Drafting of guidelines on a strategic plan for the development of the Old Port areas

Executive Summary

STRICTLY CONFIDENTIAL

14 March 2017



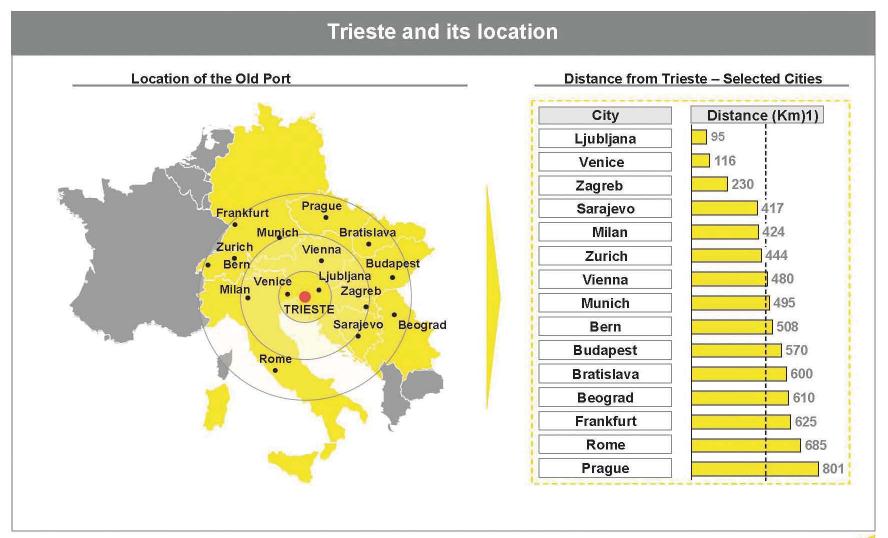
Building a better working world Summary of the strategic guideline identification process on the development of the Old Port of Trieste

The better the question. The better the answer. The better the world works.



Trieste is at the heart of an ecosystem of millions of European citizens

Ch. 1a) Analysis of social, economic, demographic and territorial conditions



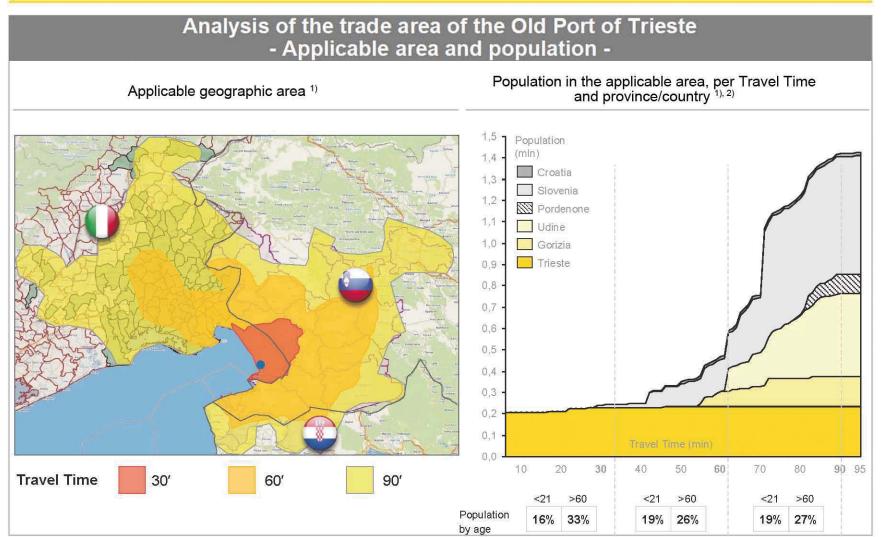
Source: EY analysis Notes: 1) Distance in Km

Page 3



The inner trade area includes 1.5 million people,105 Italian municipalities and 25 foreign districts

Ch. 1a) Analysis of social, economic, demographic and territorial conditions



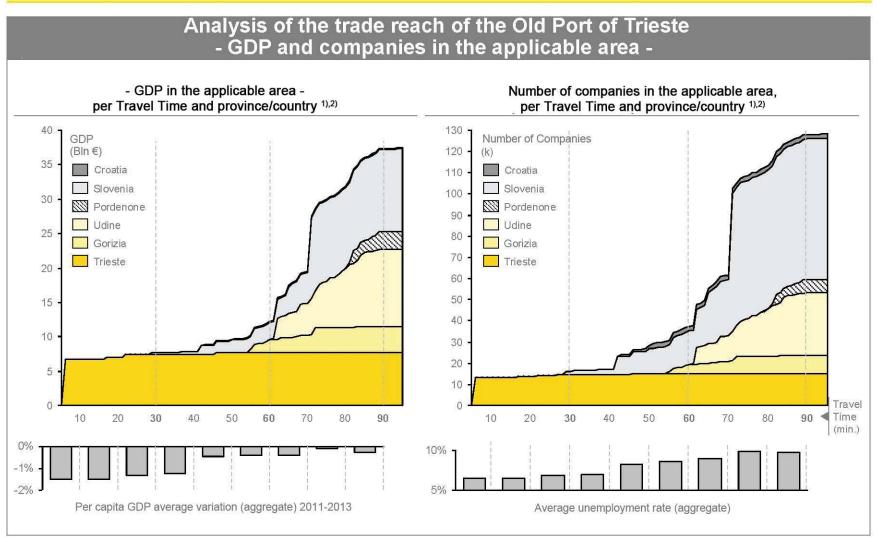
Source: EY analysis on Mapsat data

Notes: 1) The area includes Italian and Slovenian municipalities within a Travel Time range of 90 minutes from the Old Port of Trieste and Croatian municipalities within a Travel Time range of 60 minutes; 2) the Province of Pordenone includes a number of neighbouring municipalities in the Province of Venice.



Greater Trieste includes a high-revenue core and a peripheral area with a high economic potential

Ch. 1a) Analysis of social, economic, demographic and territorial conditions



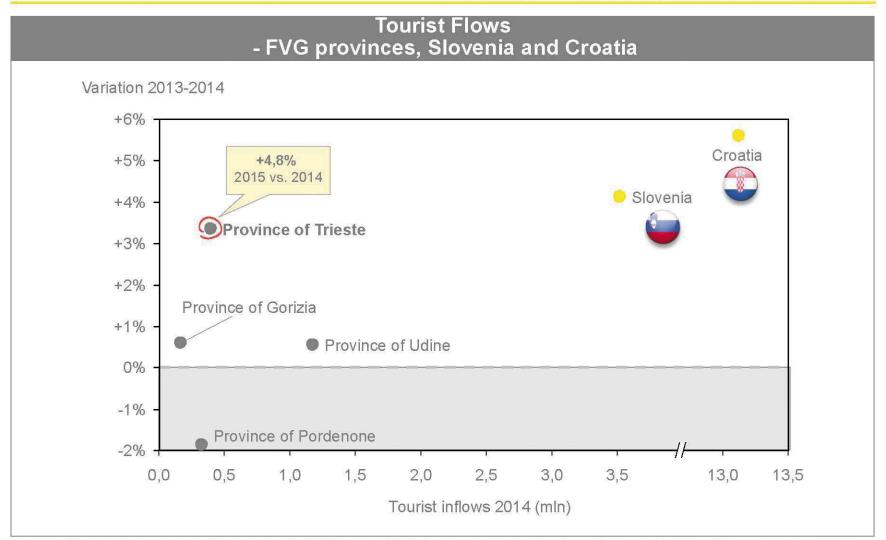
Source: EY analysis on Mapsat data

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Croatian municipalities within a Travel Time range of 60 minutes; 2) the Province of Pordenone includes a number of neighbouring municipalities in the Province of Venice.



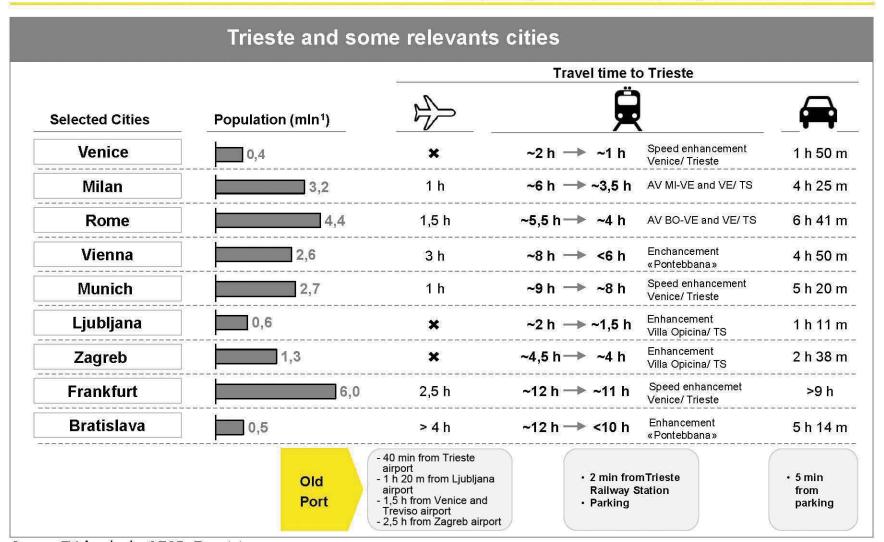
Trieste has a low tourist flow, but it's expanding significantly and it has the potential to attract large flows from neighbouring areas Ch. 1a) Analysis of social, economic, demographic and territorial conditions



Source: EY analysis on date from "Regione in cifre 2015" report, FVG Regional Authority; data from Slovenian Statistical Office and Bank of Slovenia, in "Tourism in Slovenia 2015"; Ministry of Tourism Republic of Croatia 2014
Page 6

Though in a strategic location, Trieste needs to improve its transport system

Ch. 1a) Analysis of social, economic, demographic and territorial conditions



Source: EY **Analysis** OECD, Eurostat 1) Population in the relevant metropolitan area Page 7





Trieste has some excellence areas, but also some areas of untapped potential

Ch. 1a) Analysis of social, economic, demographic and territorial conditions

Infrastructures and projects Summary remarks 3 railway stations linked with railways, 2 are active Railways Main transport interface to Eastern Europe (Slovenia and Croatia) A credit line of €20 mln were allocated to improve the Venice Mestre-Trieste route, this will System decrease the travelling time to 1 h (currently1h55') Central position between Venice (1h40'), Ljubljana (1h) and Zagreb (2h40') SYSTEM Increased to 3 lanes in the first section of the Venice-Trieste motorway Motorways INFRASTRUCTURES The second section of the third lane building project will be completed in 2022, easing traffic flows and decreasing travelling time 4 airports in a range of 150 km, about 100 direct flights and 24 daily flights Airport . The project on the Polo Intermodale next to the airport of Ronchi dei Legionari was adopted. The investment will be used to link the railway station to the Trieste-Venice line, to bus System station and to parking areas; the airport will be among the 7 Italian airports linked to the railway Excellence centres for mental health and paediatric healthcare (Burlo Garofalo Hospital) Healthcare 3 hospitals, 50 units, 800 beds Investments amounting to €140 mln to support the hospital hub, the project was launched Hub In 2014 and it will be completed in 2022. Ranked at no. 5 in the top list published by CENSIS MAIN Trieste 16.000 students in 2015, 35% from other Italian regions and from foreign countries. Steady rate between new students and students in spite of the decrease (comparison PROJECTS University year 14/15 vs year 13/14). High demand in accommodation for new students Long sailing tradition, i.e. a high number of international boat races (Barcolana), sailing schools and sailing companies Sailing 8 vacht clubs on a population of 200k 24 sailing associations in the Gulf of Trieste with 13,400 members



The real estate market and the marine sector have a high attraction potential in terms of pricing

Ch. 1b) Analysis of the real estate market

The real estate market and the sailing sector Summary Increase in trading in Trieste, H1 vs. H1 14 (+30%), short term expected growth • The number of building licences dropped after 2009 Residential Prices for new units between 2.400€/sq m-2.500€/sq m, with peaks exceeding 3.000€/sq m Sector • Outlook at 12-18 months: prices will reach the lowest point before rising again GLA is about 250 sq m/1,000 inhabitants in line with the national average (20') Retail • No pipelines of new shopping districts in the relevant area (20') The annual average turnover of large retails stores is substantial (over 6.000€/sq m) REAL ESTATE MARKET • The price for new units to owner/occupier amounts to 2,200 €/sq m Service Industry • 130 €/sq m per year for the rent of standard units and with a modern design The price for standard modern units to owner/occupier amounts to 650 €/sq m Logistics 40 €/sq m per year for the rent of logistic areas with a degree of flexibility Hotels Inflows are increasing, the occupancy rate of 4 star hotels amounts to 62%, ADR about €90 • The turnover increased by 2.2% (2014 vs. 2013), mainly as a result of exports Ship building Veneto, FVG and Emilia Romagna have equal shares in the North-East market Yachting • FVG ranks third in Italy in terms of number of berths (16.500) MARINE SECTOR Italy is still the global leader in the building on customized mega yachts Mega Yachts • Data show how Italian shipyards in this niche market (yachts > 70 mt) are an excellence club: the top 3 leading manufacturers are Italian shipyards

Source: EY



Strong and weak points resulting from regeneration as shown in the analysis

Ch. 1C) Risk/opportunity analysis and definition of strategic objectives

SWOT analysis on Trieste for the Old Port project

- S
- Strategic location between "old" and "new" Europe
- Large trading reach: ~1.5 mln people
- Thriving conditions for research, science and culture
- Local long standing industrial and financial groups
- Leading Italian port in terms of tons of handled goods with a long standing maritime tradition
- Favourable entrepreneurial and innovation conditions
- Advanced ecosystems of companies in the ship maintenance sector
- Competitive cost of living vs. other Italian cities
- International mind-set of the local population and bilingualism

- ! W
 - Local demand is not adequate to cover the needs to re-launch the large area of the Old Port
 - Artistic and historic constraints on the use of the areas of the Old Port
 - Inadequate infrastructures in terms of railway links and national and international airports
 - Low tourist flows vs. similar Italian provinces
 - Some current actions are not consistent with a re-launch project

- Regeneration of a substantial and large area of the city (Old Port)
 - Increasing tourist inflows in FVG and in Italy
 - Growing cruise and yachting sector (large international groups)
 - Potential for development for theme parks (eg aquarium)
 - Potential for development for retail business (quality, target and based on local attractions) in Trieste area
 - Leveraging on synergies with incubators and local entrepreneurs to boost local development
 - Leveraging on proximity with countries with a sustained economic growth (Slovenia and Croatia)

- Need for economic and political commitment from European, national and local institutions
 - Fierce competition from the tourist port of Venice and from the nearby Slovenian and Croatian tourist ports
 - Fast growth of the Slovenian MICE sector in terms of quality and quantity
 - Increased tourist attractiveness in Slovenia and Croatia in terms of "value for money"
 - The city centre may lose out to the Old Port and/or there may be some overlapping unless appropriate attraction factors are applied to boost demand
 - Climatic conditions may not support the launch of new activities (cruise sector and outdoor activities)

Source: EY Analysis



The Old Port has major objectives in terms of settlement, business, employment and environment

Ch. 1c) Risk/opportunity analysis and definition of strategic objectives

Strategic objectives for the Old Port project				
Scope	Details			
Settlement	Mix of use, ideally in complementary sectors in a framework of a comprehensive and aggregated vision of the future area to place potential target sectors in line with the requirements of social, economic, demographic and territorial conditions			
Business	 Value creations as a result of a regeneration process that will make an impact in terms of inner real estate value and satellite activities To create favourable conditions for regeneration with appropriate returns on investment to individuals and companies to attract further investments To generate revenue for the public administration to invest in improvements to the New Port 			
Employment	 Employment boost of the city with roles and uses that can generate and attract new demand, creating the conditions to create new jobs both directly and indirectly 			
Environment	 Smartization of the Old Port as a pilot project on digital and environmental innovation Environmental requalification by transferring industrial port activities to dedicated sites in the territory 			

Source: EY Analysis



Digitalization, technology, infrastructures and local skills attract investments

Ch. 1d) Identification and definition of investor attractiveness indicators

National and international investor attractiveness indicators

Investors still consider Europe as an attractive destination, 36% of the survey respondents expect an increase in investments in the next 3 years

Europe strong points are: the digital infrastructure and logistics, skilled workforce and political, legal and regulatory stability

On the other hand, some other factors, such as low degree of flexibility of the labour market, high costs of the labour force and complex tax systems may hold back investors.

What are the attractiveness factors in Europe?



Source: EY 2016 European attractiveness survey (total respondents: 1,469). *Stability and transparency of political, legal and regulatory environment.



... together with a lean bureaucracy with clear timing and clear and well-defined governance

Ch. 1D) Identification and definition of investor attractiveness indicators

National and international investor attractiveness indicators



Clear governance and one single coordinator

Clear authorisation process and certainty of timing





Profitability levels in line with the market

Involvement of central institutions





Direct and accessory direct public investments in infrastructure

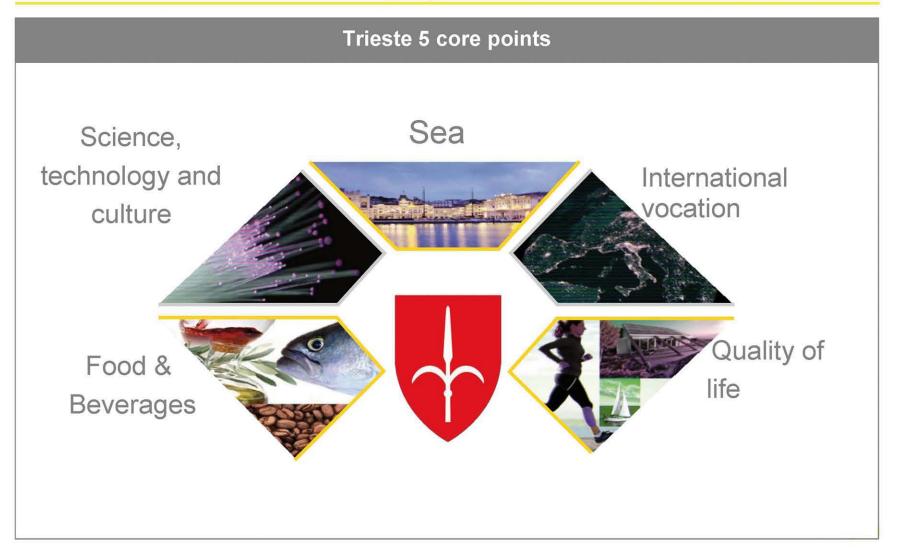
Strategic importance of the project at national and international levels





The regeneration of the Old Port must take these factors into account, also leveraging on the 5 core points of the city

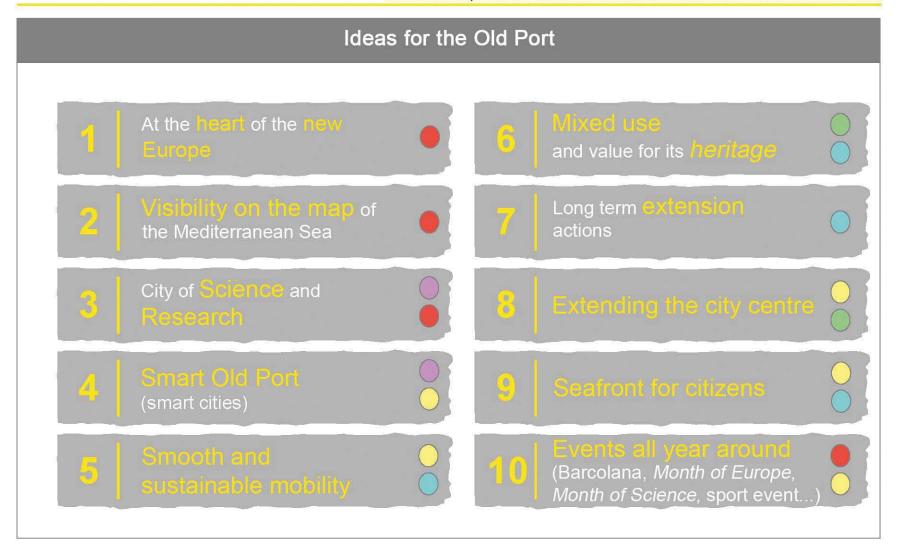
Ch. 1D) Identification and definition of investor attractiveness indicators





...focusing on cross-cutting implementation ideas in line with the needs of the territory and strategic objectives

Ch. 1d) Identification and definition of investor attractiveness indicators















Three case-studies have identified the priorities for the regeneration of the Old Port

Ch. 2) Analysis of the international case studies on urban regeneration





The three case-studies show recurrent factors that are considered qualifying...

Ch. A) Analysis of the international case studies on urban regeneration







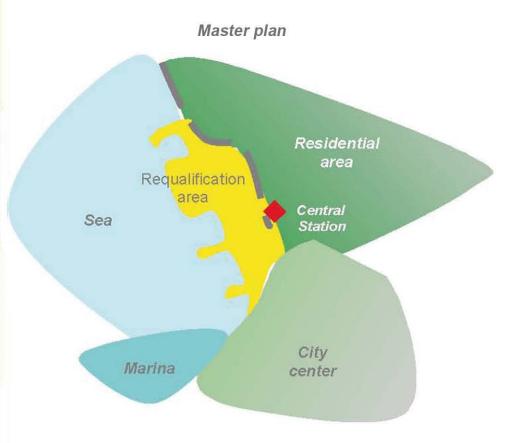
- High quality residential units and offices (energy-efficient buildings)
- 2. Excellent links with national and international infrastructures
- Special attention to emerging activities depending on specific local advantages
- Shared governance with a dedicated public institution skills for the whole territory irrespective of political majorities and economic crises.
- Dedicated resources for project management (technical skills, financing, links with institutions)
- A communication strategy to raise public awareness (consultations for a progressive acceptance)
- Shared brand strategy for stakeholders
- Balance between modernity and traditions both in the urban development plan and in the cultural agenda
- Development plan on mixed use, even though the area has a specific main use
- 10. The first development milestones focus on representative buildings and services in terms of architecture to define the area identity and attract private investors, local population and companies



..... that may be central ideas for the regeneration of the Old Port

Ch. A) Analysis of the international case studies on urban regeneration

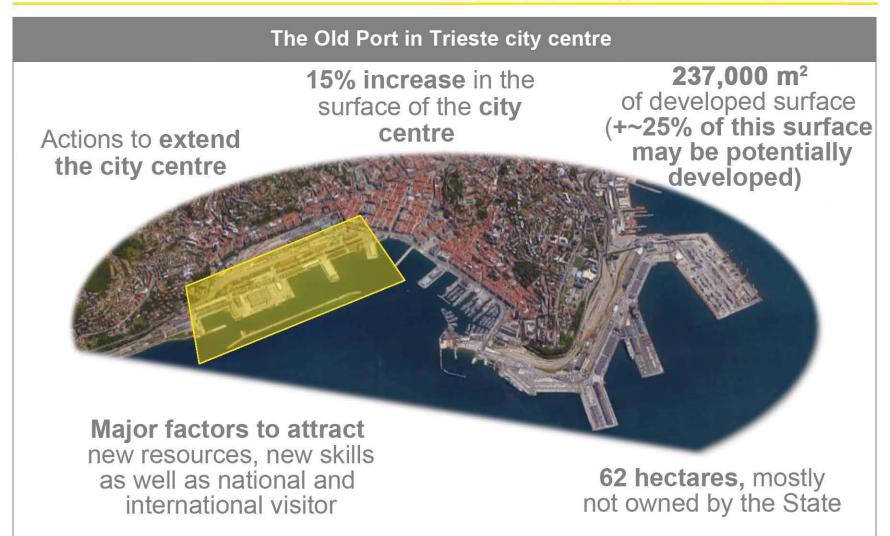
Housing	Clean-energy buildings	Student accomodation
	Pent	Highly-populated
Shops	Nearby shops	Showroom for innovative
	Shopping Centre	High-level restaurants
Offices	Public administration	Central offices of mayor
	R&D area	Company incubator
Services	Museum	Leisure Centre
	Art incubator	Concert hall





The development of the Old Port area is the most important project for the re-launch of Trieste

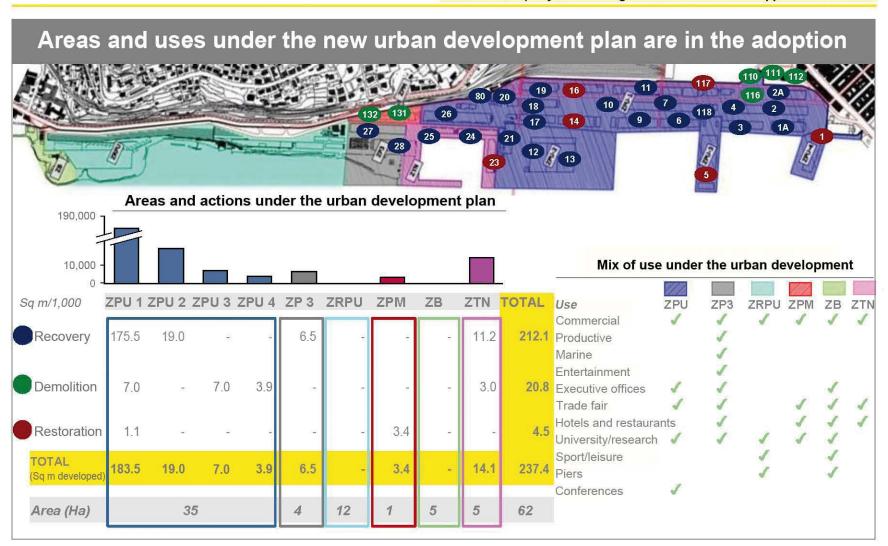
Ch. 3a) Physical and legal-administrative asset appraisal





The areas defined in the new urban development plan with admissible use cases and actions

Ch. 3a) Physical and legal-administrative asset appraisal



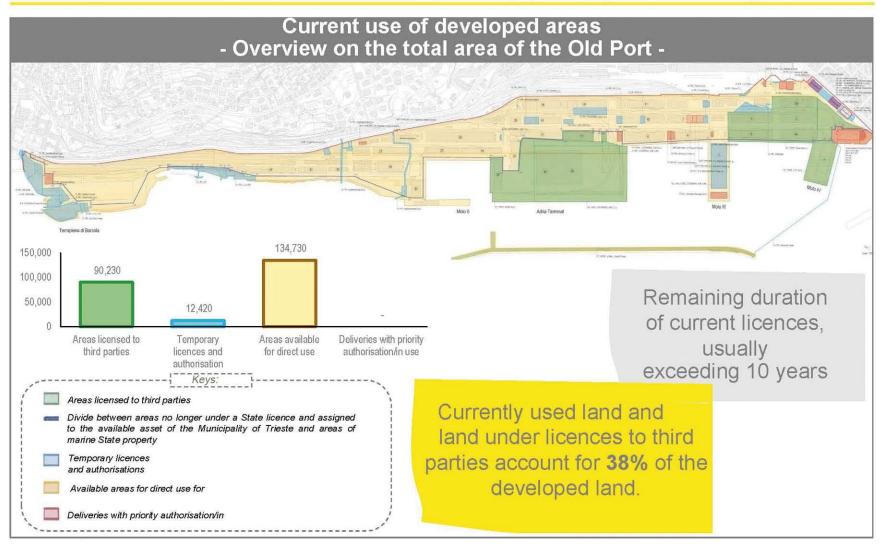
Source: Trieste new urban development plan

Page 20



134K sq m are available for immediate use in terms of conversion, free from licences to third parties

Ch. 3a) Physical and legal-administrative asset appraisal



Source: Municipality of Trieste

Page 21



Summary of the physical and legal/administrative appraisal

Ch. 3a) Physical and legal-administrative asset appraisal

ANALYSIS AREAS

THE LAND and CURRENT USE

THE LEGAL FRAMEWORK

STATE LICENCE TERMINATION and FREE-TRADE AREA

ACTIONS and CONSTRAINTS

SUMMARY

- The total developed land of the Old Port amounts to 237.400 sq m
- · Currently 90% of the land is not used, 70% needs refurbishing
- Land currently in use and areas under licences (State or other) to third parties amount to 38% of the total developed land, as shown in the chart

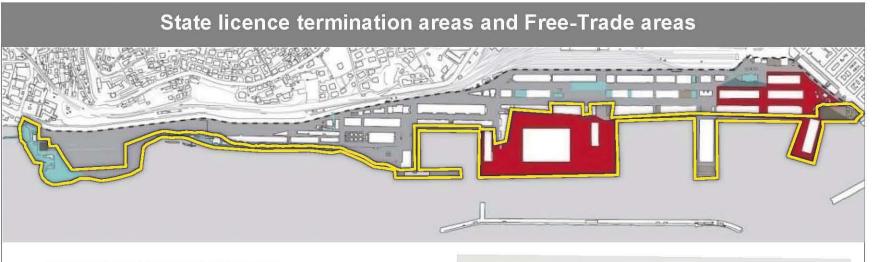
 Adria Terminal 	licence 15 years to C. Steinweg (8,3% tot)	currently in use
 Magazzino 23 	licence 10 years to Saipem (1,3% tot)	currently in use
 Capannone 1 	licence 25 years to TTP (1,6% tot)	currently in use
 Magazzini 1A/2/2A/3/4 	licence 90 years to Greensisam (26,9% tot)	currently not in use

- The new resolution on the approval of the new urban development plan was adopted on 21.12.2015
- The new urban development plan includes the requirements of the current regional development plan and the urban development plan (transformation of port functions into other activities with a more urban role)
- · Where licences apply, functions will be kept until expiry and/or transfer to other port sites
- Main changes include the new municipality borders as a result of the lifting of state licences of the Old Port.
- Kick-off of the licence lifting process of the areas that must be re-qualified (first resolution dated 22.02.16)
- The land currently owned by the Municipality of Trieste in the Old Port, except for piers, special areas from the coast and Adria Terminal
- The Prefect of Trieste and the Port Authority will have to agree how and when the Free-Trade Area will be transferred; this issue is critical, as State licences on the Old Port are based on favourable conditions of this system
- About 89% of the land may be re-qualified under a conservative requalification project, about 9% Demolition and new buildings (about 20,800 sq m)
- The requirement for the authorisation of the authority for any requalification project (direct constraint) applies to 54% of the developed land.
- The requirement, aiming at preserving the assets and that the Ministry has the authority to apply exceptions, applies to 72% of the developed land



The Free-Trade Area will be redefined in its perimeter, considering the potential use for non-traditional activities

Ch. 3a) Physical and legal-administrative asset appraisal



- NEW PERIMETER OF THE FREE-TRADE AREA TO BE DEFINED
- FREE-TRADE AREAS NOT OFFICIALLY USED BY THIRD PARTIES
- FREE-TRADE AREAS OFFICIALLY USED BY THIRD
 - UNDER TEMPORARY AUTHORISATIONS
- FREE-TRADE AREAS UNDER LICENCES TO THIRD PARTIES EXCEEDING TEN YEARS

The redefinition of the Old Port concept will also include the identification of a new perimeter of the Free-Trade Area, hopefully with a flexible use.

The redefined use and role will coexist with the **strategic decision** to leave **part of the Free-Trade Area** in the Old

Port for **non-traditional use**

Source: EY Analysis on the new urban development plan

Page 23



Technical and urban viability is also based on the analysis of a number of factors

Ch. 3b) Appraisal of technical and urban viability

- Any factors that must be taken into account for any technical and urban feasibility of strategic solutions that may be implemented in the old Port areas for regeneration purposes must be based on a number of assumptions including
 - activities in a framework of review of the territory governance in line with any identified development guidelines
 - the solution of all issues for a comprehensive environmental reclaim action

Free-Trade Area

Transfer of the Free-Trade Area in the new identified areas and redefinition of borders of the Free-Trade Area in the Old Port until the expiry of the current multi-annual licences

Constraints

Requirements need to safeguard the need for development and regeneration of the area, ensuring compliance with existing constraints in terms of protection of cultural and scenery heritage with a view to integrating regeneration with historic and architectural features of the Old Port.



Definition of the governance model on the requalification managemern, also in terms of procedures of revenue reversal from regeneration to service of investments purposes for the New Port



The definition of use cases in line with the needs of the territory and the urban regeneration guidelines may result into substantial changes to the urban development plan that, in the framework of the identified guidelines, should be flexible to changes in line with future needs not predictable today

Urban Development

definition of a new access road system in the framework of a new traffic plan to ensure integration of the new re-qualified areas with the city public transport system.

Reclaim action and environmental issues

Reclaim actions must be implemented in line of any applicable regulations depending on the contamination level in buildings and/or areas and taking into account any future use

Degree of complexity of implementation





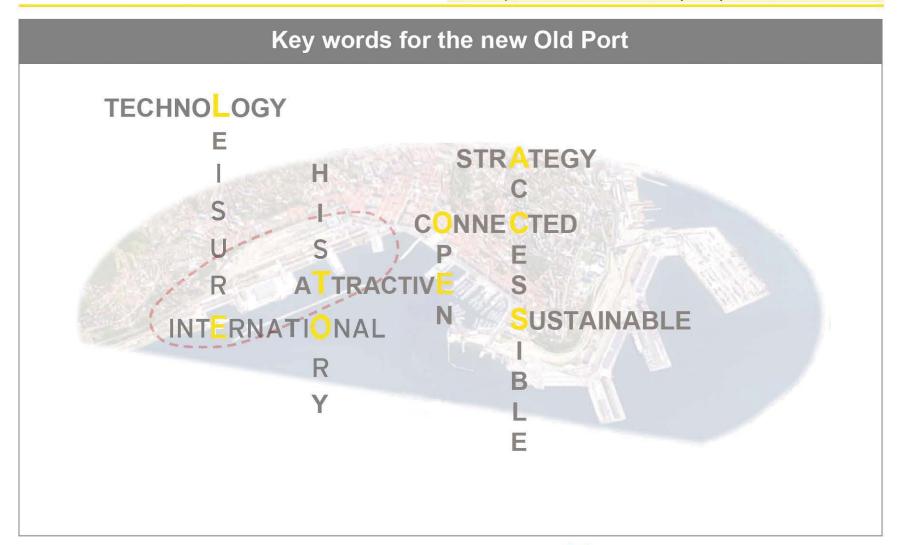






The new Old Port will have to be open, sustainable, connected, attractive and international...

Ch. 3c) Definition of the action concept and possible scenarios



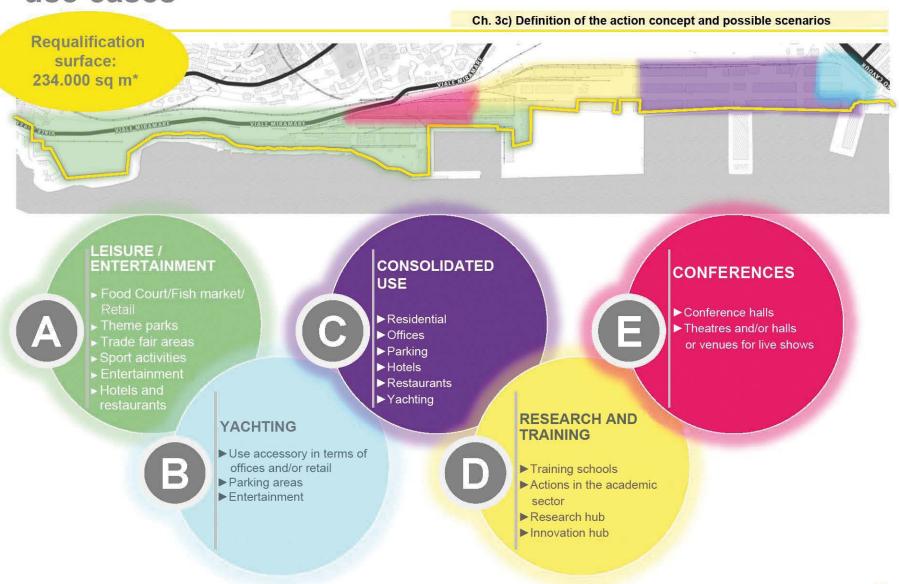
Source: EY Analysis

Page 25





...with an action concept on 5 area types with a mix of use cases



^{*} The building land does not include the Ferry Terminal and Warehouse 26 (these buildings will retain their current use)
Page 26



Extended and qualifying scope for the regeneration of the whole area

Ch. 3c) Definition of the action concept and possible scenarios

LEISURE / ENTERTAINMENT

- ► Food Court/Fish market/ Retail
- ▶ Theme parks
- ▶ Trade fair areas
- ➤ Sport activities
- ▶ Entertainment

Page 27

► Hotels and restaurants

IMPLEMENTATION PHASE

PHASE 1 PHASE 2 PHASE 3

Examples of activities and/or use cases

- High End food experience building
- Sea and yachting trade fairs
- Luxury hotels
- · Fish market
- Outdoor sport areas
- Cycle paths

Areas to be developed (sq m)

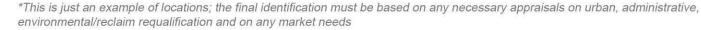
80,000 sq m

95,000 sq m

The leisure/entertainment sector is the largest in terms of surface and it may be used for Use cases providing an advantage for the local population in terms of use and accessibility, such as green areas, cycling lanes, jogging path, pedestrian areas, iconic elements (i.e. landmark building, etc.)

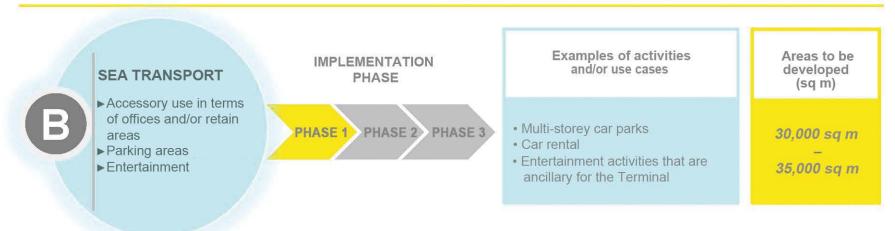
In this framework, there might be complementary use cases in line with territorial needs, such as the food court, the fish market, sport areas and hotels



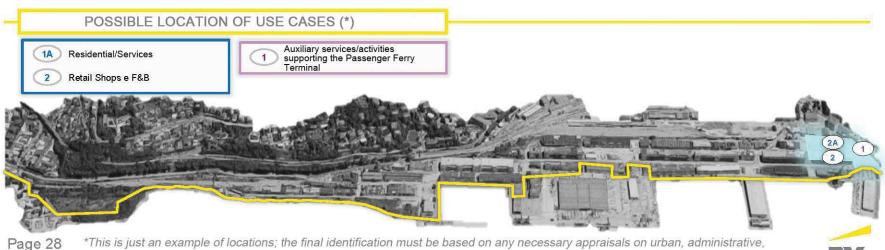


Increase in passenger and tourist flows

Ch. 3c) Definition of the action concept and possible scenarios



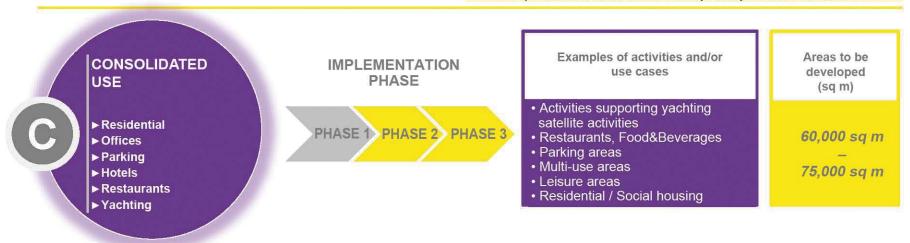
The sea transport sector focusses on the enhancement of the Passenger Terminal to offer sea links all along the Mediterranean Sea as well as the support of the cruise segment. Auxiliary services for the Passenger Terminal must also be enhanced to support its growth with a proper development of satellite activities. These use cases must be identified in the initial regeneration phase with the aim to lay the foundation for the next development steps



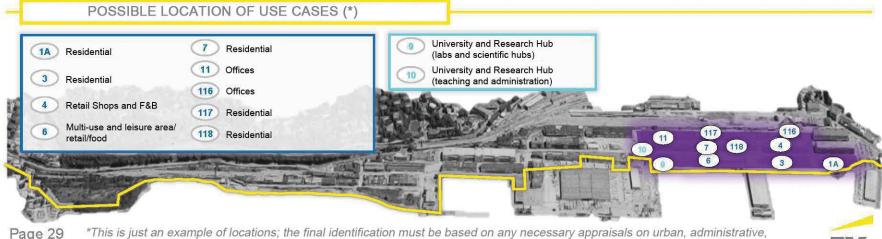
*This is just an example of locations; the final identification must be based on any necessary appraisals on urban, administrative, environmental/reclaim regualification and on any market needs

Mix of use for a site, open 24h a day, as natural extension of the city

Ch. 3c) Definition of the action concept and possible scenarios



The Consolidation area aims at consolidating the use cases implemented in the first development phases (public use areas, temporary use areas) by adding use cases supporting the perception that the venue can be used 24h a day and that it's fully integrated in the urban fabric as a natural extension. Residential areas are meant as a support to demand generation (i.e. sea transport, yachting, conferences) in a wider framework (Regional Law no. 1/2016 on social housing)



*This is just an example of locations; the final identification must be based on any necessary appraisals on urban, administrative, environmental/reclaim requalification and on any market needs

This highlights the role of Trieste as city of science and research

Ch. 3c) Definition of the action concept and possible scenarios

RESEARCH AND TRAINING

Training schools
Actions in the academic sector
Research hub
Innovation hub

IMPLEMENTATION PHASE



Examples of activities and/or use cases

- Relocation of the astronomical observatory
- · University and Research Hub
- · House of science
- Start-up incubator
- Training schools

Areas to be developed (sq m)

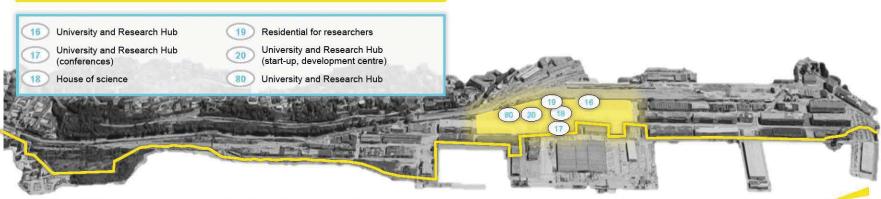
35,000 sq m

45,000 sq m

The Research and Training area includes buildings for the university, research, innovation, i.e. The vocation of Trieste as shown in the workforce/population rate which is among the highest in Europe.

Training activities for people who need to requalify to adapt to new labour market needs in a framework of wider programmes. These areas may also support the academic areas or accessory services may be provided to the training offer or new offices may be opened as a result of the cooperation with foreign universities; additional areas for technology and start-up incubators

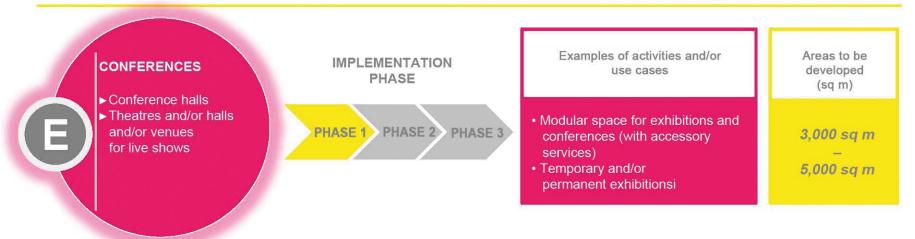
POSSIBLE LOCATION OF USE CASES (*)



Page 30 *This is just an example of locations; the final identification must be based on any necessary appraisals on urban, administrative, environmental/reclaim requalification and on any market needs

Evolution of the existing buildings also as major conference and trade fair venues.

Ch. 3c) Definition of the action concept and possible scenarios



The conference sector only has been in part re-qualified and in part it is also used for its purpose, i.e.

Warehouse 26, the Water Power Station and the Electrical Substation.

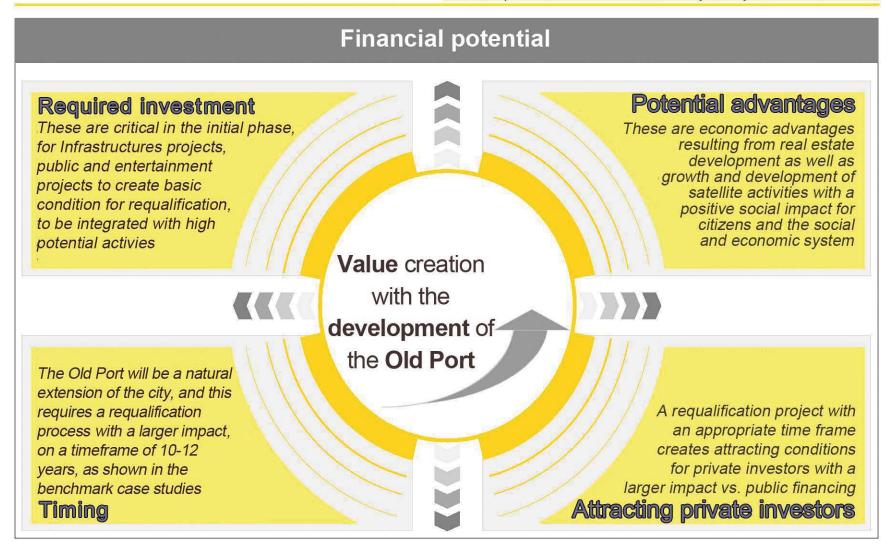
The development of this sector is part of the evolution of the existing buildings into a concept for major exhibitions/conferences; at a later stage, the area of Pier 3 up to the expiry of existing licenses and the relocation of organisation that are currently using the pier.

*This is just an example of locations; the final identification must be based on any necessary appraisals on urban, administrative, environmental/reclaim requalification and on any market needs

Page 31

This has a significant financial potential for public and private investors

Ch. 3c) Definition of the action concept and possible scenarios





The concept implementation includes 3 macro-phases, each with defined settlement targets

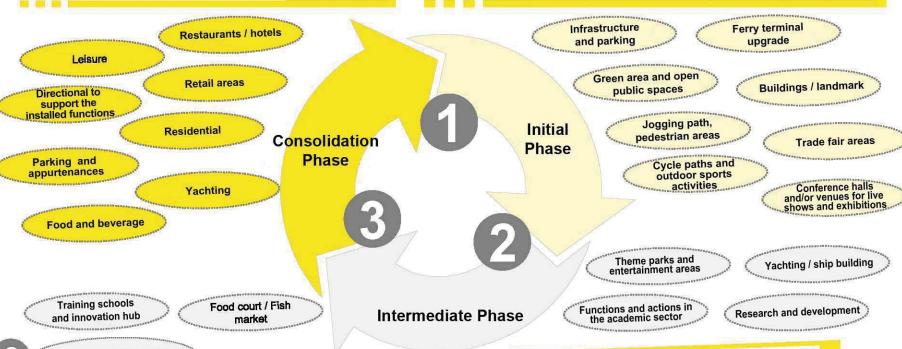
Ch. 3d) Identification of the urban transformation path and requirements

CONSOLIDATION

Facilities will be introduce to consolidate the integration of the regenerated area with the urban and history context, making it as an actual and natural extension with functions to support accessibility and use 24h a day.

INITIAL PHASE

Infrastructures will be implemented to support accessibility, and public facilities for citizens, buildings with cultural, aggregation and entertainment functions, including iconic landmarks, supporting temporary use of the area for events and major actions



INTERMEDIATE PHASE

Facilities will be introduced to support a daily use of the area so that venues are perceived as a representative and integral part of the city as a result of destinations attracting new demand and occupational purposes of local workers from specific categories.

... Timing may be overlapping in part with a long term schedule

Ch. 3d) Identification of the urban transformation path and requirements

The benchmark analysis show that in all success stories in the regeneration of former port areas here are similarities in terms of objectives for each macro-phase; a preliminary phase is necessary to fulfil any requirement for the application of the guidelines in the master plan and for a clear authorization and implementation process:

Phase 0 (Preliminary) Objective: Adoption phase - achievement of the master plan and any requirement for the implementation

phase as well as the implementation of public projects for implementation

Timing: 24 months

Phase 1 (Initial) Objective: Implementation phase - to create any appropriate accessibility conditions and the urban context

with public use cases having a high identity and cultural impact with an attraction capacity to sustain new demand

Timing: 48 months

Phase 2 (Intermediate) Objective: Implementation phase - integration with activities and use cases to support a steady use of the area

by the local population for daily and routine activities and/or on the basis of local and regional guidelines to the

advantage of the local population

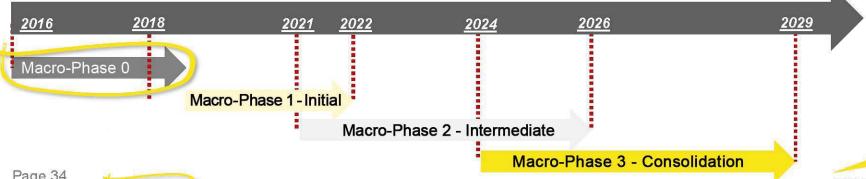
Timing: 60 months

Objective: Implementation phase - to add activities and use cases making the area a natural extension of the Phase 3 (Consolidation)

city with a 24h accessibility

Timing: 60 months

Phases are in a sequence in terms of timing and they are in part overlapping in terms of implementation. As a general rule, considering the wide time pan, the implementation of all phases must be flexible in case future needs of the city, that cannot be currently foreseen, are based on different scenarios requiring to anticipate or delay some use case and activities to the advantage of others, also as a result of feedbacks from investors.



Implementation phases 1-2-3 require a number of activities to be carried out in advance

Ch. 3d) Identification of the urban transformation path and requirements

Macro-Phase 0

Possible road map 2017 2018 **Next steps** M4 M5 M6 M7 M8 M9 M10 M11 M12 M1 M2 M3 M4 Municipality, Regional Redefinition of the Authority, Financial Free-Trade Area Police, Port Authority Governance on Municipality of Trieste, Port Authority revenue reversal Masterplan Design of the primary Municipality, Regional Authority road system New road plan and TPL Municipality, Regional Authority integration Structural Municipality, Regional changes to the Authority, Sovrintendenza, urban development plan other organisations Master plan Definition Identification of the first Municipality. investors, stakeholders sections for action Planning of public Municipality, Acegas works Municipality, Regional Governance Authority, National definition Government, Port Authority Setting-up of the Managing Authority (SPV) Preliminary agreements with SPV, investors potential investors Procurement procedures SPV. stakeholders for public works



The re-qualification process management must be based on 6 main points...

Ch. 4a) Governance and Go-to-Market Models

Main Points

Trieste Old Port re-qualification is a strategic project, it's more than an urban re-qualification project, as its degree of attention is very high. Managing such a strategic and complex project requires a simultaneous interface with 6 different main points:

Governance

A sound governance model is critical to foster trust among investors, ensuring stability and flexibility

Marketing and Go-to-Market

Marketing is critical for a project that will have a substantial impact on the image and identity of Trieste.

Marketing actions are based on strategy and positioning, including an effective communication and tools to collect feedbacks from stakeholders

Finance

The financial aspect should combine public and private financing, including an operating budget for the steering team



Collection of feedbacks

The collection of feedbacks from stakeholders is often a limited action, but it's critical in terms of risk management and the involvement of public authorities that will be responsible for the success of the project

Operating development

This includes all technical development steps, i.e. technical surveys, building and trading. This includes both real estate and public amenity



Events and culture

Defined as key success factors in many re-qualification projects, marketing actions on the promotion of events and culture are fundamental to increase the attractiveness of the project since its very early implementation stages



... to be implemented in 4 logical and sequential phases: analysis, design, implementation andevaluation

Ch. 4a) Governance and Go-to-Market Models

Phases

- Each project phase should be implemented on the basis of a process of analysis, design, implementation and evaluation
 - Though each point has its own process, all points must be implemented simultaneously at the same pace
 - The combination of all 6 main points and the 4 project phases determine the phase of the project as shown in the matrix in the next slide

Analysis

 The main points of the project must be evaluated to define a starting point

Evaluation

 The evaluation phase is critical for the final phases of the project; strategic projects must be built on the basis of a project with a degree of flexibility, though keeping it ambitious



Design

 Starting from the requirements defined in the first phase, the strategy can be identified and shared with the stakeholders

Implementation

 The strategy must be implemented leaving some room for future adjustments



The initiative is substantially based on a clear, shared and steady governance model

Ch. 4a) Governance and Go-to-Market Models



Source: EY analysis



3 recurring factors stand out from the success stories on the go-to-market process.

Ch. 4a) Governance and Go-to-Market Models

Go-to-Market: attracting investors



- This section of the project is strategic for the promotion of the site and the development plans
- Marketing actions and partnerships between public and private organisations are needed to achieve the project results (timing, planning, etc.)

Combined territory framework



Combining two go-to-market models

Promotion: marketing and communication campaigns



Definition of a plan to define targets and ad hoc messages that may evolve with the project

Business development



Planned needs to assess the requirements of private investors, developers customers/final users

Defining a special policy for the first investors

Zoo 1: "Anchor" investor

The first investors of Euromed Marsiglia was a German pension fund that the project management team did not expect

Zoom 2: Attractive pricing policy

EPAEM has implemented a more favourable pricing policy vs. for instance Barcelona, especially in the early steps of the project



5 key factors for public and private stakeholders for the regeneration process of the Old Port

Ch. 4a) Governance and Go-to-Market Models

Governance and Go-to-Market of the initiative



The Old Port project management must be strategic and based on multiple dimensions



Each main point of the project must be taken into account in the multi-annual development phases



In the coming months, the Old Port should have 3 priorities: governance configuration, definition and approval of a master plan, launch of the procurement procedures on technical surveys



In similar projects, dedicated SPVs were set up, but the involvement degree of public stakeholders is different depending on the project



As a general rule, SPVs share similar functions

- 1. Strategic development: SPVs must define a strategy, share it with the stakeholders, ensuring consistency and the implementation of the overall strategy
- 2. Urban planning, preparation of the area and development: The SPV mission is to develop the area and supervise several aspects of the project
- 3. Coordination and management: SPVs are responsible for the achievement of the project as a whole and they implement mediation and coordination actions instead of real estate development
- 4. Marketing, promotion and go-to-market. SPV strategies usually focus on territorial dimensions, combining two types of approaches (promotion/communication and business development) and they implement privileged policies for the first investors



Public and private partnerships may be an implementation tool

Ch. 4b) Possible models of public-private partnerships



Advantages





Disadvantages

- National policy on infrastructure modernization, limiting the use of public financial resources with the involvement of private skills in all building, management and service provision phases with an increased involvement of investors
- · Optimal transfer of risks to the private sector
- Optimized management of the range of actions for the implementation of the project
- · increase the degree of certainty on costs and timing
- improve the link between investments and allocated financial resources

- Complex process on risk identification and allocation
- · Delays in the launch of the initiative
- Increased costs for the setting up of the operation
- Rigid contract scheme at the completion of the negotiation phase



In the coming months, the master plan needs to be completed together with all stakeholders and competent authorities

