



## EFSI Operation Scoreboard<sup>1</sup>

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	FIERA MILANO EXHIBITION CENTRE
<b><u>Promoter or financial intermediary</u></b>	ENTE AUTONOMO FIERA INTERNAZIONALE DI MILANO ("FONDAZIONE FIERA MILANO", "FFM")
<b><u>Country of implementation</u></b>	Italy
<b><u>Summary project description</u></b>	<p>The Milan trade fair and exhibition centre is the main event organiser in Italy and one of the most important in Europe. It has a long-dating history starting in the early 1920s with the creation of the original site in Milan city centre. The existing infrastructure comprises 345,000 square meters indoor and 60,000 square meters outdoor spaces in the peripheral area of Rho, as well as 43,000 square meters in the city centre. In addition to the exhibition spaces, the existing infrastructure also encompasses a conference centre located in Milan city. The space in the city centre is used to host exhibitions more linked to the urban context that attract a high number of visitors and require less exhibition space, while the Rho site is used for large scale fairs that attract sector specialists and require more space.</p> <p>All the infrastructure and buildings are owned by Fondazione Fiera Milano.</p> <p>This operation consists of an EIB loan to FFM to co-finance their 2018-2020 investment programme which encompasses several components: (i) safe and smart district; (ii) sustainability and innovation; (iii) operational efficiency; and (iv) enhancing customer experience.</p>

<sup>1</sup> 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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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
<b>Cross-cutting objectives</b>	
Climate Action	33.00%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities	33.00%
Expansion of the use or supply of renewable energy	23.00%
Energy efficiency and energy savings (with a focus on reducing demand through demand side management and the refurbishment of buildings)	10.00%
EFSI: Environment and resource efficiency	67.00%
Sustainable urban and rural development	67.00%

### **Pillar 2**

Quality and soundness of the project	Good
1. Growth	[...]
2. Promoter capabilities	[...]
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 sustainability<sup>2</sup>;*
- (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),*
- (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.*

<sup>2</sup> 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.

## **Pillar 4 – Complementary indicators**

### ***Additionality***

The proposed operation supports Fondazione Fiera Milano's 2018-2020 investment plan, launched building on the success of its Expo 2015 and aimed at upgrading and modernizing its exhibition and congress sites (energy efficiency and renewable energy, digitalisation, optimisation of logistics, safety).

FFM's major stakeholders include both public entities (Lombardy Region, City of Milan) and key Italian industry associations. FFM is the owner of the Milan trade fair and Italy's largest exhibition venue, called to offer infrastructure and services critical to spur exports of European and national SMEs and midcaps, the investments of which have lagged behind in recent years.

The Project is expected to contribute to EU policy goals and EFSI objectives, including on energy (33% of investments, encompassing renewable energy and energy efficiency) and environment and resource efficiency (supported by 67% of planned investments in the area of sustainable urban development). It will also support EFSI's climate action target. The Project will indirectly support economic territorial development, generating growth and employment, which extends to a wide range of companies, notably regional and national SMEs, backbone of the Italian economy, for which trade fairs are key to promote business, as well as companies providing services to the fair sector.

EFSI financing addresses a gap in long-term financing (for similar risk investments, tenor and conditions) currently existing in the Italian market from commercial banks, due to the increased cost of capital and capital requirements which have effectively reduced their appetite for long-term debt. The operation contributes to the acceleration of FFM's investment programme, allowing for timely and, for some components, earlier implementation.

The operation falls under the Bank's Special Activities. The Bank would have not been able to support it without the EFSI guarantee, given the Borrower's risk profile and sizeable investment plan, risks inherent to the fair sector with high uncertainty, strong European and global competition and seasonality of demand, and the de-facto subordination of the EIB loan vis-à-vis senior lenders.

EFSI-backed financing will send a positive signal to other investors regarding FFM's investment strategy, impacting on necessary crowding-in.

The Borrower, FFM, is a new client to the Bank. The additional novelty of the transaction, the first one for the EIB in the Italian trade and exhibition industry, benefits greatly from the Bank's active involvement on the structural and financial planning of the Project.

## Set of indicators related to the macroeconomic environment

Italy - Economic environment				
Economic Performance				
	IT	EU	US	IT
	2016	2016	2016	2001-2007
GDP per capita (EUR, PPS)	28,097	29,440	42,615	31,501
GDP growth (%)	0.88	1.9	1.6	1.2
Potential GDP growth (%)	-0.33	1.3	2.1	1.1
Output gap (% of potential GDP)	-1.7	-0.75	-0.03	1.3
Unemployment Rate (%)	11.8	8.2	4.7	7.6
Unemployment Rate (%) - Y/Y change (% points)	0.2	-0.8	-0.3	-0.44
Bank-interest rates to non-financial corporations (%)	1.1	1.4	1.8	3.8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.33	-0.21	-1.4	0.02
Investment rate (GFCF as % of GDP) - Total	17.0	19.7	19.6	21.1
Investment rate (GFCF as % of GDP) - Public	2.1	2.7	3.4	2.9
Investment rate (GFCF as % of GDP) - Private	14.9	17.0	16.2	18.2

Environment and Climate					
	2013	2014	2015	2016	EU (latest available)
GHG emissions level (emissions in 1990=100)	85.2	81.4	--	--	77.1
Employment in the environmental goods and services sector	--	--	--	--	--
Resource productivity (Euro per kilogram, chain linked volumes (2010))	3.1	3.7	3.7	--	2.0
GHG emissions in non-ETS sectors (base year=100)	80.8	78.4	80.5	--	86.5
GHG emissions in non-ETS sectors, distance to EU 2020 target	-6.2	-8.6	-6.5	--	-4.2
Value added in the environmental goods and services sector (% of total VA)	--	--	--	--	--
Employment in the environmental goods and services sector (% of total employment)	--	--	--	--	--

General Sector Indicators					
	2013	2014	2015	2016	EU (latest available)
Value added in Construction (% of total)	--	--	--	--	5.9
Value added in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	2.0
Employment in Construction (% of total)	--	--	--	--	6.6
Employment in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	0.6

- 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

## Italy - Economic environment

### Research, development and innovation

	2013	2014	2015	2016	EU (latest available)
Gross domestic expenditure on R&D (GERD) (% of GDP)	1.3	1.4	1.3	--	2.0
Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP)	0.22	0.15	0.2	--	0.97
Research and development expenditure - Government (% of GDP)	0.18	0.18	0.18	--	0.24
Research and development expenditure - Higher education (% of GDP)	0.37	0.39	0.38	--	0.47
Research and development expenditure - Business (% of GDP)	0.72	0.76	0.74	--	1.3
Research and development expenditure - Private non-profit sector (% of GDP)	0.04	0.04	0.04	--	0.02
Eco-innovation index (EU =100)	95.0	99.0	106.0	--	100.0

### SME/midcap

	2013	2014	2015	2016	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	44.1	45.5	28.5	24.4	20.9
Availability of Private equity (Thousand euro)	3,106,978	2,865,297	3,115,079	5,793,285	50,091,574
Availability of Venture Capital (Thousand euro)	75,044	39,922	71,744	87,547	4,035,807

### Urban development

	2013	2014	2015	2016	EU (latest available)
Urban population as % of total population	69.7	69.8	69.0	--	--
Urban population exposure to air pollution by particulate matter (Micrograms per cubic metre)	28.7	26.8	--	--	22.5
Unemployment rate - Cities (%)	12.9	13.1	12.5	12.4	9.1
Unemployment rate - Towns and suburbs (%)	11.8	12.6	11.8	11.5	8.3
Unemployment rate - Rural areas (%)	12.6	13.1	12.2	11.8	8.4
At risk poverty rate - Cities (%)	19.3	19.5	19.3	--	16.7
At risk poverty rate - Towns and suburbs (%)	18.0	18.4	20.3	--	16.0
At risk poverty rate - Rural areas (%)	25.4	24.8	20.2	--	19.8
Severe housing deprivation rate - Cities (%)	9.7	10.4	11.3	--	4.8
Severe housing deprivation rate - Towns and suburbs (%)	8.4	8.7	8.6	--	4.0
Severe housing deprivation rate - Rural areas (%)	7.2	9.1	9.2	--	6.2
Households level of internet access - Cities (%)	72.0	74.0	78.0	81.0	88.0
Households level of internet access - Towns and suburbs (%)	68.0	74.0	75.0	79.0	86.0
Households level of internet access - Rural areas (%)	65.0	69.0	72.0	74.0	80.0

- 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 EuroArea 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 indicators<sup>3</sup>

### Key project characteristics

	Expected at PCR
Start of works	01.06.2018
End of works	31.12.2020
Project investment cost	92.22 MEUR
EIB/EFSI eligible investment mobilised	91.18 MEUR
External EFSI multiplier	2.28
External EIB (non-EFSI) multiplier	
Amount of private financing	52.22 MEUR
Quick start (% of expenditure during 2015-2018)	43.00 %
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	10,410.00 MWh/a
Climate Action indicator	23.00% Mitigation - Renewable Energy (transversal) / 10.00% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs	411 person years
Employment during operation - new permanent jobs	5 FTE

<sup>3</sup> 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.