

CAAB

Centro Agro Alimentare Bologna Scpa
The Agriculture and Food Centre of Bologna



Eataly World
F.I.Co. Project...In Bologna, Italy

EATALY
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EY

Building a better
working world



- ▶ CAAB is a consortium consisting mainly by public and local bodies:
 - ▶ The City of Bologna: 80.04%
 - ▶ Bologna's Chamber of Commerce: 7.57%
 - ▶ The Region of Emilia Romagna: 6.12%
 - ▶ The Province of Bologna: 1.54%
 - ▶ Business organizations and trade associations: 0.31%
 - ▶ Lending institutions: 3.32%
 - ▶ Operators in the industry: 1.1%

- ▶ CAAB is a modern structure realized for the purpose of promoting the wholesale of food products and the related logistics services. In the Food Centre, besides the business places, there are: logistics platforms for the picking and supply of large-scale distribution, a service centre, warehouses and service structures

- ▶ CAAB is set on sustainability as the most important development element according the Zero Waste vision (reduction of food wastage, water, energy, garbage, mobility, communication and increasing efficacy and saving) and it has been equipped with a photovoltaic plant made of about 35.000 photovoltaic panels on a surface of 100.000 square meters (15 football fields) that will be able to produce energy for 11.300.000 Kwh. From all the electricity produced, about only 3 million kWh are consumed to power all the companies located in the CAAB and the common parts (total self-sufficiency) - the remaining 7.3 million kwh could be used for powering electric vehicles. In this sense CAAB scpa is now the leader of a project for the City Logistics. The project considers the use of an "intelligent logistics" to increase the load factor of electric vehicles and to optimize urban routes - the goal is to not only reduce pollution but also traffic.

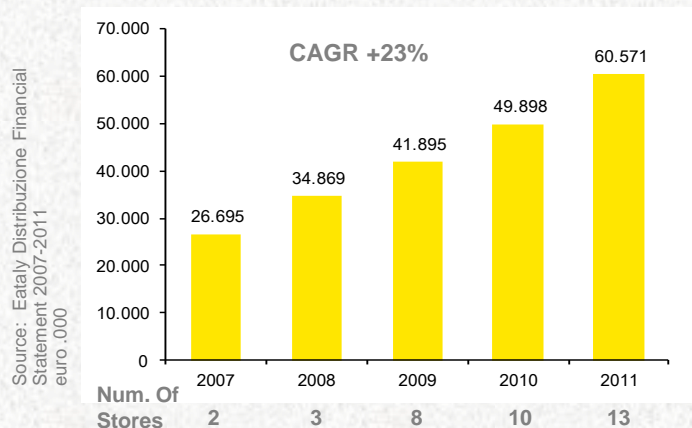


- ▶ Eataly is a Group operating as a distribution and service chain of traditional Italian medium-high quality food
- ▶ The Group selects and distributes products from small-medium firms operating in the food and beverage sector, in order to make high quality products available to a large portion of population
- ▶ In addition to the products offer, through both food distribution and service, Eataly wants to increase the quality products demand through learning activities such as cooking and food storage courses, taste itineraries, children’s teaching, etc
- ▶ The company was found in 2006 by Oscar Farinetti and currently has a worldwide presence of 15 stores (10 in Italy, 5 abroad), employing about 350 people

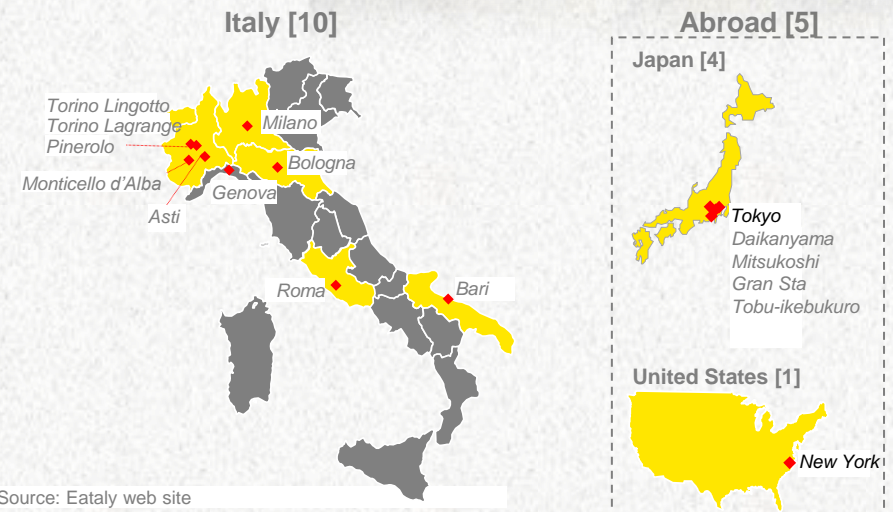


Revenues 2007-2011

- ▶ Revenues significantly increased thanks to the relevant format success and the increase in number of stores



Worldwide presence



The Operation (I)



FICO intends to become a touchstone for the divulgation and knowledge of Italian wine and food; through the reconstruction of the production chain, visitors will be able to experience the peculiarity of each product and, after appreciating its specific characteristics, they will have the possibility of tasting and buying it. FICO will include specific areas dedicated to “Cultivation”, “Production”, “Sale” and “Food Service”.

It will cover a total indoor area currently estimated to c.a. 80,000 sqm, of which 50,000 sqm c.a. dedicated to “core” functions and the remaining area to additional facilities and services; the structure is aimed at attracting and receiving a remarkable number of visitors taking advantage of Bologna strategic location (able to attract both national and international visitors) and its food and wine tradition.



The Operation (II)



The project was promoted by CAAB, with the contribution of the Municipality Administration of Bologna (main CAAB shareholder) and the support of Eataly, a retail chain with medium and large shops specialised in the sale and service of Italian traditional high quality food and beverage; Eataly focuses on exalting Italian food and wine culture, even through the organization of learning activities, such as cooking and food storage courses and taste itineraries.



Eataly project is well established in the Italian and international market as an example of traditional wine and food Italian excellence; CAAB and Bologna Municipality consider Eataly as a unique partner for the realization of FICO.

The Operation (III)



The initiative implies the constitution of a closed real estate fund, named “**Parchi Agroalimentari Italiani**”, managed by an asset management company (the “SGR”); selected through a public tender; the Fund is focused on real estate investments related to functions, services and activities aimed at the promotion of Italian wine and food excellences.

During the first subscription period, CAAB will contribute to the Fund with part of its real estate assets (the “Real Estate Assets”), currently reserved to and occupied by the operators of the fruit and vegetable market (leasehold right on areas and buildings until 2054) the Real Estate Assets’ market value was appraised by an independent expert equal to **€55 million c.a.**



Further resources, equal to **€40 million c.a.** are required by the investment program of the Fund for the realization of FICO; in addition, **€10 million** are needed for the adaptation of the CAAB property complex areas which will be reserved to the market operators.

The functional project



- ▶ The offer covers different areas, all concerning Wine and Food, with a focus on the promotion of local traditional excellences



Food Sale
(c.a 9,300 dedicated sqm)

Food Service
(c.a 10,600 dedicated sqm)



Fabbrica Italiana **CO**ntadina



Food and Beverage park and production demonstration
(c.a. 27,000 dedicated sqm)

Convention and Event Center
(c.a. 2,000 dedicated sqm)




Localization




- ▶ FICO will be realized through the requalification of part of CAAB property holding located in via Paolo Canali 1





 CAAB Perimeter


 FICO Perimeter

 Complex to be requalified

 UniBo – University of Agriculture

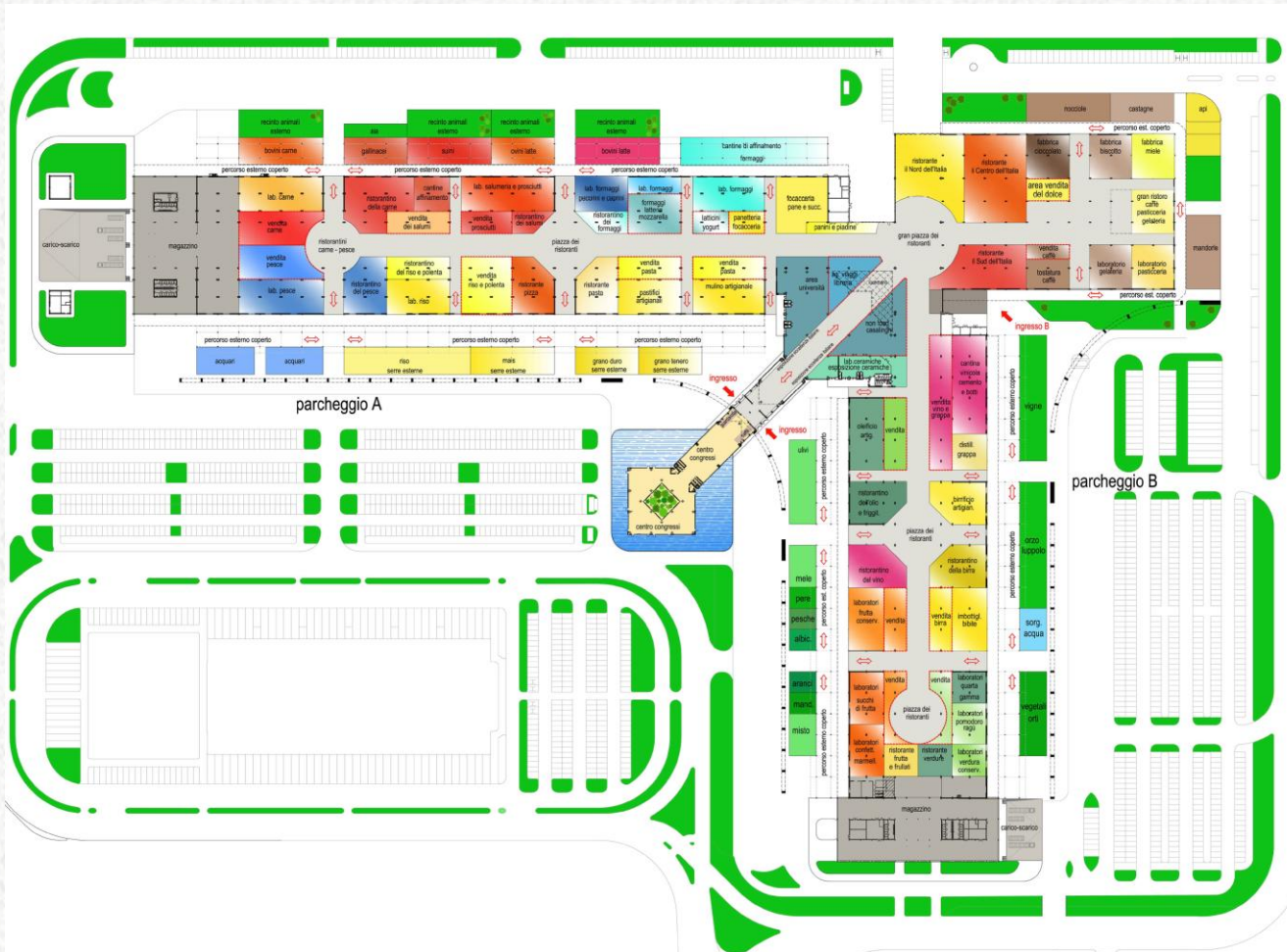
 Commercial Area

 Highway Interchange A14

 Train Station

 City Center

Preliminary design



- ▶ CAAB has already launched the preliminary design and appointed the subjects responsible for the building development; the Project envisages the functional adaptation of the areas currently dedicated to the fruit and vegetable market and the construction of additional areas for greenhouses and laboratories
- ▶ The proposed structure is composed by a central unit, including accesses, services, convention center, exhibition areas, restaurants and central markets; in the two wings of the complex would be located the learning activities, consisting of demonstration areas of production and processing, as well as commercial centers and theme restaurants
- ▶ FICO may accommodate more than 100 operators, reducing the rental risk
- ▶ The required interventions were estimated equal to c.a. €40 million +VAT, including production and processing equipments

Preliminary design simulation

Preliminary design



Preliminary design



Preliminary design



Preliminary design



Preliminary design



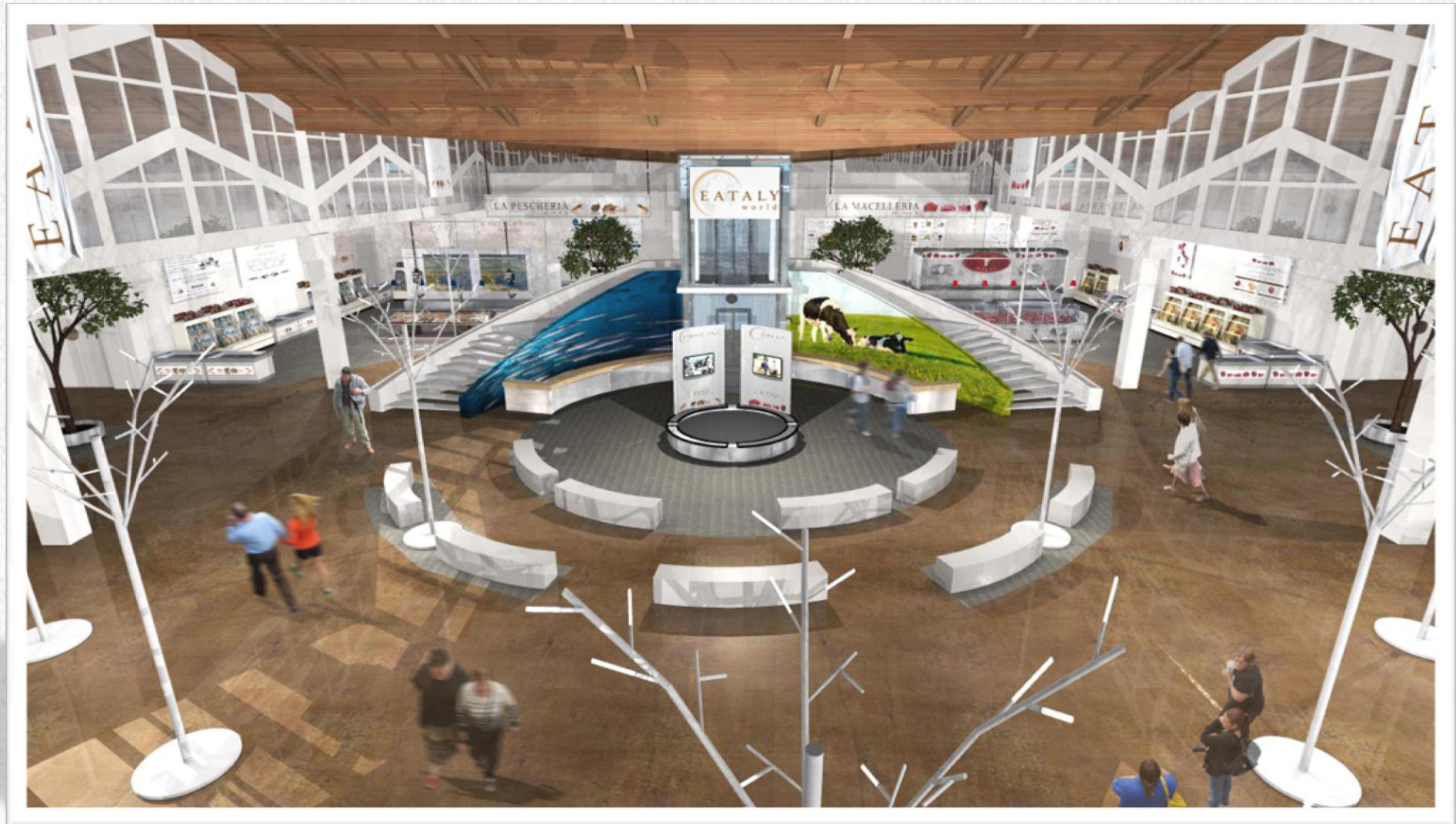
Preliminary design



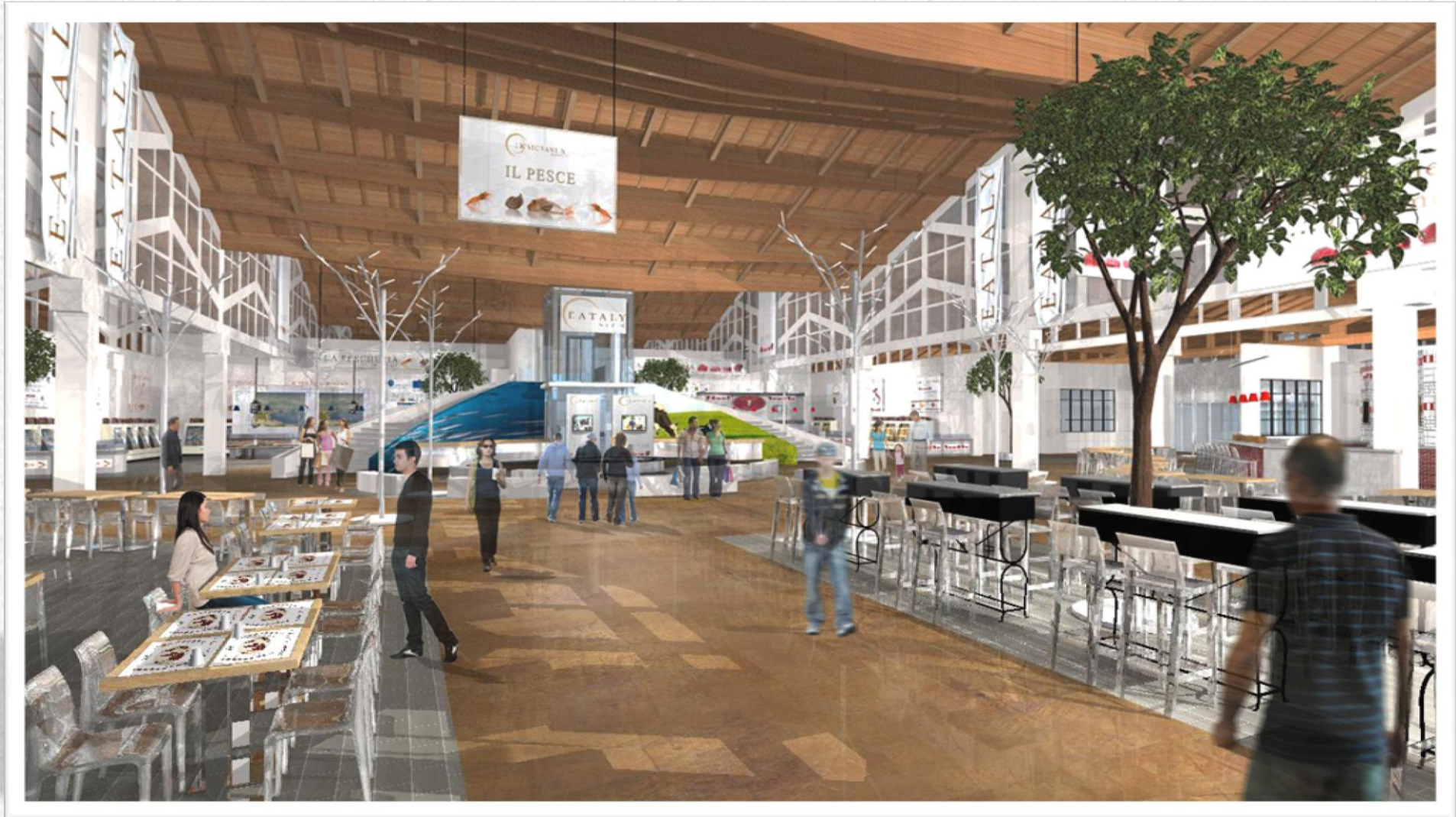
Preliminary design



Preliminary design



Preliminary design

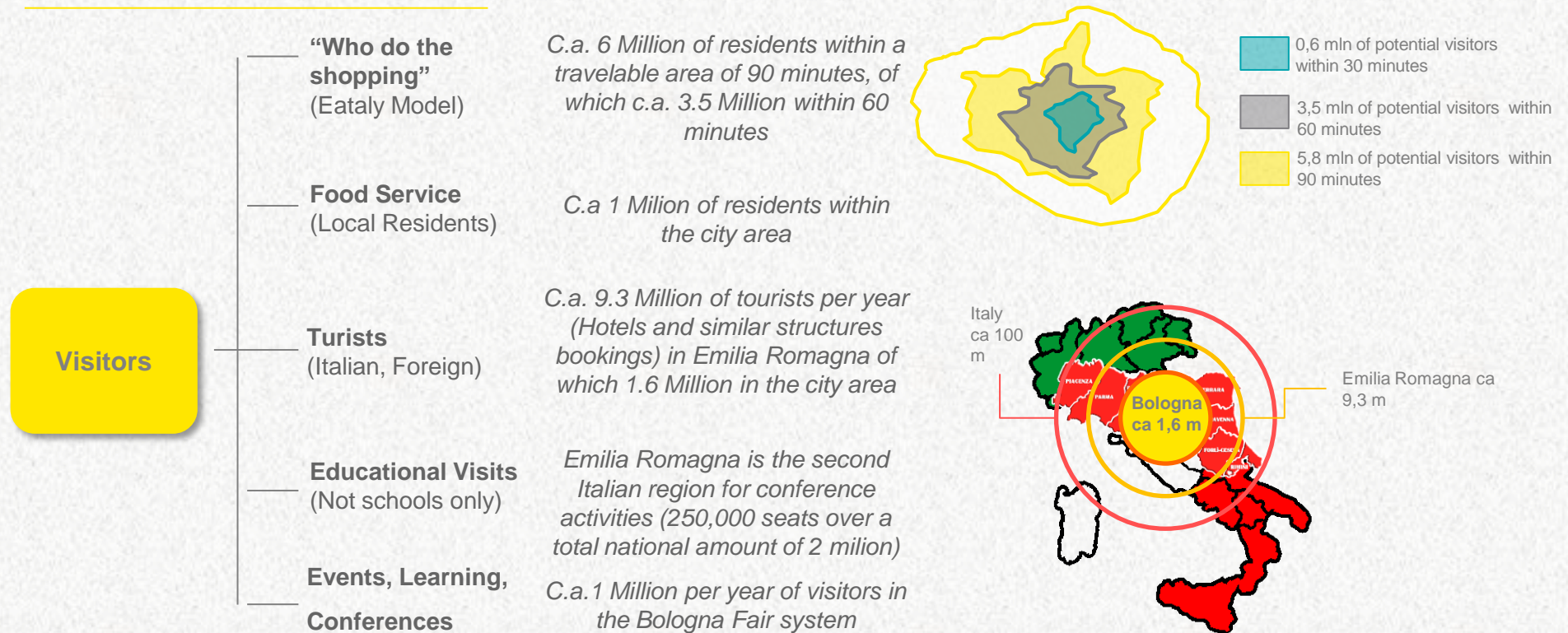


Catchment Area



- ▶ FICO aims to become a major international attraction, thanks to the Eataly network and constantly increasing its worldwide presence (planned future openings in Chicago, Istanbul, Shanghai, Rio de Janeiro)
- ▶ However, the project is set in a context that is expected to have a relevant attraction capacity and a broad and diversified local catchment area; from the analyses conducted by CAAB the number of FICO visitors at operating speed was estimated to more than 6 million per year

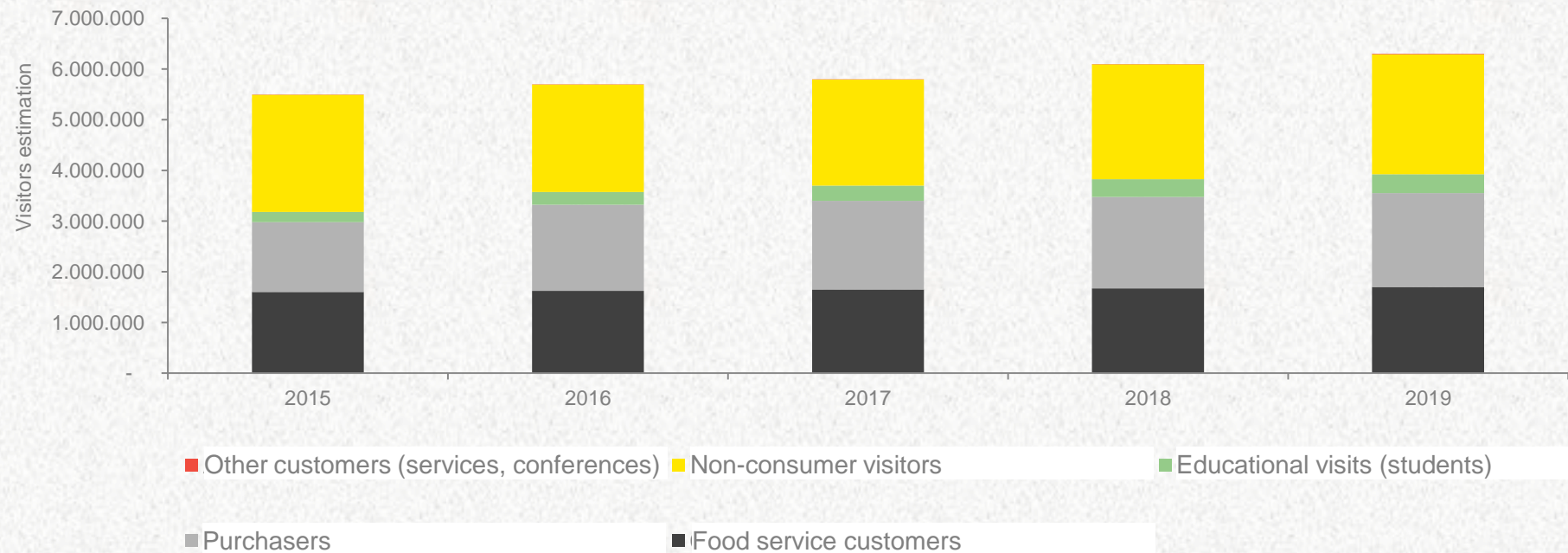
Visit Reasons



Expected visitors



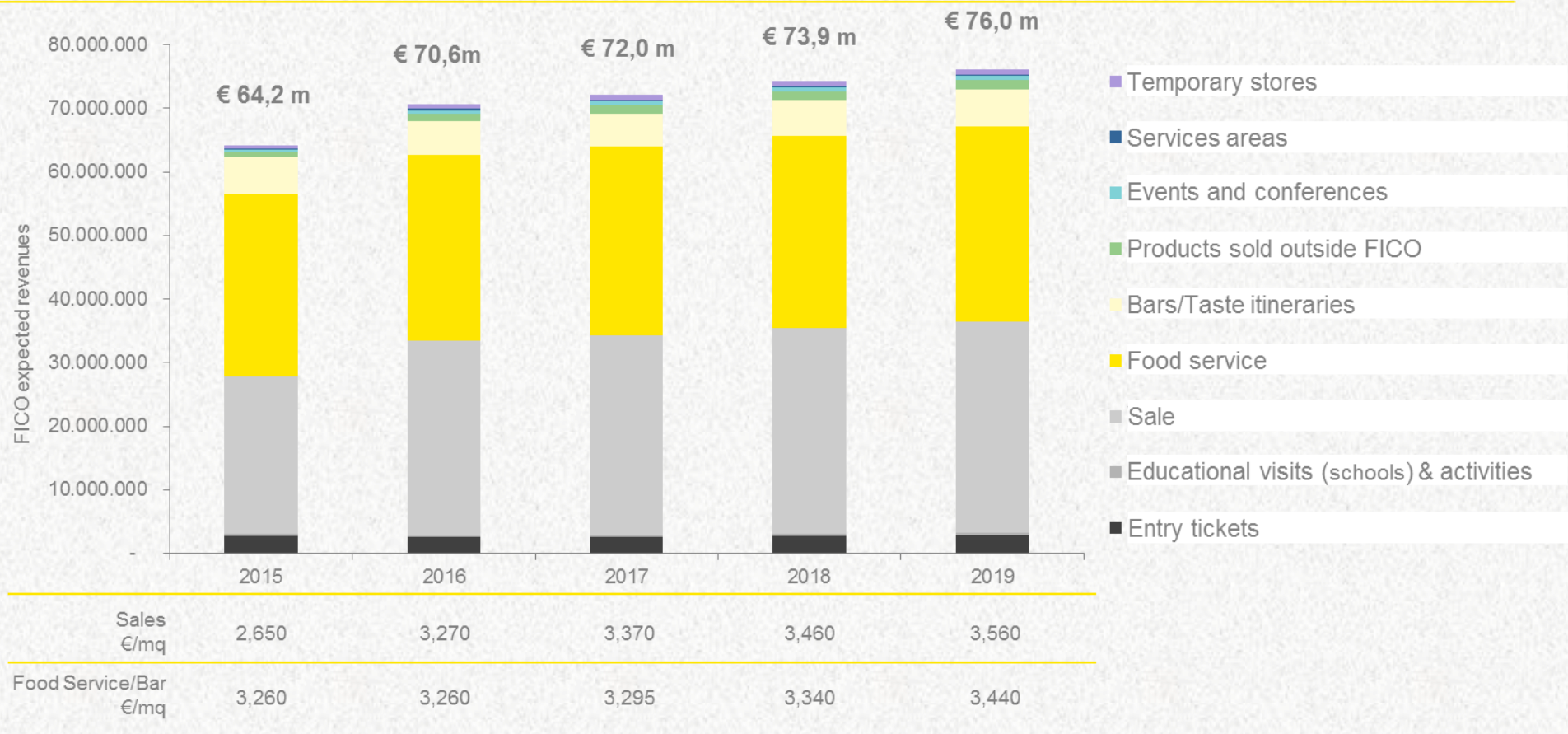
- ▶ FICO opening, expected by 2015, will take advantage of the contextual launch of EXPO 2015
- ▶ During the first year, the expected visitors volume is significant, especially for the importance of the Universal Exposition and for the synergies that the two events together might trigger, even respecting their specific characteristics and prerogatives
- ▶ CAAB developed two different scenarios: a "Base" scenario, more conservative especially with regard to traffic volumes, and a more "Optimistic" one that includes volumes and revenues approximately 30% higher than the "Base"
- ▶ The Base Scenario was assumed by CAAB as reference frame for the estimation of the expected return from the investment and will be further explained in the following slides



FICO – Revenues simulation



- ▶ The graph illustrates a simulation developed by CAAB of FICO turnover evolution (net of revenues from services not related to Food) over the first 5-year planned period, with reference to the so-called Base Scenario and assuming the completion of the Program Agreement before the opening of the center; considering also revenues from non-food services, at operating speed (in 2019) total revenues are equal to c.a. € 86 million



Operators' Key Financials



Sale

Sale surface of 150 sqm and 50 sqm for additional areas

Revenues (i)	534.000	100,00%
COGS (ii)	(240.300)	(45,00%)
First Margin	293.700	55,00%
Personnel Cost(iii)	(150.000)	(28,09%)
Business Unit Rental Fees	(80.100)	(15,00%)
Transferred Tenants costs(iv)	-	(-%)
Property management costs(v)	(15.000)	(2,81%)
EBITDA	48.600	~ 10%

Food Service

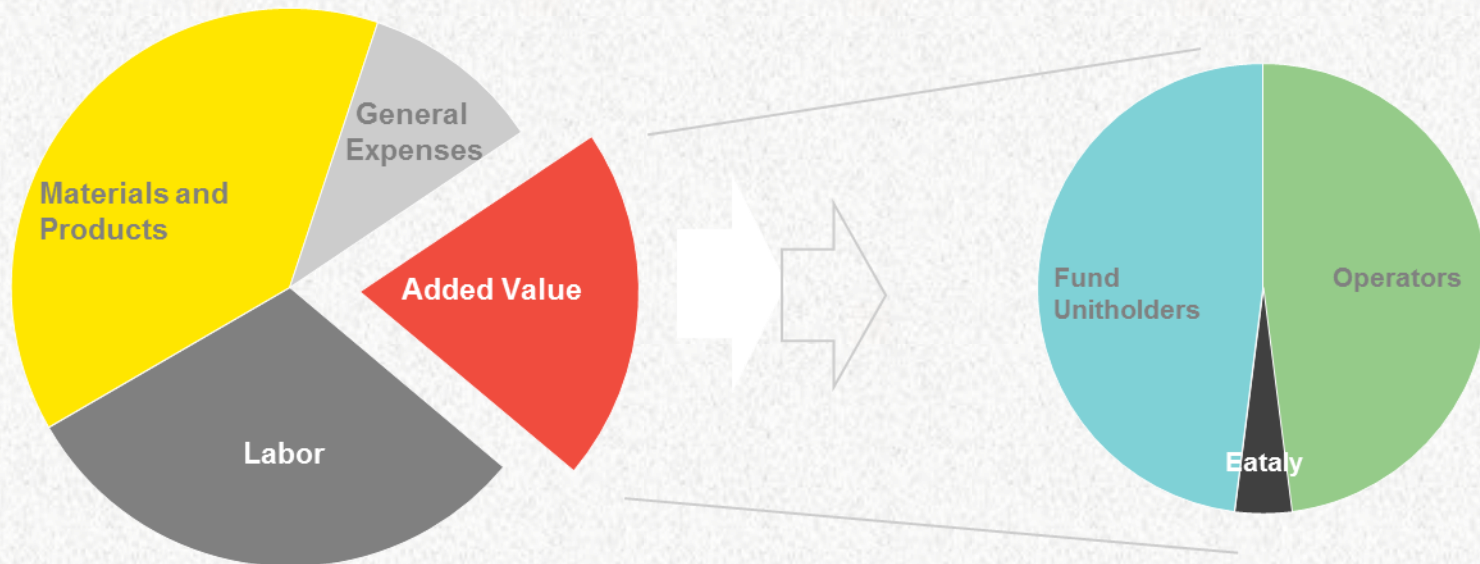
350 sqm and 150 sqm for kitchens and services

Revenues (i)	1.746.160	100,00%
COGS (ii)	(523.848)	(30,00%)
First Margin	1.222.312	70,00%
Personnel Cost(iii)	(552.500)	(31,64%)
Business Unit Rental Fees	(436.540)	(25,00%)
Transferred Tenants costs(iv)	-	(-%)
Property management costs(v)	(75.000)	(4,30%)
EBITDA	167.580	~ 10%

Key Financials



- ▶ The implementation of FICO will determine a positive impact on the interested region and on the local economy, in particular:
 - ▶ Labor Cost at operating speed is estimated to c.a.€ 26 Million (total employees equal to c.a. 1,250 units)
 - ▶ Raw materials for processed and commercialized products are estimated to c.a. €33 Million at operating speed, of which c.a. € 26 Million for food and beverage products
 - ▶ General Expenses (including utilities, maintenance, local taxes, management costs, etc) are c.a. 10% of revenues
 - ▶ Projections allowed to estimate the incidence of added value over total revenues equals to 20%; it is distributed among investors (Income), operators (Gross Operating Margin) and a small part as expected margin from management activities carried out by Eataly



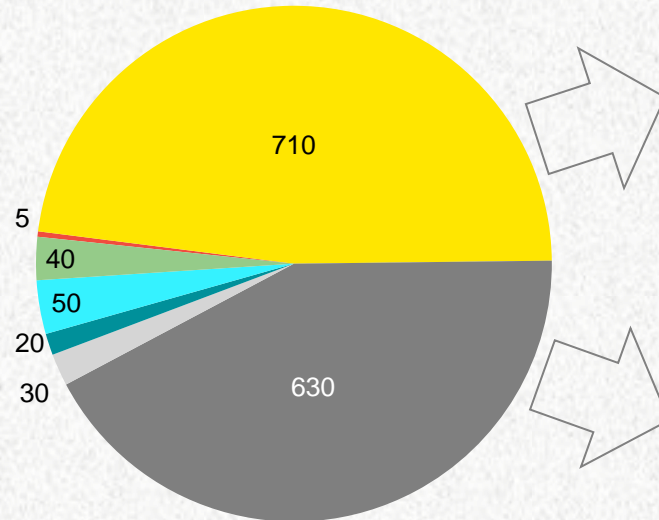
Total Expected Revenues Euro 86 Million

(Year 2019 at operating speed – include revenues from services and non-food areas)

Added Value Euro 17.5 Million

(Year 2019 at operating speed)

FICO – Direct operator valuation



710 food service operators, evaluated

- 30 chief cooks
- 100 cook's assistant
- 180 kitchen operators
- 400 dining room personnel

630 sales products operator, evaluated in

- 60 store manager
- 500 sales clerks
- 70 cashes operator

■ Managment and marketing	5 operators
■ Food service	710 operators
■ Sales	630 operators
■ Info point	30 operators
■ Security	20 operators
■ Cleaning and maintanance	60 operators
■ Agronomist	30 operators

FICO, Satellite activities evaluation



- ▶ The most important branches evaluated for satellite activities:
 - ▶ Hospitality: 1.200 operators
 - ▶ Farming: 750 operators
 - ▶ Transport and logistic 1.000 operators
 - ▶ Sales and services 600 operators
 - ▶ Total Impact satellite activities employment 3.550 operators

- ▶ 650 construction workers will be employed