in the Spanish transition regions thus supporting the strengthening of the EU's economic, social and territorial cohesion.

The project addresses market failures: upgrading of existing tourism infrastructure will generate positive externalities through positive spill-over effects resulting in increased revenues of related economic activities, including but not limited to, local tour operators, restaurants and shops. In addition, through saving demand for electricity and heat, energy efficiency projects reduce carbon externalities, as well in most cases air pollution and other negative externalities.

The borrower is facing a sub-optimal investment situation, as the market does not easily avail with sufficient financing to support hotel build, energy efficiency work or RDI. The EIB loan will help to accelerate the borrower's investment projects under the scale and timeline that would be appropriate.

The operation, which falls under the Special Activity category, will be an unsecured loan with a longer tenor than other lenders. Equally, the operation will target: (i) a sector with high cyclical demand and (ii) a counterparty that has a limited financial track record further to a recent merger. The loan could not have been provided to the same extent by the EIB without EFSI support.

The EIB will be providing long term financing with an unsecured structure and is expected to result in a quality stamp on the project that is expected to crowd-in private sector financing to this social enterprise. EIB financing is expected to increase the social and commercial lenders' confidence in the operation and confirm their own engagement in the financing.

The operation will be the first for the EIB with the promoter and will allow the EIB to provide support to the Spanish social enterprise sector as well as the Spanish tourism segment, which have not received much EIB financing in the past.

Set of indicators related to the macroeconomic environment

Spain - Economic environment

Economic Performance

	ES 2016	EU 2016	US 2016	ES 2001-2007
GDP per capita (EUR, PPS)	26,818	29,440	42,615	28,562
GDP growth (%)	3.2	1.9	1.6	3.6
Potential GDP growth (%)	0.39	1.3	2.1	3.6
Output gap (% of potential GDP)	-1.8	-0.75	-0.03	2.9
Unemployment Rate (%)	18.4	8.2	4.7	10.0
Unemployment Rate (%) - Y/Y change (% points)	-2.3	-0.8	-0.3	-0.33
Bank-interest rates to non-financial corporations (%)	1.6	1.4	1.8	3.8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.41	-0.21	-1.4	-0.05
Investment rate (GFCF as % of GDP) - Total	19.9	19.7	19.6	28.7
Investment rate (GFCF as % of GDP) - Public	1.9	2.7	3.4	4.1
Investment rate (GFCF as % of GDP) - Private	18.0	17.0	16.2	24.6

Energy

	2013	2014	2015	2016	EU (latest available)
Energy consumption from renewables (%)	15.3	16.1	16.2	--	16.7
Energy consumption from renewables - distance to EU 2020 target (%)	4.7	3.9	3.8	--	3.3
Energy dependence (%)	70.4	72.9	--	--	53.5
Primary energy consumption (consumption in 2005 =100)	84.1	82.9	86.2	--	89.3
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	129.5	--	--	--	141.7
Primary energy consumption (Million Tonnes of Oil Equivalent)	114.3	112.6	117.1	--	1,530
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	-5.5	-7.2	-2.7	--	46.6

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Accommodation and food service activities (% of total)	--	--	--	--	2.9
Employment in Accommodation and food service activities (% of total)	--	--	--	--	4.6

Research, development and innovation

	2013	2014	2015	2016	EU (latest available)
Gross domestic expenditure on R&D (GERD) (% of GDP)	1.3	1.2	1.2	--	2.0
Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP)	0.73	0.76	0.78	--	0.97
Research and development expenditure - Government (% of GDP)	0.24	0.23	0.23	--	0.24
Research and development expenditure - Higher education (% of GDP)	0.36	0.35	0.34	--	0.47
Research and development expenditure - Business (% of GDP)	0.67	0.65	0.64	--	1.3
Research and development expenditure - Private non-profit sector (% of GDP)	0	0	0	--	0.02
Eco-innovation index (EU =100)	110.0	107.0	106.0	--	100.0

Tourism (Accommodation)

	2013	2014	2015	2016	EU (latest available)
Employment in accommodation sector as share of total employment (%)	1.8	1.9	1.9	2.2	1.2
Value added by accommodation sector (% of VA in the business economy)	2.1	2.2	--	--	1.2

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms
- EU value for "Bank-interest rates to non-financial corporations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007
- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics

	Expected at PCR
Start of works	01.01.2018
End of works	31.12.2022
Project investment cost	76.50 MEUR
EIB/EFSI eligible investment mobilised	76.50 MEUR
External EFSI multiplier	2.19
External EIB (non-EFSI) multiplier	
Amount of private financing	41.50 MEUR
Quick start (% of expenditure during 2015-2018)	15.00 %
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	60,000.00 MWh/a
Climate Action indicator	40.00% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs	306 person years
Employment during operation - new permanent jobs	9 FTE

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report.