

Press release

MANIFATTURA TABACCHI LUCCA, NEW REQUESTS WELCOME OF THE MUNICIPALITY: TOWARDS THE INNOVATION MANUFACTURE

- **Definitive acquisition of the buildings, commitment to carry out the interventions with certain deadlines, increase in the economic benefit for the Municipality (up to 36 million euros)**
- **The mosaic of the Manufacture is completed: more exhibition spaces and spaces for civic use, neighbourhood services, Manufacture 4.0; CRL Foundation buys a building dedicated to the city**
- **Total investment of over 60 million euros to create a national model of sustainable urban regeneration**
- **For the City of Lucca a new open district, which generates economic well-being in compliance with the highest environmental standards**
 - **Start of the process of confrontation with citizenship**

Lucca, February 4, 2021 - COIMA SGR, on behalf of the COIMA Urban Regeneration Fund II fully subscribed by the Cassa di Risparmio di Lucca Foundation, have responded to the comments from the Municipality on the Project Financing proposal for the urban redevelopment of the former Tobacco Factory. Registered in today's date, the integration proposals which are part of the application have been received by the Administration.

The Proponents have also announced the **publication of the project presentation documents** on their websites for the next few days (www.fondazioneCARILucca.it and www.coima.com), which can be used to send comments and questions via a dedicated email address (manifatturasud@fondazioneCARILucca.it).

The contents of the proposal was illustrated during a **presentation to citizens**, through an online streaming system following Covid-19 restrictions. The presentation was led by **Marcello Bertocchini**, President of the Cassa di Risparmio di Lucca Foundation, **Manfredi Catella**, Founder and CEO of COIMA SGR and **Luigi Massimilla**, Fund Director Asset Management, COIMA SGR.

With a **total investment of over 60 million euros**, the Proposers aim to revitalise this historic part of the city which has been abandoned for decades.. The work will be carried out by public works with private investments, producing a positive impact on the **socio-economic fabric** of reference and supporting the Culture Manufacture planned in the north area (PIUSS project and an **Innovation Manufacture** in the south area, which completes the redevelopment of the entire complex.

In a scenario like the current one - with a decline in the GDP of the Province of Lucca that could exceed 10% in 2020 and the loss of employment, especially in the younger groups - the Manifattura operation aims to become an **example of excellence in urban regeneration of historic centers** and to define a methodological approach that can also be replicated in other situations: a sustainable project, designed to stimulate recovery and promote social inclusion in a **more ecological, digital and resilient city**.

THE PROJECT

The intended proposal, in the plan for the public-private partnership (**Project Financing**), was created to guarantee a **unitary and simultaneous development** of both the private works for the recovery of existing buildings intended for new uses and the public works necessary to "open" The Manufacture to the city. This will return **around 20,000 square meters of public spaces** thanks to a **new permeable system of squares** that connects the Manufacture with the historic center. An important **public parking** infrastructure conceived as a unitary system of interchange between fast and slow mobility in a sustainable perspective, connecting the city walls and improving the **internal roads**. All these works can be carried out thanks to Project Financing without any disbursement for the municipal coffers (except for the public contribution), but on the contrary, ensuring a significant economic benefit. Against an **investment of about 15 million euros for public works alone**, the concession to the proponents of the management of the parking lots and the animation of the public spaces returned to the city and a "**public contribution**" by the Municipality represented by the sale of the buildings of the South Manufacture.

BUILDINGS SUBJECT TO PUBLIC CONTRIBUTION

Thanks to the recovery of the buildings of the South Manufacture subject to a "public grant", and the establishment of new functions, the offer of spaces of the Culture Manufacture will be completed and will remain the property of the Municipality. Once the works are completed, the site of the former Tobacco Factory (North and South) will offer a **balanced mix of functions** that will allow it to redeem its past of decay and abandonment, proposing itself as the most vital and innovative district of the city.

The complex, when fully operational, could host:

- **Public offices, University Campus, Museum of Comics, exhibition spaces and spaces for civic use (51%)** - The Cassa di Risparmio di Lucca Foundation will buy directly from the Fund, once the redevelopment is completed, a building of approximately 3,500 square meters which will be available to the city and will add to the 8,000 square meters of uncovered squares to accommodate civic events and functions that will be identified with the contribution of citizens and local associations.
- **Manufacturing 4.0 (25%)** - Buildings intended to accommodate the most innovative companies in the area in terms of digitization (CCH® Tagetik Software and others), which will bring about 600 young professionals back to the city, placing the digital revolution of Lucca at the center of the national and international debate on the new conception of working environments and establishing innovation in line with the Next Generation EU strategies and the Italian Recovery Plan.
- **Neighbourhood services and shops (13%)** - Expansion of the commercial offer in the historic center, enhancing the talent linked to natural products and the region, with a focus on the craftsmanship of excellence (roasting, dairy production, cigar, of beer and spirits). A unique opportunity to experiment in Lucca with new commercial forms that are inspired by the "productive" character of the complex, which allows young artisans and entrepreneurs to develop their ideas and give shape to their ambitions.
- **Residences (11%)** - The residential component, necessary to ensure the vitality of the neighbourhood beyond office hours, may include approximately 25 apartments that will help generate a resident population by keeping the neighbourhood constantly busy.

To redevelop the buildings subject to the public grant, COIMA SGR will promote an **international architecture competition** aimed at selecting a very high profile firm that will be able to contribute to creating an example of **excellence in urban regeneration**. The competition will look at the design of private properties and the artistic direction of the entire intervention. A public consultation will be organised to allow citizens to listen and share their ideas.

THE INTEGRATION PROPOSALS DEPOSITED

With the integration proposals filed today with the Municipality, the Proposers accepted the new requests, in particular:

- Eliminated any reference, acknowledgement or obligation of the Municipality with respect to the **remodelling of the provisions** dictated by the Superintendency when authorizing the sale of the buildings of the South Manufacture subject to a "public contribution", without therefore any risk - direct or indirect - burden on the municipal administration; consequently, the new uses of the properties will be identified as part of the Implementation Plan and will be implemented in compliance with the provisions therein. The deadline of October 31, 2021, remains valid for the issue of all the necessary authorizations for the realization of the redevelopment works of pedestrian spaces and public parking lots and of the buildings that will maintain the production destination by hosting the headquarters of CCH® Tagetik Software and of innovative companies in the territory of Lucca.
- Confirmed the interest of the Proposers in the **overall development of all the properties** subject to the "public grant" with the commitment to complete all the interventions relating to the works that will be authorized on 31 October 2021 and to submit within 24 months of the property (and subject to the release of the places currently unavailable) the Implementation Plan for the implementation of the interventions that involve a change of intended use.
- Significantly revised the **economic terms of the operation** with an even higher economic benefit for the Municipality, despite the complete transfer of all management risks to the Proponents, as concessionaire of parking lots and public squares. Even though similar Project Financing operations have average returns of 9%, following the decision by the CRL Foundation to further reduce the profitability of the project from 7% to 5%, in line with its shared mission to generate value for the territory by the governing bodies of the CRL Foundation, it was **alternatively** proposed to the Municipality:
 - a **reduction of the management concession** from 40 to 25 years
 - or the introduction, for the same duration of the concession at 40 years, of a **mechanism for sharing parking revenues (revenue sharing) of 75%**, above the minimum yield threshold of 5%, which would guarantee if the revenues envisaged in the economic and financial plan an additional benefit to the Municipality of Lucca of approximately 13 million euros in addition to the 23 million already estimated in the initial proposal, bringing the overall economic benefit for the Municipality to approximately **36 million euros** for the duration of the Concession.

BENEFITS FOR THE CITY

In addition to the economic benefit for the Municipality, the project will generate an **economic, environmental and social benefit** Lucca, positioning it as a **virtuous national model of sustainable urban regeneration**. This will be made possible by the application - for the first time in Italy for such a large project - of **ESG (Environmental, Social and Governance) investment logic**,

which generate positive environmental, social and economic impacts measurable through proprietary analytical metrics. of the COIMA City Lab Charter.

Economic benefits

- The investment of 61 million euros for the completion of the project will be able to **increase the GDP of the Lucca economy by 1.6%** (direct works planned for 45 million in turnover, which generates indirect and induced impacts for a total activation of 157 million euros)
- It is estimated that a total of over 1,400 Annual Work Units (AWU) will be generated over a 20-year time horizon (SINLOC estimate - COIMA ESG Rating).

Benefits for the quality of city life

The inhabitants of Lucca will be able to enjoy a new neighbourhood within the historic center, which finally completes the recovery of the manufacturing complex (already started in the northern portion by the Municipality) and will offer them:

- **over 20,000 square meters of squares and pedestrian paths**, which will create permeable spaces for reconnection with the urban fabric of the historic city and the walls. The architectural composition of the squares, the materials, the tree species are designed to create an inclusive and livable urban space, which will add up to the **3,500 square meters of the exhibition building and for civic and cultural uses**;
- **a new infrastructure for sustainable mobility**, thanks to the new unitary parking system conceived as a junction between fast and slow mobility. The availability of **current public stalls in the Manufacture will increase by 81%, increasing the offer of public parking lots in the historic center by 10%**, with 20 parking spaces dedicated to charging electric cars and the provision of all stalls, with a minimum fee parking that will decrease up to 20% in 4 hours to favour trade in the historic center. Over 100 bicycles and electric mobility devices will complete the offer for living and sustainably discovering the city.

Environmental benefits

The entire operation will aim to guarantee the highest standards of sustainability, which starting from the choice of **recovery of existing buildings** (without further consumption of land) and the **reclamation of approximately 30,000 square meters** of public spaces and scope of intervention thanks to:

- **certification of the buildings**, which will be built according to the most advanced international certification standards (LEED® Leadership in Energy and Environmental Design); adopting construction techniques and materials that will reduce construction emissions and promoting the use of natural materials based on circular economy principles (future reuse of building materials and components)
- **use of innovative technologies to lower consumption**, both during construction and management, to obtain the most important environmental certifications at international level (LEED).
- **absence of fossil fuels** and virtual **zeroing of CO2 emissions** through the use of geothermal energy (groundwater) and the signing of agreements for the purchase of **certified renewable electricity** (power purchase agreement).

THE NEXT STEPS

The Proponents have highlighted that the redevelopment project represents a concrete opportunity which, in the event of a positive outcome of the investigation by the Municipality, awarding the subsequent public tender and issuing of building permits by October 31st, would see the **start of the construction site within the end of year**. One year from the presentation of the first proposal, further delays concerning the procedural deadlines would compromise the conditions of the feasibility of the project.

With today's public presentation, the CRL Foundation and COIMA SGR have started the **path of listening and starting a discussion with the city**, which will continue using digital tools in compliance with anti-Covid regulations. Sectoral working groups will be promoted with representatives of organized civil society and direct dialogue with the associations and committees available for dialogue.

COIMA is a leading platform for the investment, development and management of real estate assets on behalf of institutional investors. COIMA SGR, an Investment & Asset management company, manages 27 real estate investment funds with over Euro 7 billion in investments and counts in its portfolio over 150 properties, including 40 LEED certified properties. COIMA Srl, a development and property management company, in over 40 years has developed and managed real estate properties totaling over 5 million square meters. Among the most important projects in which the platform has co-invested, co-developed and still manages today is the Porta Nuova project in Milan, one of the most prestigious urban requalification plans in Europe.

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