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Report and Valuation as at 01 July 2014

Prepared on behalf of Banca IMI S.p.A.

Building via Monte Napoleone, 12 Milan, Italy

DTZ, a UGL company
DTZ International Limited
Via Durini, 2
Milan
20122
Italy

07 November 2014

Job No: 678

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Building Via Monte Napoleone, 12 – Milan – Italy

Executive Summary

Property type	Retail (main use)
Physical characteristics of the property:	
Floor area	Total Gross Area: 5,738 sq m Ground Floor: 1,311 sq m First Floor: 1,249 sq m Second Floor: 1,175 sq m Third Floor: 829 sq m Fourth Floor: 118 sq m Basement: 1,056 sq m
Approximate year of construction	Nineteenth-century
Specification	High street retail
Condition	Excellent
Deleterious materials	Assumed none
Obsolescence	Fully refurbished in 2012 and 2013
Environmental issues	Assumed none
Location	Via Monte Napoleone, 12 20121 Milan Italy
Tenure	Freehold
Tenancies	5 tenants: Dior, Burberry, Hermes, Marni and Regent Property
Vacancies	None
Total current annual income (contracted)	€ 15,490,000
Passing Rent	€ 11,757,291
Annual Market Rent (gross)	€ 15,906,300

Market Value and yields	
Market Value exclusive as at 01 July 2014	**€ 314,700,000**
Exit yield	5.00%
Discount rate	5.50%
Valuation on Special Assumption	
Value on Special Assumption	€ 319,600,000
Special Assumption description	This value is made under the Special Assumption which the Property will be able to get the necessary municipality authorizations to increase the sale area of the retail unit currently leased to Dior and consequently increasing the Passing rent from 1st May 2015.
Key investment/market considerations	

Strengths/opportunities

- Prime location in via Monte Napoleone one of the most important high street in the world.
- Lack of lease spaces with respect to an increasing demand.
- Commercial units leased to primary fashion brands.
- The renovation works for the whole building were made by leading architects with the use of rich materials and great attention to the visual effect.
- The fashion and luxury sector are still a growing industry.
- The Milan fashion district is able to attract customers from everywhere in the world.

Weaknesses/risks

- Large retail units.
- Inflexible internal layout.
- Economic downturn.

Building via Monte Napoleone, 12 – Details as at 01 July 2014

Tenant	Floor	Use	Gross Area	Lease rent	Passing rent (from 1.7.2014 to 30.6. 2015)	Lease start	First break	Expiry date
1 – Dior	GF, 1, -1	Retail	873	3,305,000	2,500,950*	01/05/2012	30/04/2018	30/04/2030
2 – Burberry	GF, 1, 2, -1	Retail	1,986	5,150,000	4,128,965	01/02/2012	31/01/2018	31/01/2024
3 – Hermes	GF, 1, 2, -1	Retail/Office	1,300	4,535,000	4,321,758	16/10/2012	15/10/2021	15/10/2027
4 – Marni	GF, -1	Retail	632	2,000,000	666,667	01/11/2014	30/10/2020	30/10/2026
5 – Regent Property	3, 4	Hotel rooms	947	500,000	250,000	01/01/2015**	31/12/2023	31/12/2032

** The passing rent (from 1.7.2014 to 30.6.2015) is calculated under the assumption that Dior will never get the administrative authorizations to increase the sale area.*

***In line with the draft contract lease provided, we assumed the start lease on 1st January 2015.*

DTZ International Limited
Sede secondaria italiana
Via Durini, 2
Milan
20122
Italy
Telephone: +39 02 77 22 99 01
Facsimile: +39 02 77 22 99 50
www.dtz.com

Sergio Renzulli
Credit Risk Transfer
Capital Markets - Credit Solutions Group
Banca IMI S.p.A.
Largo Mattioli, 3
20121 Milan
Italy

Email: sergio.renzulli@bancaimi.com
Direct Tel: +39 02 7261 2176
Direct Fax: +39 02 7261 2242

DTZ Ref: 678

07 November 2014

Dear Sirs

Applicant: **Banca IMI S.p.A.**
Property: **Building via Monte Napoleone, 12**

1 Terms of instruction, Valuation, suitability for loan security, disclosure and confidentiality

TERMS OF INSTRUCTION

1.1.1 Loan proposition

We understand that our report and valuation (the "Valuation Report") is required in connection with a proposal to refinance the above property.

We understand that the property is to be used as security for a commercial mortgage over the interest valued in this Valuation Report. We have not been made familiar with the details of the current loan but understand it matured in November 2014.

1.1.2 Our appointment and valuation date

In accordance with your letter of instruction, dated 16 June 2014 (Section 5), we have valued the freehold interest in the above property, as at 1 July 2014.

1.1.3 Compliance with RICS Valuation - Professional Standards 2014

We confirm that the valuation has been prepared in accordance with the appropriate sections of the Valuation Standards ("VS") contained within the RICS Valuation - Professional Standards 2014, (the "Red Book").

1.1.4 Status of valuer and conflicts of interest

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We also confirm that where more than one valuer has contributed to the valuation the requirements of VS 1.6.4 of the Red Book have been satisfied. We confirm that Amos Sormani MRICS has overall responsibility for the valuation. Finally, we confirm that we have undertaken the valuation acting as an External Valuer, qualified for the purpose of the valuation.

1.2 VALUATIONS

The property is described in Section Two of this Valuation Report and our market analysis and valuation approach are discussed in Section Three of this Valuation Report. The valuations referred to below must be read in conjunction with the other sections of this Valuation Report.

1.2.1 Basis of valuation

Our opinion of the Market Value of the property has been primarily derived from comparable recent market transactions on arm's length terms.

In accordance with your instructions, we have undertaken our valuation on the following bases:-

- the Market Value (MV) of the property in its existing state and with the benefit of existing use.

We have set out the definitions of the above bases of valuation in Section 4.2 of this Valuation Report.

In addition, you have requested that we provide a valuation on the following basis/bases:-

- the Value of the building considering the Special Assumption which the Property will be able to get the necessary municipality authorizations to increase the sale area of the retail unit currently leased to Dior and consequently increasing the Passing rent from 1st May 2015.

In preparing our valuation on this basis, it is necessary for us to prepare a valuation on a "Special Assumption". A Special Assumption is referred to in the Glossary in the Red Book as an assumption that "either assumes facts that differ from the actual facts existing at the *valuation date*, or that would not be made by a typical market participant in a transaction on the *valuation date*".

In the circumstances of this instruction, we consider the above Special Assumptions may be regarded as realistic, relevant and valid.
Our Valuation Report is subject to our standard Valuation Conditions and Assumptions which are included in Section 4.1 of this Valuation Report. In the event that any of our Assumptions prove to be incorrect then our valuation should be reviewed.

1.2.2 Valuation

i. Market Rent

We are of the opinion that the aggregate Market Rent of the property, as at 1 July 2014, subject to the Assumptions and comments in this Report and the Appendices is:-

€ 15,906,300	**Fifteen million nine hundred six thousand three hundred euro per annum**

ii. Market Value

We are of the opinion that the aggregate Market Value of the freehold interest in the above property, subject to the existing tenancies, as at 1 July 2014 subject to the Assumptions and comments in this Report and the Appendices is:-

€ 314,700,000	**Three hundred fourteen million seven hundred thousand euro**

Our opinion of value is based on the following yields:

Exit yield	5.00%
Discount rate	5.50%

iii. Valuation undertaken based on Special Assumption

The valuations detailed below should be considered in the context of our comments under paragraph 1.2.1. point 2.

We are of the opinion that the aggregate Market Value of the freehold interest in the above property, subject to the existing tenancies, as at 1 July 2014 subject to the Assumptions, Special Assumption and comments in this Report and the Appendices is:-

€ 319,600,000	**Three hundred nineteen million six hundred thousand euro**

1.3 SUITABILITY FOR LOAN SECURITY

In our opinion, subject to the comments and Assumptions contained below and elsewhere in this Valuation Report, the freehold interest in the property provides good security for the purposes of a loan.

1.4 DISCLOSURE AND CONFIDENTIALITY

The contents of this Valuation Report and Appendices are confidential to the party to whom they are addressed for the specific purpose to which they refer and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of their contents. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless, where relevant, it incorporates adequate reference to the Special Assumptions and/or Departures from the RICS Valuation – Professional Standards 2012 referred to herein. For the avoidance of doubt, such approval is required whether or not DTZ International Limited is referred to by name and whether or not the contents of our Report are combined with others.

Yours faithfully,

Amos Sormani MRICS	**Matteo M. Fumagalli MRICS**
Director	*Senior Surveyor*
Head of Advisory&Valuations Italy	*Advisory&Valuations Italy*
For and on behalf of	*For and on behalf of*
DTZ International Limited	*DTZ International Limited*

2 Property

SOURCES OF INFORMATION

Sergio Renzulli and Giuseppe Morrone for Banca IMI and Stefania Campestri for Gruppo Statuto are the sources of all items of all facts and information pertinent to the valuation that is referred to in the Report.

2.1 INSPECTION

The property was inspected internally by Amos Sormani MRICS, Matteo M. Fumagalli MRICS and Douglas Babington Smith MRICS on 3 July 2014. We were able to inspect all of the property.

2.2 LOCATION AND SITUATION

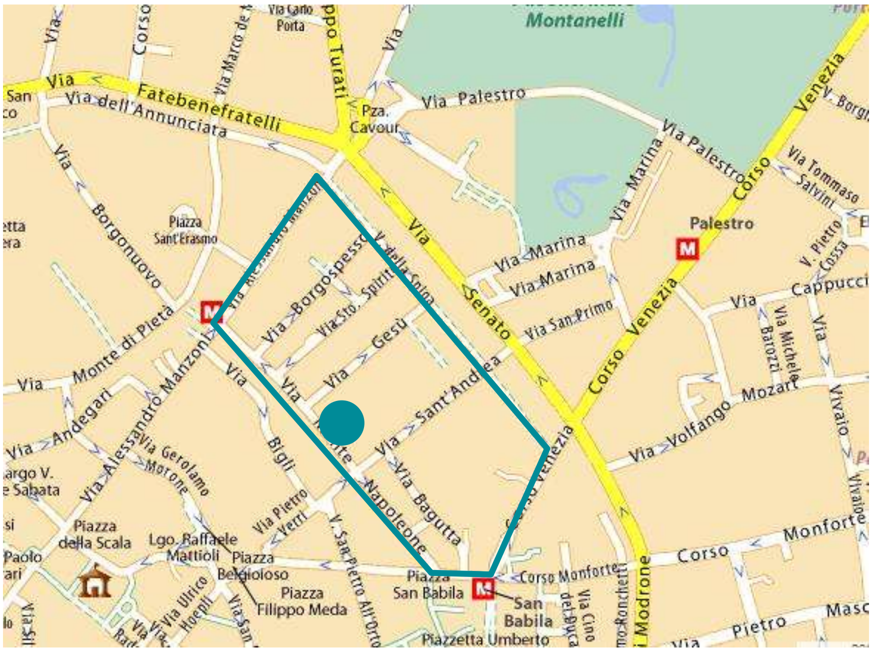
The retail building, subject of this valuation, is located in the city of Milan in via Monte Napoleone, 12.

Via Monte Napoleone is one of the most famous shopping streets in the world as well as being considered the most luxurious area of the city. In particular, the whole street is characterised by the presence of numerous boutiques and related retail shops which represent most of the world’s major fashion houses.

Via Monte Napoleone together with its side streets is called “Quadrilatero della Moda” (*Quadrilateral of fashion*) and it is considered the high-class shopping district in Italy. The sides of the quadrilateral, located to the south of the arches of Porta Nuova, are formed by via Monte Napoleone, via Manzoni, Via della Spiga, and Corso Venezia. Streets inside this area include Via Borgospesso, Via Santo Spirito, Via Gesù, Via Sant'Andrea, and Via Bagutta and via Verri.

Macro location - Source: ViaMichelin

Via Monte Napoleone is the most important street into the fashion district and, unlike via della Spiga which is a pedestrian area, is open to traffic and is equipped with a pavement on each side of the road for its entire length. This characteristic is very relevant for an exclusive type of clients that want to arrive at the shop by car.



Micro location – Source: ViaMichelin

Regarding general access to the area, the “Quadrilatero della Moda” is served by the underground station “San Babila” (MM1, Red Line) and Monte Napoleone - (MM3, Yellow Line) which are able to provide a fast transport connection to all the semi central and sub-urban areas guaranteeing the retail units with a vast potential catchment area. Fast road connections to the city outskirts are also available: a valid link to Linate airport is provided by the ring road accessed through Corso Europa (from Piazza San Babila) and then Corso di Porta Vittoria.

The public transport offer is then completed by a vast network of bus and tram lines: bus lines n. 73/73X, towards Linate International airport; n. 60 towards central train station, n. 54 towards the Cathedral, and tram lines (n. 2, n. 3, n. 12, n. 14, n. 15, n. 16, n. 19, n. 23, n. 24 and n.27).

Besides shops, the area shows a mix of office premises and a large number of businesses such as restaurants, bars, shops, leisure centres and hotels.

Finally, historical buildings with architectural relevance such as Milan Cathedral, San Carlo Church, San Fedele Church, “Alla Scala Theatre” together with the “Statale University” and the museum of “Palazzo Reale” are located all around.

Cadastral/Planning extracts are included in Sections 2.10.

2.3 DESCRIPTION AND CONSTRUCTION

EXTERNAL SPECIFICATIONS

The subject of this valuation is an entire building with a main retail destination of use.

All the subject units are integrated into an historical building sited in via Monte Napoleone, 12. This building, built in Nineteenth-century in adherence to the contiguous properties, gave the name to the whole street because, since Napoleonic era, it was the seat of the homonymous financial institution which was in charge of the public debt management.

Via Monte Napoleone follows the old course of the Romans' walls that, in turn, followed the course of the River Seveso, which today still flows under the road surface of the odd side of the street.

The building in object consists of 5 floors above the ground besides a basement floor and the roof. The whole building was subject to a complete restoration and refurbishment work during the years 2012 and 2013.

The structure is integrally made in masonry with the exception of some insertions in steel and reinforced concrete referable to the refurbishment works made in the twentieth-century and twenty-first century. The masonry structure, besides fulfilling the function of supporting the building, gives the property a stiff internal space organization.

Externally, the building shows a main facade, overlooking via Monte Napoleone, tripartite in Neoclassical style, composed of a base in false rustication, a central part plastered and coloured in ochre characterized by the presence of many windows and closed by a lightly jutting ledge on the top.

Via Monte Napoleone

The base is characterized by the presence of many shop windows and entrances to the retail units.

Round arches alternate with groups of architrave shop windows of different sizes without complying with a precise "rhythmic", but all the architectural elements of the ground floor are organized around two main openings, the first of which represents the largest available shop window of the commercial unit currently rented to Dior and the second one provides the access to the main internal courtyard which leads to a further commercial unit currently rented to Marni.

Both entrances are characterized by the presence of arches and two small jutting balconies on the first floor, both supported by shelves on volutes.

On the main floor all the windows are framed by thin pilasters and surmounted by tympanums only in correspondence of the two main balconies, and by architraves in all other windows.

The harmony of the scheme is broken by the presence of a small balcony above the entrance of the retail unit currently leased to Burberry.

The same spatial organization recurs also in the above floors with the exception that in these last floors there are neither balconies nor tympanums placed over the windows but only architraves. Finally, the jutting ledge, that marks the end of the facades and the beginning of the roof, is characterized by the presence of some decorative elements.

INTERNAL SPECIFICATIONS

The first retail unit is leased to one of the most important international fashion brands: Dior.

This retail unit has, 5 shop windows (including the entrance), all overlooking via Monte Napoleone.

Dior retail unit

Internally, the retail unit consists of three levels, occupying a large portion of the ground floor, about one third of the first floor and a small portion of the basement.

The spaces on the ground and first floors have a main retail destination of use, while the basement is used as storage.

The rooms on the ground floor taper themselves as you go inside the retail unit. In fact, the interior space is wide near the entrance, where the shop windows dominate the scene, and then makes way for a space with a soft atmosphere characterized by grey hues that enhance the beauty of the furniture in floral decoration, where are placed the accessories, to eventually lead to an even more discreet and reserved area dedicated to jewellery and watches.

A wide staircase, almost monumental, characterized by the presence of a refined wrought-iron bulwark and framed by a video-wall installation composed of 120 LCD screens, connects the ground floor with the first floor.

On the first floor, nine windows on via Monte Napoleone light the prêt à porter hall up; close to this area is another room dedicated to accessories, which creates a sequence of intimate spaces where the tones of grey, turning from deep to light, characterize the premises which are furnished with several unique pieces, as if it was a luxury property. All these rooms are dedicated to clothing and footwear collections, besides a stylish VIP area.

The second retail unit, bigger than the previous one, is leased to another important international fashion brand: Burberry. This unit has 4 shop windows (including the entrance) all overlooking via Monte Napoleone.

Burberry retail unit

Internally, the retail unit consists of four levels occupying a portion of the ground floor, a portion of the first floor and a large part of the second floor, besides a small portion on the basement. The unit is completed by two interior courtyards and a small terrace.

Also in this second retail unit the masonry structure creates a “rhythm” with which the internal spaces are articulated in a scheme in which, one more time, the largest room is behind the shop windows, where is located a large video-wall of approximately 3x3 metres with a sophisticated audio/video system used to broadcast corporate contents directly managed by the global head office in London.

In this retail unit the differences between the physical and the digital world glide into a smoother experience reducing the difference between the act of going to a shop and that of doing shopping on the website.

Beyond this area, the space narrows to become almost a corridor, which is limited by the presence of the courtyard with a lawned garden, a box tree and other ornamental evergreen trees. Finally, the space widens into another retail area with a wide staircase leading to the upper level.

On the first floor, the shop occupies the part behind the building. Here retail spaces catch direct light from three different courtyards, the largest of these overlooking a large terrace. This floor is characterized by the presence of several rooms, all elegantly furnished with refined materials. Also the second floor, currently under refurbishment, is expected to be completed, reproducing the same level of interior finishes of the underlying levels.

The third retail unit is leased to another important international fashion brand: Hermes. This unit has 5 shop windows (including the entrance) all overlooking via Monte Napoleone.

Hermes retail unit

Internally, the retail unit consists of four levels occupying a great portion of the ground floor, approximately one third of the first floor and a small portion of the second floor beyond a small portion of the basement.

The spaces on the ground level and first floor are mainly for retail use, while the basement is used as storage, while the second floor will host the Hermes' offices.

The ground floor areas are arranged around an internal shaft and a stair. The retail unit on the ground floor is divided into 3 parts: the large entrance, characterized by large shop windows dedicated to women's accessories, jewellery, and a perfumes corner; the central portion with elongated shape is used as connection between the ground floor and the upper floor and is dedicated to men's accessories; this leads to a larger area dedicated to men's wear.

The central stair, illuminated by LED lights, allows the costumers to reach the upper floor which is characterized by the same tripartite division of the underlying levels in a series of spaces that are marked by the same rhythm of alternation (from wide to narrow) in a sequence of areas which tend to emphasize the longitudinal distribution of the internal spaces where women's collections are displayed.

On the second floor are Hermes' offices that are characterized by the presence of four windows overlooking via Monte Napoleone that, on the date of the site inspection, are under renovation.

The last retail unit is leased to another important international fashion brand: Marni.

This retail unit, unlike the others described above, has not direct access to the most famous shopping street of Milan, but has 4 large shop windows which, overlooking the main internal courtyard, are visible from Via Monte Napoleone through the wide portal which connects the courtyard to the street.

Marni retail unit

Internally, the retail unit consists of two levels: the ground floor and the basement. In particular, the store occupies about one fifth of the ground floor and almost half of the basement. The spaces on the ground floor and the basement are both used as retail spaces.

The ground floor is divided in two rooms: the first one, placed near the internal courtyard, is bigger than the second one and is dominated by the presence of shop windows; while the second room, separated from the first one through a constriction, makes way for an area with a soft atmosphere that overlooks an internal courtyard not accessible for the public. At the time of the site inspection, this retail unit is ready to undergo some finishing works to be carried out by the tenant.

The hotel rooms, located on the top floors of the building, occupy the entire third floor and the available area of the attic on the fourth floor. The portions on the third and fourth floors overlook via Monte Napoleone with 15 windows per floor.

On the date of the site inspection, the rooms on the third floor appear to be under construction, while the suites on the fourth floor are being planned. Both floors will be leased to Regent Property in order to sublease them to Regent Management (leading player in the hotel management) to expand the adjacent Four Seasons Hotel in Milan. The rooms will be completed in line with the highest market standards in terms of finishes and use of the spaces.

The technical rooms are mainly located in the basement and both commercial units are equipped (Dior, Burberry and Hermes) or will be equipped (Marni and Four Season Hotel) with adequate plant equipment:

- Air conditioning system;
- Water and sanitary system:
- Electrical system;
- Lift for every single units;
- Fire system;
- Video surveillance system.

Further photographs are attached in Appendix B and floor plans in Appendix C.

2.4 CONDITION

The property appears to have been well maintained having regard to its age, use and construction. However, we have not undertaken a condition survey and we would draw your attention to our Assumptions in Section 5.1.

2.5 DELETERIOUS MATERIALS

The age and style of construction of the subject property are such that materials such as high alumina cement concrete, wood wool shuttering, calcium chloride or asbestos may have been used in subsequent alteration of the building. We would draw your attention to Section 5.1 of this Valuation Report.

2.6 FLOOR AREAS

As instructed, we have utilised the floor areas provided by Stefania Campestri for Gruppo Statuto for the purposes of our valuation. We have made an Assumption that these areas have been measured and calculated in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

For the determination of the commercial areas we proceeded to the weighting the gross floor areas through appropriate virtualization coefficients.
The table below shows the gross floor areas and the commercial areas for the subject property.

DIOR	USE	FLOOR	GROSS AREA	COEFF.	COMMERCIAL AREA
			sq m	%	sq m
	RETAIL	FIRST FLOOR	415	60%	249
	RETAIL	GROUND FLOOR	291	100%	291
	MAGAZZINO	BASEMENT	167	40%	67
	TOTAL		**873**		**607**

BURBERRY	USE	FLOOR	GROSS AREA	COEFF.	COMMERCIAL AREA
			sq m	%	sq m
	RETAIL	SECOND FLOOR	880	30%	264
	RETAIL	FIRST FLOOR	449	60%	269
	RETAIL	GROUND FLOOR	423	100%	423
	CORTILE	GROUND FLOOR	65	20%	13
	MAGAZZINO	BASEMENT	169	40%	68
	TOTAL		**1.986**		**1.037**

HERMES (Negozio)	USE	FLOOR	GROSS AREA	COEFF.	COMMERCIAL AREA
			sq m	%	sq m
	RETAIL	FIRST FLOOR	385	60%	231
	RETAIL	GROUND FLOOR	370	100%	370
	MAGAZZINO	BASEMENT	250	40%	100
	TOTAL		**1.005**		**701**

HERMES (ufficio)	USE	FLOOR	sq m	%	COMMERCIAL AREA
			sq m	%	sq m
	OFFICE	SECOND FLOOR	295	100%	295
	TOTAL		**295**		**295**

MARNI	USE	FLOOR	GROSS AREA	COEFF.	COMMERCIAL AREA
			sq m	%	sq m
	RETAIL	GROUND FLOOR	162	100%	162
	COURTYARD	BASEMENT	45	10%	5
	RETAIL	BASEMENT	425	50%	213
	TOTAL		**632**		**379**

REGENT PROPERTY	USE	FLOOR	GROSS AREA	COEFF.	COMMERCIAL AREA
			sq m	%	sq m
	HOTEL	THIRD FLOOR	829	100%	829
	HOTEL	FOURTH FLOOR	118	100%	118
	TOTAL		**947**		**947**

TOTAL		**5.738**		**3.966**

In the event that any of these data should be incorrect, the valuation results could vary and should be adequately reviewed.

2.7 SITE

The property occupies a regular site with an approximate site area of 1,745 sq m.

An extract showing our understanding of the boundaries of the property edged in red is attached at Appendix A. This site plan is for identification purposes only. We advise that the accuracy of the plan is verified by your solicitors.

2.8 FLOOD ENQUIRIES

We have made enquiries of the Municipality of Milan web site and are advised that the subject property falls outside the extent of the extreme flood. In the event that any of these Assumptions prove to be incorrect then our valuations will need to be reviewed.

2.9 ENVIRONMENTAL MATTERS

We have been provided with Environmental Surveys of the property, prepared by Montana S.p.A. on behalf of Yard Valtech, dated 22nd July 2014.
The Environmental Surveys provided shows that there are not criticality, concerning the subject property, regard to the field of: air, water, soil, subsoil, waste, materials containing asbestos, other dangerous substances.

2.10 TOWN PLANNING AND CADASTRAL

Town Planning description

According to the Town Planning of Milan called Governo del Territorio (PGT), the subject property falls into the TUC- Tessuto Urbano Consolidato (*Consolidated Urban Texture)* and also into the NAF - Nuclei di Antica Formazione *(Cores of ancient creation).*

Extract of PGT – PdR R01

The Nuclei di Antica Formazione are rules by the art. 12 NTA of the Municipality of Milan as: *"The Nuclei di Antica Formazione (NAF), are pieces of territory composed by historical urban textures that have historical, morphological and typological characteristics, recognizable by the stratification of the processes of their formation. "*

Extract of PGT – PdR R03

More specifically the area where the subject property is placed is identified in Table R03 - NAF - *Analysis of historical and morphological values as complexes with intrinsic architectural value, buildings with historical value testimonial. Within the NAF is possible to identify:*

a. the property with artistic, historical, archaeological and ethno-anthropological value, as well as the landscape assets that are subject to protection and preservation in accordance with the provisions of the law;
b. buildings worthy of preservation with testimony and documentary value constituents the architectural and urban culture of the construction, reconstruction and expansion period of the city;
c. buildings that have to respect the environmental characteristic of the urban context.

Interventions concerning areas, buildings or complexes of buildings constituents also cultural or scenic promote the protection, conservation, and utilization of cultural heritage.
These buildings are ruled by Table R04 - NAF – Type of works

Extract of PGT – PdR R04

More specifically the art. 13.2.b of the NTA allows for these types:
"The interventions of ordinary maintenance, extraordinary maintenance and restoration to the properties referred to art. 12.2.c, are intended to maintain the unique aspects that are the specific value of the properties with their specific constructive and stylistic connotations. "

Cadastral description

Below the current registry identification at the Nuovo Catasto di Milano:

- Page 351, Plot 236, Sub 729, 731 category C/1 (shop).
- Page 351, Plot 236, Sub 738, 739, category C/2 (stockroom).
- Page 351, Plot 236, Sub 737, category D/1 (factory).
- Page 351, Plot 236, Sub 736, 739, category A/1 (office).

Cadastral plan

2.11 TENURE AND VAT

We have been provided with a copy of the Notary Certificate of the property, prepared by dr. Luciano Severini, Public Notary in Milan. The Notary Certificate of the property shows that the subject property is held freehold and free from any other restriction which may affect value by "Fondo Platone – Fondo Comune di Investimento Immobiliare Speculativo di Tipo Chiuso".

VAT: We understand that no election has been made to waive exemption to VAT in respect of this property. The capital valuation and rental included in this Report are net of Value Added Tax at the prevailing rate.

2.12 TENANCIES

We advise you to verify the tenancy information before entering a financial commitment. We have been provided with copies of the occupational leases for each unit and reflected the contents of these documents within our valuations and we have detailed the primary terms. We have made an Assumption that the lease is in good modern form, free from any onerous or unusual conditions or covenants which may affect value and that both landlord and tenant have abided with the terms of the lease, and the current layout of the accommodation is in accordance with that permitted in the lease.
The subject property produces a total gross contracted income equal to **€/year 15,490,000** (€/y/gross sq m 2,700; €/y/commercial sq m 3,906) without consider steps and discounts.

We have summarised below the salient details.

TENANT	TERMS	LEASE			RENT		INDEXATION
		Start date	First Break	Expiry date	Lease rent	Passing rent (considering discounts from 01.07.14 to 30.06.15)	
		date	*date*	*date*	*€/year*	*€/year*	*%*
DIOR	6+6+6	01/05/2012	30/04/2018	30/04/2030	**3.305.000***	**2.500.950**	Indexation 75% ISTAT from 4° year
BURBERRY	6+6	01/02/2012	31/01/2018	31/01/2024	**3.800.000** From 04/04/2015 the rent **5.150.000**	**4.069.811**	Indexation 75% ISTAT from 2° semester of the second year
HERMES (retail)	9+6	16/10/2012	15/10/2021	15/10/2027	**4.100.000**	**4.053.822**	Indexation 75% ISTAT from 16/10/2013
HERMES (office)	9+6				**435.000**	**216.042**	Indexation 75% ISTAT from 16/10/2019
MARNI	6+6	01/11/2014	30/10/2020	30/10/2026	**2.000.000**	**666.667**	Indexation 75% ISTAT from 01/11/2015
REGENT PROPERTY	9+9	01/01/2015**	31/12/2023	31/12/2032	**500.000**	**250.000**	Indicexation 75% ISTAT from 01/01/2016
TOTAL					**15.490.000**	**11.757.291**	

** The passing rent is calculated under the assumption that Dior will never get the administrative authorizations to increase the sale area.*
*** In line with the draft contract lease provided, we assumed the start lease on 1st January 2015.*

The passing rent, in the first year of valuation, for the Dior unit, considering steps and discounts is equal to **2,500,950 €/year.**

The passing rent, in the first year of valuation, for the Burberry unit, considering steps and discounts, is equal to **4,069,811 €/year.**

The passing rent, in the first year of valuation, for the Hermes retail unit, considering steps and discounts, is equal to **4,053,822 €/year.**

The passing rent, in the first year of valuation, for the Hermes office unit, considering steps and discounts, is equal to **216,042 €/year.**

The passing rent, in the first year of valuation, for the Marni unit, considering steps and discounts, is equal to **666,667 €/year.**

The passing rent, in the first year of valuation, for the Regent Property unit, under the Assumption that the lease will start in the date 01/01/2015, is equal to **250,000 €/ year.**

Finally, to complete the information about the tenants, below we report the details of the annual discounts tenant by tenant:

DIOR	Annual Discounts					
	1° YEAR	2° YEAR	3° YEAR	4° YEAR	5°YEAR	6°YEAR
	€ 1.420.000	**€ 1.375.000**	**€ 915.000**	**€ 275.000**	**€ 140.000**	**€ -**
NOTE	The discounts consider the assumption that Dior will never get the administrative authorizations to increase the sale area.					

BURBERRY	Annual Discounts					
	1° YEAR	2° YEAR	3° YEAR	4° YEAR	5° YEAR	6°YEAR
	€ 450.000	**€ 450.000**	**€ 250.000**	**€ 250.000**	**€ 200.000**	**€ -**

HERMES (retail unit)	Annual Discounts							
	1° YEAR	2° YEAR	3° YEAR	4° YEAR	5°YEAR	6°YEAR	7°YEAR	8°YEAR
	€ 3.700.000	**€ 100.000**	**€ 100.000**	**€ 100.000**	**€ 100.000**	**€ 100.000**	**€ 100.000**	**€ 100.000**
	€ 400.000	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**
NOTE	The discounts in the first row refer to the free portion in retail unit at the date of the lease start, the second row refers to the occupied portion							

HERMES (office)	Annual Discounts					
	1° YEAR	2° YEAR	3° YEAR	4° YEAR	5°YEAR	6°YEAR
	€ 435.000	**€ 435.000**	**€ 130.000**	**€ 105.000**	**€ 75.000**	**€ 40.000**

MARNI	Annual Discounts					
	1° YEAR	2° YEAR	3° YEAR	4° YEAR	5° YEAR	6°YEAR
	€ 1.000.000	**€ 1.000.000**	**€ 800.000**	**€ 600.000**	**€ 300.000**	**€ 300.000**

REGENT PROPERTY	Annual Discounts					
	1° YEAR	2° YEAR	3° YEAR	4° YEAR	5° YEAR	6°YEAR
	€ -	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**

3 Market analysis and Valuation

3.1 ITALIAN ECONOMIC OVERVIEW

The Milan economy remained in recession during 2013 with a 1.4% GDP decline. The performance by sector of activity was mixed, with growth in Milan's financial & business services partially offset flat or declining activity across most other sectors. Employment is estimated to have fallen by 1.5% in 2013, equivalent to 35,000 jobs, with the sharpest contractions in wholesale & retail and manufacturing sectors. The economic outlook for 2014 is a little more positive with Milan's economy forecast to expand by 0.9%. This outturn would see Milan outperform the Italian average (0.4%). Going forward, the Milanese economy will possibly experience a recovery with a 1.6% GDP growth expected in 2015 and 1.8% in 2016. The labour market will remain challenging in 2014, as unemployment rate will continue to increase this year to reach 13% for Italy as a whole and 9.5% for Milan. Then, this rate is expected to start falling but at a slow pace in 2015 and 2016. Anyway, it is important to underline that the local economic conditions have no effect on the Luxury retailers, because these types of retail units placed in the Milan Fashion District are mainly addressed to international customers[1]. From this point of view, it is important to underline that, in contrast with the national scenario, Milan proves to be a favourite destination by foreigners.

3.1.1 Tourist numbers in Milan

In order to provide some data on the number and origin of tourists who visit Milan, capital of luxury and fashion, every year, in this section we analyze the flows of tourism that have recently affected the city as well as expectations for the future.
According to the data regarding the period between 2007-2012 Milan is placed as third for tourist arrivals number among the Italian main cities, just after Rome and Venice. In terms of total tourist numbers as a matter of fact Milan is most attractive than other tourist stars of the Italian culture such as Florence and Verona.

ARRIVALS IN THE MAIN ITALIAN CITIES								
Rank	City	2007	2008	2009	2010	2011	2012	Var. % 12/07
1	Rome	8,554,000	8,324,000	8,145,000	8,464,000	8,723,000	8,423,000	-1,5%
2	Venice	4,577,000	4,419,000	4,394,000	4,402,000	4,920,000	5,024,000	9,8%
3	Milan	3,310,000	3,390,000	3,611,000	3,984,000	4,246,000	4,351,000	31,5%
4	Florence	3,911,000	3,690,000	3,582,000	3,521,000	3,959,000	4,104,000	4,9%
5	Verona	1,408,000	1,345,000	1,378,000	1,405,000	1,458,000	1,779,000	26,4%
6	Turin	1,249,000	1,279,000	1,175,000	1,330,000	1,322,000	1,457,000	16,7%
7	Bologna	1,009,000	1,101,000	1,115,000	1,346,000	1,356,000	1,262,000	25,0%
8	Naples	1,165,000	1,103,000	1,285,000	1,282,000	1,051,000	1,134,000	-2,7%
9	Padua	651,000	573,000	638,000	652,000	713,000	918,000	40,8%
10	Como	550,000	647,000	757,000	587,000	723,000	750,000	36,3%

Source: Banca d'Italia

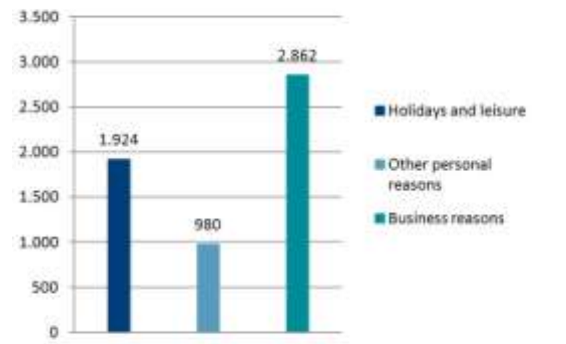
[1] Please see the Appendix D: European Commercial Property Update.

Besides Milan is the driving force of the Lombard tourism, attracting 29,3% of the whole tourist numbers in the region in 2013.

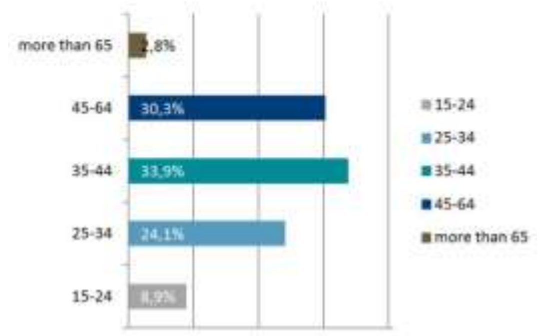
TOURISTIC ARRIVALS AND PRESENCES IN MILAN AND LOMBARDY YEAR 2013						
	Italians		Foreigners		Total	
	Arrivals	Presences	Arrivals	Presences	Arrivals	Presences
Milan	1,765,062	3,848,831	2,762,827	6,058,582	4,527,889	9,934,413
Lombardy	6,622,406	14,660,167	6,989,200	19,300,473	13,611,606	33,960,640

Source: Regione Lombardia – Eupolis Lombardia

In 2013 Milan, with 4,527,889 arrivals, confirmed itself as one of the most appreciated city in the world. In 2013 the 61,3% of the tourist numbers is composed by foreign tourists while only the 38,7% of the tourism numbers is represented by Italian tourists. The reasons why the foreign tourists want to visit Milan are in particular for business affairs. Milan is the business city for excellence (2 millions 826 thousands of tourists for business affairs, the 49% of the foreign tourists in the center of Milan), while the holidays fun reason arrive as second at a great distance. The outline of the foreign tourist appears different according to the age. In Milan, it is particularly wide the bracket between 35- 64 years old (64,2% of the whole tourists), while the brackets of the youngest and oldest are less. This is due to the fact that tourism in Milan is fed largely by business trip this is the reason why there is a low tourist numbers of people belonging to the no active population. In addition, Milan is able to attract the attention of major players congress who choose this city as the basis of their events. During 2013 Milan has hosted two major international symposia in May and June, the first on MRI with 12,000 attendances and the second on hematology with 10,000 attendances.



Touristic Presences In Milan in 2012 divided for visit reasons



Touristic Presences In Milan in 2012 divided for age of the visitors.

Source: Regione Lombardia – Eupolis Lombardia

With reference to the foreseen Expo 2015 Milan is focusing on a wide and qualified range of cultural offer, ranging from music to theatre , from the treasures of the art to the design in order to promote the tourism. Milan have decided to focus on a full calendar of quality cultural events such as one of the major exhibition dedicated to Giotto, who worked in Milan for Visconti's families. Large space is also given to big names such as Klimt (March-July 2014) , Chagall (September 2014 - January 2015), Lucio Fontana and Yves Klein (October 2014 - February 2015) , Van Gogh (October 2014 - March 2015), Alberto Giacometti (October 2014 - January 2015) as well as a major exhibition dedicated to the art of Lombardy from the Visconti's to the Sforza's (February - March 2015). Shopping Made in Italy and a good cultural offer, such as theatrical and musical exhibitions, as well as a 4 and 5 star accommodation increased up to 18 % in the last five years, are the reasons why foreign tourists chose Milan for their holidays. The data provided by the Department of Commerce, productive activities and tourism of the Municipality of Milan reveal how the city was able to intercept the strong demand of Italian taste in particular for fashion and luxury as well as for culture and food, from China to Russia passing through the United States up to the countries of the Far East. In 2013 the three Top countries for arrivals and attendances have been the following ones: at the 1st place Russia with 216 582 arrivals (+ 19.8 % than the previous year) , the 2nd place the US with 185 487 arrivals (+ 0.38%) and 3rd China with 185 174 arrivals (+ 0.45 %). Three countries that alone stand for about 21% of the whole arrivals of foreigner tourists in the city. Following at the 4th place , we find France (184 374 arrivals) , at the 5th place Germany (174 083 arrivals) , at the 6th Great Britain (155 967 arrivals) and at the 7th place Japan with 150 862 arrivals. The last is the only country among the first ones which have slightly reduced the tourist numbers compared to the last year .

TOURIST ARRIVALS IN MILAN BY COUNTRY OF ORIGIN				
Rank	Country	Arrivals 2011	Arrivals 2012	Arrivals 2013
1	Russia	160,591	192,981	216,582
2	US	178,423	177,839	185,487
3	Cina	134,412	163,387	185,174
4	France	181,591	179,866	184,374
5	Germany	175,320	173,960	174,083
6	UK	147,034	155,412	155,967
7	Japan	149,448	154,797	150,862
8	Spain	142,752	132,729	119,120
9	Switzerland and Liechtnstein	*(out of top 10 in 2011)*	103,728	112,181
10	Other Asia	*(out of top 10 in 2011)*	*(out of top 10 in 2012)*	102,814

Source: Provincia di Milano - Settore Cultura Turismo Moda Eccellenze

In 2015 Milan will host the Universal Exposition called Expo 2015. Expo 2015 is a great opportunity for Milan both from the point of view of finance and culture. Waiting of this exposition event, which involves dozens of private and institutional stakeholders from May to October 2015, Milan is undergoing an urban revolution of unprecedented scale, to be ready to welcome the 20 million tourists who will visit the Universal Exposition in 2015. The focal points of the city, in addition to the city centre, will be the area near Fieramilano in Rho Pero, Fieramilanocity's Portello and the Centro Direzionale Garibaldi that are becoming more and more modern and functional. Expo 2015 is the perfect platform for presenting the Milan of the future, a metropolis protagonist of the new global scenarios, a meeting between the North and South of the world.

3.1.2 Italian Retail – General Overview

The retail sales index again showed no variation in January against the prior month.

Compared to January 2013, the index fell by 0.9%, due to a drop in sales of non-food (-1.3%) and food (-0.1%) products. The decline with respect to January 2013 regarded mainly small retailers (-2.5%), while large-scale distribution recorded a 1% increase.
Even the PMI for retail sales, which rose to 46.5 in March, showed the highest level in three years, a significant improvement from 43.1 in February. Contributing to this result was the monthly slowdown in the decline of sales, among the lowest in over three years, encouraged by growing promotional activity and by the launch of new products. Although signs of a return to growth in sales are still far off, the significant Q1 2014 improvement in the index compared to prior values is still a positive indicator. Household consumption was essentially unchanged in fourth quarter 2013 (-0.1% over the prior period). Less weakness in consumption was observed during the initial months of the year, as indicated by the household confidence index in March. Italian household debt compared to disposable income in fourth quarter 2013 was stable at 65%, among the lowest in Europe. There is continued improvement in the overall sentiment of retailers, with significant expansion plans back in their agendas for the year, for Italy as well. According to the findings of the annual survey of expansion plans of retailers around the world, Italy is in eighth place in the ranking of countries in which to expand their networks. Michael Kors, VF Corporation and Nike, among others, have confirmed major expansion plans for the current year. An analysis of the data on Italy shows that the majority of retailers that have expressed an intention to expand their networks are European, and slightly over 50% stated their desire to open over 40 shops during the year. Contrary to what emerged at the European level, a significant portion of retailers that want to open new shops in Italy belong to the luxury and special apparel categories. This demonstrates the importance of the luxury sector in Italy, as further indicated by the results of a survey on European consumers conducted in March and April 2013: How We Shop. With regard to the sample of Italian consumers, spending on luxury goods is around 7% of the total, which is 3% considering the European average. Demand by existing retailers in Italy is steady, while demand by new retailers not yet present in the country still shows a degree of caution, due to uncertainty with regard to recovery of internal demand and concerns with respect to dealing with a type of consumer, namely the Italian one, that is extremely mature and not easy to attract in terms of consumer products. New openings recorded during the initial months of 2014 include Eataly, the new concept store of Brian&Barry and of the Miroglio Group, and the new Porsh Design shop in Milan. The new children’s clothing shop iDO was inaugurated in Rome, and the Coin Excelsior concept store on Via Cola di Rienzo is expected to open over the next few months. Active groups that continue to expand in Italy include Nike, Inditex, H&M, and VF Group among the international ones, and Piazza Italia, Terranova, Coin (OVS and Upim) and Pittarello among the domestic ones.

PRIME RETAIL RENTS		PRIME YIELDS	
High Street Shops	**€/sq m/yr**	**High Street Shops**	**%**
Milan	7,500	Milan	5.00
Rome	7,000	Rome	5.00
Retail Parks	**€/sq m/yr**	**Retail Parks**	**%**
Milan	220	Milan	8.25
Rome	200	Rome	8.50
Shopping Centre	**€/sq m/yr**	**Shopping Centre**	**%**
Milan	850	Milan	7.00
Rome	850	Rome	7,25

Source: Dtz Research

The retail investment volume returned to moderate values during first quarter 2014, at €313 million, after the record figure in Q4 2013. However, this still reflects significant improvement over the Q1 2013 volume, when investment did not exceed €100 million. The retail sector continued to be the preferred sector of investors in first quarter 2014, accounting for 44% of the total volume invested in Italy.
Nearly half of retail investments targeted traditional shopping centres, followed by the high street sector with 33%, while the disposal of bank branches continues to have a significant impact. The potential volume of investment in the sector remains high. In fact, the pipeline is estimated to contain at least €1.1 billion in retail investments that could be completed by year-end. These consist of transactions initiated the prior year, as well as new ones begun between the end of 2013 and the beginning of 2014. In particular, the disposal of a portfolio of 126 retail galleries in Europe (containing Carrefour) by Klépierre to Carrefour was completed in April, for a total of approximately €2 billion (seven of the galleries in the portfolio are in Italy). Few significant transactions were recorded during the quarter: the purchase by Sorgente sgr of three Coin shops in Milan, a retail park in Udine and a prime shopping centre in Livorno are the main ones. Yields recorded during the quarter were in the range of between 7.1% and 10% gross.
This again demonstrates the profile of investors active on the Italian market: opportunistic and core. In particular, Italian institutional investors - predominantly pension funds - confirm their core strategy, concentrated predominantly on the Italian market. In general, prime yields were stable during the first quarter of the year, as were rents, which also stabilised in the secondary centres.
The trend that emerged during the initial months of 2014 showed that renegotiated rents are stipulated at the same level as the prior rent and no longer at lower levels like in past months. In general, landlords are now more willing to meet the demands of retailers in order to avoid the risk of having vacant units for long periods of time. This is translating into a gradual reduction of vacancy in secondary centres as well, after the high levels achieved over the last two years. Compared to last year, the slight signs of recovery in internal demand and in the overall sentiment of households provide hope for the upcoming months, where greater consolidation of internal demand may encourage improvement of the fundamentals underlying the good performance of a shopping centre.

3.1.3 EMEA High Street Retail Market

Activity in European luxury locations remained buoyant, with prime rents increasing by 5.7% over the year to June 2013 – outperforming other prime pitches and improving on the growth recorded in 2011/2012.

The French luxury market was dynamic, with over 100 stores – new, extensions, refurbishments and pop-up stores – opened in France since 2011. The market is expanding gradually beyond the most established luxury streets into neighbouring locations. The Boulevard Saint-Germain/Rue de Sèvres area is becoming more upmarket with the recent or schedule openings of Hermes, Omega, Louis Vuitton, Shang Xia and Berluti. The Boulevard des Capucines, close to the Opera district, is also becoming more upmarket with the additions of Bucherer (largest luxury watch store in the world), Cartier, Tag Heuer and Omega. Indeed, the location benefits from the close proximity to Place Vendôme/Rue de la Paix and the sharp growth in tourists from emerging markets.

In the UK, the rental growth trend over the year was underlined by the most expensive location in the country, New Bond Street, where values surged by 15.6%. Indeed, luxury locations such as

New Bond Street and Sloane Street continue to attract exceptional interest from occupiers. On average, for each store there are around 10 international brands competing for it. Several existing luxury tenants are now looking to expand their space, with plans for their stores to be transformed into multi-level flagships (Jimmy Choo or Christian Dior) or take space in adjacent streets and link the units (Boodles).

The Italian luxury market was healthy, with Piazza di Spagna in Rome and Via Monte Napoleone in Milan registering the highest rises in rental values over the year to June, 8.3% and 7.1% respectively. Generally, high spending tourists represent a very important driver for luxury locations. In Rome, where supply is particularly tight, a number of brands, such as Lowe, IWC and Nespresso, have opened in Piazza di Spagna and, as a consequence, prime rental values have risen significantly. In Milan, Via Monte Napoleone continues to attract exceptional interest from retailers, although Via Sant'Andrea and Via della Spiga today could represent alternative locations. Recent openings in Milan included Hermès, Jaeger LeCoultre, Stuart Weitzman and Borsalino. Meanwhile, Piazza San Lorenzo in Lucina, Rome, recently became home to Louis Vuitton's largest Italian Maison, while it also registered the opening of Burberry.
Luxury retailers in Spain are generally paying higher rents and are more active than their mass-market counterparts, with rising rents expected due to limited stock and good demand – particularly in Madrid and Barcelona. Some luxury brands are increasing their footprint and relocating to larger units as a result of good turnover, while others are taking control and buying out their franchisee/licence partners. Cities such as Barcelona have improved infrastructure, e.g. new airport term with new links to Asia, the Middle East and Brazil, improved luxury hotel stock, cruise ships, sporting events all increasing the attractiveness of the city for premium/luxury tourism.

In Zürich, steady demand from luxury retailers from the fashion, jewellery and watches segments was evident mainly on the upper part of the Bahnhofstrasse. As a consequence, upward pressure on rental levels was recorded over the year to June 2013. In Geneva, important women and menswear brands were active over the past 12 months. However, the luxury market had to contend with very little space available, with the centre – the left bank – too small to meet the demand of the many brands looking to relocate in the area. Additionally, shop rotation is rare and it may take several years before finding a suitable property in the right locations.

MOST EXPENSIVE RETAIL LOCATION IN EACH COUNTRY				
Rank 2013	Country	City	Location	Rent (€/sq m/yr)
1	France	Paris	Avenue des Champs-Élysées	13,255
2	UK	London	New Bond Street	8,666
3	Italy	Milan	Via Monte Napoleone	7,500
4	France	Paris	Rue du Faubourg St Honoré	7,364
5	France	Paris	Avenue Montaigne	7,364
6	Switzerland	Zurich	Bahnhofstrasse	7,236
7	Italy	Rome	Via Condotti	7,000
8	France	Paris	Place Vendôme/Rue de la Paix	6,628
9	Italy	Rome	Piazza Di Spagna	6,500
10	Italy	Rome	Piazza San Lorenzo	6,000

Source: Dtz Research

3.1.4 Investment High Street Retail Market in Italy

The subject of this valuation is undoubtedly a prestige property that is part of the very limited High Street Retail Market in Italy. The market is extremely "specific" and characterized by a general lack of transparency which is proven by the difficulty in having access to the exact number of transactions and relative prices. The number of operators is limited and transactions are not registered on data bases. Furthermore, on the main streets, and particularly in the "Quadrilatero della Moda" or in the pedestrian area, transactions are frequently accompanied by key money, that are premiums paid by new tenants to landlords to win the competition for the most prestigious properties. The type of shops, and the brands they sell, "luxury goods", do not seem to have suffered the consumption downturn that has hit other consumers' market segments in Italy. The trend observed in 2013 and during the first six months of 2014 is an increasing demand and rents, which in the "Quadrilatero della Moda" are between € 6,000/sqm/annum and € 7,500/sqm/annum (including key money) with an average rent of a hundred square metre (per unit) equal to € 6,700/sqm/annum. In the same area (Duomo and San Babila district), a progressive contraction in super-prime yields has been registered, and currently is of between 4.75% and 5.00%. This was also confirmed by some recent transactions (2011) closed in the Duomo area: "la Rinascente" (52,000 sq m GLA and 22,000 sq m of sales area) was purchased at a gross initial yield of approx 4.70%. In December 2011, a big retail asset (4,500 sq m) was sold by an Italian Real Estate Closed Fund at 4.77% gross entry yield. With regard to small retail units, there are no real comparable transactions due to the lack of transparency: we registered the sold of the Lorenzi's shop, an historical knives shop placed on the corner between via Monte Napoleone and via Verri, at a price of € 285.000 per sq m on the commercial area in Q4_2013.

Country	City	Address	Purchaser	Date	Size	Tenant	Yield	Price
				Year	sq m			€
Italy	Milan	Via Monte Napoleone (Former Lorenzi)	Swatch	2 - 2013	175	Swatch	n.a.	50 M
Italy	Milan	C.so V. Emanuele	Beni Stabili	1 - 2013	1,900	Multitenant	n.a.	67.6 M
Italy	Milan	Piazza Duomo	Gruppo Statuto	2 - 2012	150	Damiani	n.a.	38 M
Italy	Milan	Via Verri	Gruppo Statuto	2 - 2011	1,000	Tumi	n.a.	30.9 M
Italy	Milan	C.so V. Emanuele	Pontegada Inmobiliaria	2 - 2011	4,500	Zara	4.77%	103 M
Italy	Milan	C.so V. Emanuele (La Rinascente)	First Atlantic SGR	1 - 2011	22,000 *(sales area)*	La Rinascente	4.70%	472 M

Source: Dtz Research

3.1.5 Investment High Street Retail Market in UK and France

Considering the features of Via Monte Napoleone for the Italian real estate market, it could be appropriate to compare the subject property with other prime assets placed in other fashion districts, characterized by greater transparency such as Old and New Bond Street in London and Avenue des Champs Elysees in Paris, Rue Du Faubourg Saint Honore, Rue De Rivoli and Avenue de Suffren in Paris. In London, regarding small retail units, we registered the sale of 2 shops in 2013:

the first one in Old Bond Street at an yield equal to 1.42% and the second one in New Bond Street at an yield equal to 2.26%. Considering large retail units, we registered the sale of 3 shops in 2013: two in Old Bond Street and one in New Bond Street. The first shop in Old Bond Street was bought by Prada at a yield equal to 2,91%, the second one was bought at an yield equal to 3.50%, while the shop placed in New Bond Street was bought at an yield equal to 1,90%.

Country	City	Address	Purchaser	Date	Size	Tenant	Yield	Price
				Year	sq m			€
UK	London	New Bond Street, 103	Far Eastern Investor	2 - 2013	883	Christies	1.90%	37,8 M
UK	London	Old Bond Street, 9	Nelson Yu (Hong Kong)	2- 2013	273	Gina	1.42%	24,8 M
UK	London	Old Bond Street, 126-127	Private Hong Kong	2 - 2013	1,022	Canali	3.50%	56,6 M
UK	London	New Bond Street, 171	Francis Tam (Hong Kong)	2 - 2013	402	Harry Winston	2.26%	39,4 M
UK	London	Old Bond Street, 17-18	Prada	1 - 2013	1,858	Prada	2.91%	110,2 M

Source: Dtz Research

With regards to high street retail units in Paris, we registered only the sale of large shops in the last few years with a size ranging from 1,200 sqm to 27,000 sqm. The biggest building, sited in Avenue des Champs Elysées, at a yield equal to 4.00%, the second one, placed in Avenue de Suffren and leased to Volkswagen, has been sold at a yield equal to 5.10%, while another building placed in Rue du Faubourg Saint Honoré, registered a yield equal to 4.50%. Finally, we registered a yield equal to 5.25% for the transaction of another important unit placed in Rue de Rivoli.

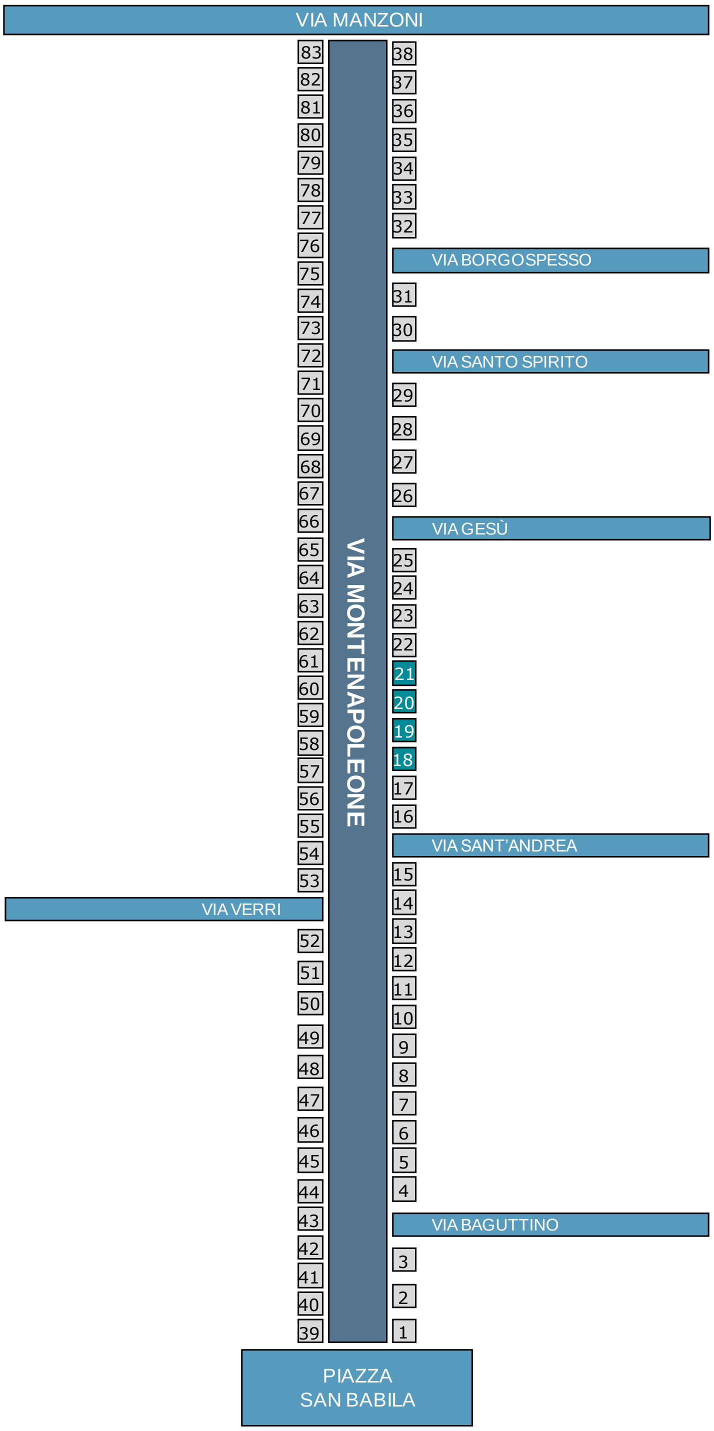
Country	City	Address	Purchaser	Date	Size	Tenant	Yield	Price
				Year	sq m			€
France	Paris	Avenue de Suffren, 40	Generali	2- 2013	11,187	Volkswagen	5.10%	50 M
France	Paris	Avenue des Champs Elysees, 118	Pramerica	2- 2013	5,000	Mercedes Benz / Credit Mutuel / Helaba / UGC	n.a.	135 M
France	Paris	Avenue des Champs Elysees, 52-60	Quatar Investment Authority	2 - 2012	27,000	Virgin / Monoprix / Gallerie Commerciale / Bureaux	4.00%	515 M
France	Paris	Avenue des Champs Elysees, 42	n.a.	2 - 2012	1,200	Citroen	n.a.	35 M
France	Paris	Rue du Faubourg Saint Honore, 54/60	Ramsbury AB	2 - 2012	8,000	Burberry / Moschino / Jenny Packman / Bally	4.50%	165 M
France	Paris	Rue de Rivoli	BVK International	1 - 2012	6,750	Forever21	5.25%	107 M

Source: Dtz Research

3.1.6 Mapping and Comparables retail units

Mapping

In order to provide information on the competitive context and the current real estate supply in Via Monte Napoleone we would like to bring your attention on the mapping of the most important commercial street in the Milan Fashion District.



N	Boutique Type and Brand	N	Boutique Type and Brand
1	Jewels – Bulgari	42	Watches – Panerai
2	Bags and Accessories – Louis Vuitton	43	Clothes – Moncler
3	Clothes – Giorgio Armani	44	Underwere – La Perla
4	Clothes – Ralph Lauren	45	Clothes – Salvatore Ferragamo
5	Watches – Amabeus Piguet	46	Clothes - Fendi
6	Clothes - Prada	47	Footwear – Sutor Mantellassi
7	Footwear - Santoni	48	Clothes – Bottega Veneta
8	Footwear – Camper	49	Clothes – Nara Camicie
9	Clothes – Roberto Cavalli	50	Clothes - Etro
10	Jewels – Sabbadini	51	Clothes – Gucci
11	Clothes – Bally	52	Clothes - Larusmiani
12	Clothes – Fedeli	53	Vacant – Refurbishment
13	Clothes – Giuseppe Zanotti	54	Clothes – Henry Beguelin
14	Clothes – Prada	55	Glassware - Venini
15	Pastries – Cova	56	Clothes - Versace
16	Jewels – Damiani	57	Clothes - Aspesi
17	Clothes – Iceberg	58	Clothes – Giada
18	Clothes – Burberry	59	Footwear - Baldinini
19	Clothes – Dior	60	Footwear - Fabi
20	Clothes – Marni (*opening soon*)	61	Watches - Breguet
21	Clothes – Hermes	62	Footwear – A. Testoni
22	Clothes – Emilio Pucci	63	Clothes - Loewe
23	Clothes – Dior	64	Vacant – Refurbishment
24	Clothes – Paul & Shark	65	Jewels - Cusi
25	Gioielli - Cartier	66	Clothes – Philipp Plein
26	Profumi – Acqua di Parma	67	Jewels – Mario Buccellati
27	Clothes – Rubinacci	68	Jewels - Jacente
28	Glassware – La Murrina	69	Clothes - Massimo Sforza
29	Clothes – Alberta Ferretti	70	Footwear – Hogan
30	Clothes – Valentino	71	Bags and Accessories - Tosca Blu
31	Clothes – Salvatore Ferragamo	72	Watches – Omega
32	Glassware – Griffe	73	Clothes - Celine
33	Clothes – Giuseppe Zanotti	74	Watches - Toywatch
34	Watches – Rolex	75	Clothes – Emilio Pucci
35	Clothes – Pinko	76	Footwear – Sergio Rossi
36	Vacant – Refurbishment	77	Clothes – Loro Piana
37	Clothes – Corneliani (*opening soon*)	78	Bank Counter – Intesa San Paolo
38	Vacant – Refurbishment	79	Watches – Montblanc
39	Footwear – Fratelli Rossetti	80	Clothes – Loro Piana
40	Jewels – Pederzani	81	Footwear - Vierre
41	Watches - Jaeger-LeCoultre	82	Clothes – Ermenegildo Zegna
42	Fur Coats – Simonetta Ravizzza	83	Smartphones - Vertu

Source: Dtz Research

Via Monte Napoleone, is characterized by the presence of approximately 80 shops all of average size between 50 square meters and 500 square meters leased to major international fashion brands among which are: Armani, Aspesi, Bottega Veneta, Bulgari, Burberry, Cartier, Corneliani, Damiani, Dior, Ferragamo, Gucci, Hogan, Prada, Rolex, Versace, Valentino and Vuitton. In addition, we highlight the recent opening of stores Hermes, Emilio Pucci, Philipp Plein and Loewe.

Comparables

In order to make a comparison between the subject property with other assets, recently rented or currently offered in the same market or competitive squares, it was carried out a search in the property market of reference. The comparables were judged sufficiently comparable to provide indications of the market rent for the appraised property. The most significant deals of this research are as follows:

Address	Use	Start Lease	Gross Area	Commercial Area	Rent
		Semester	sq m	sq m	€/sq m/year
C.so V. Emanuele	Retail	1 - 2013	2.400	1.500	4.000
C.so V. Emanuele	Retail	1 - 2012	869	541	3.697
C.so V. Emanuele	Retail	1 - 2011	1.034	725	4.412
C.so V. Emanuele	Retail	2 - 2010	2.304	1.400	3.213
C.so V. Emanuele	Retail	2 - 2010	1.759	847	3.245
C.so V. Emanuele	Retail	1 - 2010	1.185	765	5.228
C.so V. Emanuele	Retail	1 - 2010	1,432	964	3.695
Piazza San Babila	Retail	2 - 2011	627	441	4.076
Piazza San Babila	Retail	2 - 2009	449	288	3.469
Piazza San Babila	Retail	1 - 2009	554	421	3.682
Piazza San Babila	Retail	1 - 2009	751	479	4.589
Piazza San Babila	Retail	2 - 2008	41	41	7.447
Piazza San Babila	Retail	2 - 2007	166	126	5.482
Piazza San Babila	Retail	2 - 2007	449	256	4.015
Piazza San Babila	Retail	1 - 2007	554	421	3.733
Piazza San Babila	Retail	1 - 2007	2.084	1.309	3.008
Corso Matteotti	Retail	2 - 2012	624	440	4.090
Corso Matteotti	Retail	2 - 2008	352	277	4.332
Via Monte Napoleone	Retail	1 - 2013	998	691	5.933
Via Monte Napoleone	Retail	1 - 2011	1.086	761	4.993
Via Monte Napoleone	Retail	1 - 2011	873	607	5.850

Source: Dtz Research

Considering the recent rental transactions we met a range between €/sq m/year 4,000 and €/sq m/year 7,500.
In our valuation, similar properties that have been recently offered for rent in the open market are analyzed and compared with the property being appraised. Adjustments then are made taking into account the specific features of the subject property, in terms of location, size, uniqueness, quality of construction, facilities and general condition.
This approach is typically the most widely accepted for the valuation of existing properties where sufficient market data are available. The rent a tenant usually pays results from an extensive investigation in which available alternatives are compared, and the property leased represents the best available balance between the tenant's specifications and the lease rent. Hence, analyzing the data generally will provide a good indication of the range of value, as the data represent typical actions and reactions of buyers and sellers in the market. In applying this method the applied unitary values are based on the market situation at the valuation date.
Great care has been posed in the selection of comparable properties. As stated above, the range of annual rental amounts has been calculated using a "portfolio" of similar properties in terms of size, location and quality of construction. Even if we consider reliable the result obtained, we are aware that a better approximation could be obtained reducing the sample size and hence the deviation around the mean of the rental incomes, considering just the best comparables in terms of location (Piazza San Babila/Corso Matteotti/Via Monte Napoleone) or size (between 500 and 1,000 square meters).
The results obtained with a reduced sample suggest that retail units with a small to medium size show an higher average of rental income compared to the larger ones.

Considering the peculiar characteristic of the subject units, their size, the degree of visibility and their numbers of shop-windows, we can estimate the most probable Market Rent is:

- €/sq m 6,000 per annum for the retail unit currently rented to Dior;
- €/sq m 5,500 per annum for the retail unit currently rented to Burberry;
- €/sq m 6,000 per annum for the retail unit currently rented to Hermes;
- €/sq m 4,500 per annum for the retail unit currently rented to Marni.
- €/sq m 600 per annum for the office unit currently rented to Hermes;
- €/sq m 500 per annum for the hotel rooms currently rented to Regent Property.

3.2 VALUATION APPROACH

The standard market practice for real estate operators adopts an income analysis approach to value such properties, a method we feel is certainly one of the most suitable for the appraisal of the asset. The choice of this approach is based on the assumption that the value of the asset is equivalent to the present value of the future cash flows generated by the rent of the spaces where business is made. Our analysis grounds on the capacity of the subject property to generate this income, expressing this capacity in an indication of current Market Value. The Market Value of the property under appraisal has been estimated using a Discounted Cash Flow (DCF), which is based on the discount of the net future incomes derived from the annual rent of the property, for an hypothetical period of 12 years, starting from 1st July 2014. The net annual cash flows are discounted in the middle of each period. At the end of the above-mentioned period, the final annual net cash flow has been capitalized. The derived cash flows (revenue minus costs), which are stated in current money, have then been discounted at the date of appraisal. This section of the report gives further explanation about the income and costs shown in the cash flows, based on the following assumptions:

3.2.1 Considerations on the Property (SWOT Analysis)

Strengths/opportunities

- Prime location in via Monte Napoleone one of the most important high street in the world.
- Lack of lease spaces with respect to an increasing demand.
- Commercial units leased to primary fashion brands.
- The renovation works for the whole building were made by leading architects with the use of rich materials and great attention to the visual effect.
- The fashion and luxury sector are still a growing industry.
- The Milan fashion district is able to attract customers from everywhere in the world.

Weaknesses/risks

- Large retail units.
- Inflexible internal layout.
- Economic downturn.

3.2.2 Lettability

The subject property consists of 5,738 sq m of gross floor area completely leased.
The lack of available accommodation in the main street of the fashion district, via Monte Napoleone, and the high level of occupier demand make the subject property a very attractive building. We have registered long waiting times for find a place into via Monte Napoleone and we see the letting markets in this street as being particularly active. Moreover, we registered that the current rent, for each retail units, is in line with the market rent and, finally, we considered that the tenants invested a considerable amount of money to fit the retail units in line with their standards. For these reasons, we have assumed that the only lease that will expire during the considered hypothetical period of 12 years, will be re-let, in line with the Market Rent, at the same tenant without any vacant period.

3.2.3 Gross Rental Income

The valuation of the Property as at 1st July 2014 on the basis of the assumptions and special assumptions described before. As discussed in the paragraph “2,12 – Tenancies” and in line with the leases provided by Property, it’s possible to say that in first period (from 1st July 2014 to 30th June 2015), considering the current rental situation and the annual discounts, the total gross rent in the year 1 of our valuation will amount to **€ 11,757,291**.

Moreover, we assumed an annual growth rate of 75% annual CPI inflation, estimated by the Oxford Economics and thereafter a fairly standard 2.00%, as indicated in the terms and agreements incorporated in each lease. On the expiry date of the Burberry lease, DTZ International Limited assumed that the tenant will re-let the retail unit at the Market Rent without any vacant period.

3.2.4 Market Rent

In assessing the total Market Rent of the subject property we relied upon the above comparables (using an appropriate discount factor due to the different quality of the comparable scheme). We use different weight coefficients according to the use and the positioning of the areas into the building:

Retail units:

- Ground Floor : - Retail 100%
  - Storage 40%
  - Courtyard 20%
- First Floor: - Retail 60%
- Second Floor : - Retail 30%
- Basement : - Retail 50%
  - Storage 40%
  - Courtyard 10%

Office unit:

- Second Floor : - Office 100%

Hotel rooms

- Third Floor: - Hotel rooms 100%
- Fourth Floor: - Hotel rooms 100%

We are of the opinion that the total Market Rent of the property, as assessed in accordance with the current layout as at 1st July 2014 is:

	USE	FLOOR	GROSS AREA	COEFF.	COMMERCIAL AREA	LEASE RENT		MARKET RENT	
DIOR			sq m	%	sq m	€/YEAR	€/SQM/YEAR	€/SQM/YEAR	€/YEAR
	RETAIL	FIRST FLOOR	415	60%	249				
	RETAIL	GROUND FLOOR	291	100%	291				
	STORAGE	BASEMENT	167	40%	67				
	TOTAL		**873**		**607**	**€ 3.305.000**	**5.447**	**€ 6.000**	**€ 3.640.800**

	USE	FLOOR	GROSS AREA	COEFF.	COMMERCIAL AREA	LEASE RENT		MARKET RENT	
BURBERRY			sq m	%	sq m	€/YEAR	€/SQM/YEAR	€/SQM/YEAR	€/YEAR
	RETAIL	SECOND FLOOR	880	30%	264				
	RETAIL	FIRST FLOOR	449	60%	269				
	RETAIL	GROUND FLOOR	423	100%	423				
	COURTYARD	GROUND FLOOR	65	20%	13				
	STORAGE	BASEMENT	169	40%	68				
	TOTAL		**1.986**		**1.037**	**€ 5.150.000**	**4.966**	**€ 5.500**	**€ 5.703.500**

	USE	FLOOR	GROSS AREA	COEFF.	COMMERCIAL AREA	LEASE RENT		MARKET RENT	
HERMES (retail unit)			sq m	%	sq m	€/YEAR	€/SQM/YEAR	€/SQM/YEAR	€/YEAR
	RETAIL	FIRST FLOOR	385	60%	231				
	RETAIL	GROUND FLOOR	370	100%	370				
	STORAGE	BASEMENT	250	40%	100				
	TOTAL		**1.005**		**701**	**€ 4.100.000**	**5.849**	**€ 6.000**	**€ 4.206.000**

	USE	FLOOR	sq m	%	COMMERCIAL AREA	€/YEAR		MARKET RENT	
HERMES (office)			sq m	%	sq m	€/YEAR	€/SQM/YEAR	€/SQM/YEAR	€/YEAR
	OFFICE	SECOND FLOOR	295	100%	295				
	TOTAL		295		295	€ 435.000	1.475	€ 600	€ 177.000

	USE	FLOOR	GROSS AREA	COEFF.	COMMERCIAL AREA	LEASE RENT		MARKET RENT	
MARNI			sq m	%	sq m	€/YEAR	€/SQM/YEAR	€/SQM/YEAR	€/YEAR
	RETAIL	GROUND FLOOR	162	100%	162				
	COURTYARD	BASEMENT	45	10%	5				
	RETAIL	BASEMENT	425	50%	213				
	TOTAL		632		379	€ 2.000.000	5.277	€ 4.500	€ 1.705.500

	USE	FLOOR	GROSS AREA	COEFF.	COMMERCIAL AREA	LEASE RENT		MARKET RENT	
REGENT PROPERTY			sq m	%	sq m	€/YEAR	€/SQM/YEAR	€/SQM/YEAR	€/YEAR
	HOTEL	THIRD FLOOR	829	100%	829				
	HOTEL	FOURTH FLOOR	118	100%	118				
	TOTAL		947		947	€ 500.000	528	€ 500	€ 473.500

TOTAL		5.738		3.966	€ 15.490.000			€ 15.906.300

NB: the lease rent for each tenant is the total annual rent before accounting incentives and discounts.

The above Market Rent is a headline rent, before accounting for incentives. Letting incentives can form a significant part of the economic rental package.
The total Market Rent for the subject Property is equal to **€ 15,906,300 per annum** and it has been determined considering the current rental situation. According to the Oxford Economics we adopted the CPI inflation index and thereafter a fairly standard 2.00%. We have updated these figures using 75% of the estimated annual CPI inflation trends, as is fairly standard for Italian commercial lease contracts. The sales price (reversion) given is net, capitalising the final net income at an all risks cap rate of **5.00%**. This yield reflects the size of the investment, the nature, the quality and location of the Building.

3.2.5 Irrecoverable revenue outgoings

Revenue deductions we have made from the gross rental income in our valuations as follows:

- Letting fees: 10.00% of new lease contracts;
- IMU (property tax): € 328,696 (provided);
- Insurance: € 22,800 (provided);
- Management fees: 1.00% of passing rent;
- Provision for extraordinary maintenance: 1.00% of reinstatement cost;
- Register tax: 0.50% of passing rent.

3.2.6 Total net income

The total net income considered in year 1 in our valuations is equal to € 11,757,291.

3.2.7 Discount rate

The cash flows (revenue minus costs) generated over twelve years have been discounted at a rate in line with the current market rates, with inflation estimates and with the local real estate market. This rate has been estimated by taking into account a risk free rate (10 years BTP Italian Treasury Bonds), and adding to this the risk premium we believe is applicable, in detailed consideration of the individual characteristics of the subject property, including its location, age, tenancy and position on the market. The discount rate applied to the subject property has therefore been considered at **5.50%** annually.

3.2.8 Estimated Reinstatement Cost

The estimated reinstatement cost for the subject Property as at 1st July 2014 is equal to:

€ 12,440,000	**Twelve million Four hundred forty thousand euro**

The reinstatement cost does not consider the expenditures to replace the asset, but to redevelop the property with the standard construction plan: furthermore we underline the costs was intended in order to calculate the reserve for the extraordinary maintenance in the discounted cash flows analysis.

3.2.9 Market Value

We are of the opinion that the Market Value of the freehold interest in the above property, subject to the existing tenancies, as at 1st July 2014, subject to the assumptions and comments in this report and appendices is:

€ 314,700,000	**Three hundred fourteen million seven hundred million euro**

3.2.10 Valuation based on Special Assumption

We refer to earlier sections of the paragraph 4 concerning construction of cash flow and capital deductions.

The value made under the Special Assumption which the Property will be able to get the necessary municipality authorizations to increase the sale area of the retail unit currently leased to Dior and consequently increasing the Passing rent from 1st May 2015.
In this case, considering the potential rent of Dior equal to € 2,537,934 for the year 1 and fixed the all other parameters, the total gross rent in the year 1 of our valuation will amount to € 11,794,275.

We are of the opinion that the value, considering an increased rent for the retail unit leased to Dior, of the freehold interest in the above property, as at 1st July 2014, subject to the Assumptions, Special Assumptions and comments in this Report and Appendices is:-

€ 319,600,000	**Three hundred nineteen million six hundred million euro**

4 Assumptions and definitions

4.1 VALUATION CONDITIONS AND ASSUMPTIONS

These are the conditions and Assumptions upon which our valuations and reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. Unless otherwise referred to in this Valuation Report these conditions and Assumptions apply to the valuation(s) that are the subject of this Valuation Report. We have made certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we have not verified as part of the valuation process but rather, as referred to in the Glossary to the RICS Valuation – Professional Standards 2012 (Red Book), have treated as "a supposition taken to be true". In the event that any of these Assumptions prove to be incorrect then our valuation(s) will need to be reviewed.

4.1.1 Basis/Bases of Valuation

The property has been valued on the basis/bases set out in Section 1.2 of this Valuation Report and defined in Section 4.2 of this Valuation Report.

4.1.2 Title

We have been provided with a copy of the draft Notary Certificate of the property, prepared by dr. Luciano Severini, solicitor in Milan. The draft Notary Certificate of the property shows that titles are good and marketable and are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. The property is free from mortgages, charges or other encumbrances.

We have reflected the draft Notary Certificate contents in our valuation and it is possible to say that there is good and marketable title and that the property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also can say that the property is free from mortgages, charges or other encumbrances.

Where a Valuation Report contains site plans these are based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, our understanding of the extent of title based on site inspections or copy title plans supplied to us. If verification of the accuracy of these plans is required, the matter must be referred by you to your solicitors.

4.1.3 Condition of structure and services, deleterious materials

It is a condition of DTZ or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

Our valuation has taken account of the general condition of the property as observed from the valuation inspection. Where a separate condition or structural survey has been undertaken and made available to us, we have reflected the contents of the survey report in our valuations, and we may have discussed the report with the originating surveyor.

Due regard has been paid to the apparent state of repair and condition of the property, but a condition survey has not been undertaken, nor has woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the property is structurally sound or is free from any defects. We have made an Assumption that the property is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may be mentioned in our Valuation Report.

Unless access was readily available, we have not be able to gain access to the roof or roof voids and we have thus made the Assumption that inspection of those parts will not reveal defects of which we are not aware, such as would have an adverse effect on the value or the saleability of the property.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious material have been used in the construction or any alterations in respect of the property, and therefore we cannot confirm that the property is free from risk in this regard. For the purposes of our valuation(s), we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of properties that may fall within the Control of Asbestos. We have not made an enquiry of the duty holder (as defined in the Control of Asbestos), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we have made an Assumption that there is a duty holder, as defined in the Control of Asbestos and that a Register of Asbestos and Effective Management Plan is place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations have been undertaken to certify that the site is free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the site of the property are sufficient to support the buildings constructed, or to be constructed thereon. We have also made an Assumption that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the property.

No tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage are provided and are functioning satisfactorily.

In the case of a new property, the construction of which has not been commenced or completed, or of a property built within the last ten years, we have made the Assumption that the construction will be/has been satisfactorily completed and that it will be/has been built under current statutory requirements and/or carries a warranty of similar cover in the opinion of your lawyer.

4.1.4 Plant and Machinery

No allowance has been made for any items of plant or machinery not forming part of the service installations of the building. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

4.1.5 Goodwill

No account has been taken in our valuation(s) of any business goodwill that may arise from the present occupation of the property.

4.1.6 Floor areas and inspections

Unless referred to otherwise in our Valuation Report, we have physically inspected the property. Where we were not instructed to measure and calculate the floor areas, we have applied floor areas provided by the Applicant or their agents. We have made an Assumption that these areas have been measured and calculated in accordance the current Italian market practise and/or the Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

4.1.7 Environmental matters

We have made the enquiries referred to in Section 2 of this Valuation Report regarding environmental matters including contamination and flooding, and we have had regard to any environmental reports referred to in Section 2 of this Valuation Report. However, we have not undertaken a formal environmental assessment.

Where our enquiries have lead us to believe that the property is unaffected by contamination, flooding or other environmental problems, then, unless you have instructed us otherwise, our valuation is based on an Assumption that no contamination or other adverse environmental matters exist in relation to the property sufficient to affect value.

4.1.8 Statutory requirements and planning

We have made an inspection of the website of the relevant planning authorities as referred to in Section 2 of this Valuation Report as to the possibility of planning matters that could affect property values. We have also sought to ascertain whether any outstanding planning applications exist which may affect the property and whether it is listed or included in a Conservation Area. We have also attempted to verify the existing permitted use of the property, and endeavoured to have sight of any copies of planning permissions. The results of these enquiries are in Section 2 of this Valuation Report.

Save as disclosed in a Certificate of Title or unless otherwise advised, and unless otherwise referred to in this Valuation Report we have made the Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals and that where necessary has the benefit of current Fire Risk Assessments compliant with the statutory requirements. Similarly, we have also made the Assumption that the property is not subject to any outstanding statutory notices as to its construction, use or occupation and that the existing use of the property is duly authorised or established and that no adverse planning conditions or restrictions apply.

We have made the Assumption that the property complies with all relevant statutory requirements.

The Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. If the subject property is not exempt from the requirements of this Directive, we shall make an Assumption that an EPC is made available, free of charge, to a purchaser of the interest which is the subject of our valuation.

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

In instances where we have valued a property with the benefit of a recently granted planning consent or on the Special Assumption that planning consent is granted, we have made an assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the property, or the area in which it is located) within a period of three months of the granting of a planning consent.

If a planning consent is subject to Judicial Review, we must be informed and asked to reconsider our opinion of value. Advice would be required from your lawyer and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which we will reflect in our reconsideration of value.

4.1.9 Leasing

We have read all the leases and related documents provided to us, subject to the provisions of the paragraph below. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date.

We have not undertaken investigations into the financial strength of any tenant(s). Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made an Assumption that:

a where a property is occupied under leases then the tenants are financially in a position to meet their obligations, and

b there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, our valuations reflect the market's general perception of the credit worthiness of the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

4.1.10 Legal issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the property and our Valuation Report will include a statement to this effect.

4.1.11 Information

We have made the Assumption that the information provided by you, the Applicant and your respective professional advisers in respect of the property we have valued is both full and correct. We have made the Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

4.1.12 Deduction of notional purchaser's costs

The Market Value which we have attributed to the property is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this Basis of Value. Where appropriate, we have made an allowance in respect of stamp duty and purchaser’s costs.

4.1.13 Taxation

No adjustment has been made to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

Our valuation figure for each property is that receivable by the willing seller excluding VAT, if applicable.

4.1.14 Properties in the course of development or requiring refurbishment

Unless otherwise referred to in the Valuation Report, we have relied upon information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date, as advised by the owner of the property or their professional advisers.

Unless otherwise referred to in the Valuation Report, our valuation of the completed building has been based on an Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specifications, current British Standards and any relevant codes of practice. We have also made an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.

4.2 DEFINITIONS OF BASES OF VALUATIONS

4.2.1 Market value

Market Value as defined in Valuation Standard 3.2 of the RICS Valuation – Professional Standards 2012 ("the Red Book") and applying the conceptual framework which has been settled by the International Valuation Standards Council (IVSC). Under VS 3.2, the term "Market Value" means "The estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion"

The conceptual framework settled by the IVSC is set out in paragraphs 31-35 of the IVS Framework and is reproduced below:-

"31. The definition of *market value* shall be applied in accordance with the following conceptual framework:

(a) "the estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market value* is the most probably price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

(b) "an asset should exchange" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

(c) "on the *valuation date*" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective *valuation date*, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made;

(d) "between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";

(e) "and a willing seller" is neither an over eager or a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

(f) "in an arm's length transaction" is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

(g) "after proper marketing" means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonable obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

(h) "where the parties had each acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

(i) "and without compulsion" establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

32. The concept of *market value* presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged (see paras 16 to 20 above).

33. The *market value* of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

34. The highest and best use of an asset valued on a stand-alone basis may be different from its *highest and best use* as part of a group, when its contribution to the overall value of the group must be considered.

35. The determination of the highest and best use involves consideration of the following:

(a) to establish whether a sue is possible, regard will be had to what would be considered reasonable by market participants,

(b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account,

(e) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use.

4.2.2 Market Rent

Market Rent as defined in Valuation Standard 3.3 of the Red Book. Under VS 3.3 the term "Market Rent" means "The estimated amount for which a property would be leased on *the valuation date* between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Whenever Market Rent is provided the "appropriate lease terms" which it reflects should also be stated.

The commentary from the Red Book is reproduced below.

"1. The definition of *market rent* is a modified definition of *market value*; paragraphs C10 and C11 in IVS 230 provide additional commentary.

2. *Market rent* will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews and the responsibilities of the parties for maintenance and outgoings will all impact the *market rent*. In certain states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account were appropriate.

3. Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing *market rent*. If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the *market rent* should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms.

4. *Market rent* will normally be used to indicate the amount for which a vacant property may be let, or for which a let property be may relet when the existing lease terminates. *Market rent* is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and *assumptions* have to be used."

5 Instructions

We have included a copy of your letter of instruction dated 16th June 2014.

1

BANCA IMI

16 June 2014

For the attention of Amos Sormani

DTZ International Ltd
Sede Secondaria Italiana
Via Durini, 2
20122 Milano

Dear Sirs

We shall be grateful if you will act on our behalf in providing an appraisal of the freehold interest(s) in the property located in Milan, via Montenapoleone 12, subject to the existing leases and any other interests in situ (the "Property"). Your appraisal should include a valuation thereof for security purposes as at the date of your report. Your report should follow the format as set out in the attached "Guidance note for valuers providing an appraisal of commercial property".

We expect the valuation to be carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (March 2012), Global and UK edition (the "Red Book") as amended from time to time. Your opinion of current Market Value of the interests in the Property should be on the basis defined in Valuation Standard 3.2.

The date of valuation should be the date of your report unless otherwise agreed.

Your report should be addressed as follows and contain the reliance and beneficial clauses set out below:

ADDRESSEE

(b) The facility agent, the security agent and the hedge counterparty to be appointed in connection with the facility agreement with, among others, a ne' company directly or indirectly owned by Mr Statuto to be dated on or around July 2014 (as amended from time to time, the "**Facility Agreement**") and each of their respective transferees, successors, or assignees, including, for the avoidance of doubts, any securitization vehicle;

(c) each person which becomes a party to the Facility Agreement or related finance documents as lender. facility agent, security agent or hedging counterparty in accordance with the terms thereof and its transferees, successors, or assignees;

(d) If applicable, any manager, hedging counterparty, liquidity facility provider or other support provider in connection with any securitisation or syndication of, or referable to, any loan made under the Facility Agreement; and

(e) any other manager, note trustee and/or security trustee in connection with any securitisation of, or referable to, any loan under the Facility Agreement,

(Together the "**Beneficiaries**").

Banca IMI S.p.A. Sede Legale Largo Mattioli, 3 20121 Milano Capitale Sociale Euro 962.464.000,00 Registro Imprese di Milano, Codice Fiscale e Partita IVA 04377700150 N. Iscr. Albo delle Banche al n. 5570 Codice ABI 3249.0 Aderente al Fondo Interbancario di Tutela dei Depositi Società soggetta all'attività di Direzione e Coordinamento del socio unico Intesa Sanpaolo S.p.A. ed appartenente al gruppo bancario "Intesa Sanpaolo".

Banca del gruppo INTESA SANPAOLO

BANCA IMI

RELIANCE

The report will be for the use only of the party or parties to who it is addressed for the specific purpose set out therein and no responsibility will be accepted to any third party for the whole or any part of its contents.

DISCLOSURE

The Beneficiaries may disclose the report (and any other advice, letters, certificates or other documents relating to such report (without reliance):

(a) where disclosure is requested or required by any applicable law or regulation, by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body or in connection with legal proceedings relating to the report;

(b) to any affiliates of any Beneficiary;

(c) to any of their respective agents or advisers and to any of the agents or advisers of any person listed in (d) to (i) below , in connection with the loan and/or hedging transactions under or in respect of the Facility Agreement or any securitisation of, or referable to, any loan made under the Facility Agreement;

(d) to any financial institution or other entity in connection with the loan and/or hedging transactions under or in respect of the Facility Agreement, and their respective advisers;

(e) to future owners, or prospective purchasers, of any property financed under the Facility Agreement;

(f) to the rating agencies (and their respective legal advisors) in connection with any securitisation of, or referable to, any loan made under the Facility Agreement and to investors in such securitisation;

(g) where disclosure is required by the rules of any stock exchange, listing authority or similar body on which their shares or other securities are listed;

(h) to any potential transferee or assignee of any lender under the Facility Agreement;

(i) to any party whose consent is required for the purposes of implementing any transaction contemplated or required in connection with paragraphs (c) to (f) and (h) above; and

(j) where the report (or any draft or part thereof) is in the public domain, unless it is as a result of any breach of confidentiality undertaking.

The Beneficiaries may also make reference to the information referred to above, and include all or part thereof, in any offering materials or ongoing investor reporting materials related to any securitisation of, or referable to, any loan made under the Facility Agreement.

Banca IMI S.p.A. Sede Legale Largo Mattioli, 3 20121 Milano Capitale Sociale Euro 962.464.000,00 Registro Imprese di Milano, Codice Fiscale e Partita IVA 04377700150 N. Iscr. Albo delle Banche al n. 5570 Codice ABI 3249.0 Aderente al Fondo Interbancario di Tutela dei Depositi Società soggetta all'attività di Direzione e Coordinamento del socio unico Intesa Sanpaolo S.p.A. ed appartenente al gruppo bancario "Intesa Sanpaolo".

Banca del gruppo INTESA SANPAOLO

BANCA IMI

PUBLICATION

Except as provided above, neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear, subject to the clause below where the Beneficiaries may disclose the report (without reliance):

(a) where the publication is requested or required by law or in respect of legal proceedings in connection with the report; and

(b) where the publication is requested or required by the mandatory rules or regulations of any competent supervisory or regulatory body of any Beneficiary.

The Beneficiaries may also make reference to the report, and include all or part of the report, in any offering materials or ongoing investor reporting materials related to such securitisation.

Whilst your opinion of Capital Value is required, the future performance and marketability of the Property are of paramount interest to the Instructing Party and it is essential that these issues are addressed fully in your report.

Prior to accepting this instruction you should satisfy yourselves and confirm in your report that you:

1. are able to act on our behalf as Independent Valuer and have no existing or potential conflicts of interest in complying with this instruction (other than approved by us);

2. have the necessary expertise and experience to advise us in relation to the Property; and

3. maintain in force adequate Professional Indemnity Insurance on a per claim basis in respect of this instruction.

You have agreed with us a fee of € [redacted] (including all disbursements but excluding VAT) for carrying out the work detailed herein. Your fee note addressed to the Instructing Party should be submitted to our address at the head of this instruction, together with 3 hard copies as well as an electronic copy of the signed Report.

We expect to receive a draft of the report within three weeks from the date on which this letter is signed and the final completed report one week after the receipt of comments from the Instructing Party.

Your aggregate liability (including to any parties who take reliance under the terms of this instruction) will be limited to €10 million for this appointment. Please confirm you have professional indemnity insurance cover for this amount, that there is no liability cap for any amount lower than this and that you will maintain this cover for at least the term of the loan on acceptance of this valuation instruction.

Finally your Report shall be written in English and must include copies of this instruction letter and the Guidance Notes you have followed in complying with our instructions.

Yours faithfully

For and on behalf of
Banca IMI SpA, as the Instructing Party

Banca IMI S.p.A. Sede Legale Largo Mattioli, 3 20121 Milano Capitale Sociale Euro 962.464.000,00 Registro Imprese di Milano, Codice Fiscale e Partita IVA 04377700150 N. Iscr. Albo delle Banche al n. 5570 Codice ABI 3249.0 Aderente al Fondo Interbancario di Tutela dei Depositi Società soggetta all'attività di Direzione e Coordinamento del socio unico Intesa Sanpaolo S.p.A. ed appartenente al gruppo bancario "Intesa Sanpaolo".

Banca del gruppo INTESA SANPAOLO

BANCA IMI

Acknowledged and agreed by:

....
For and on behalf of
DTZ International Limited
Sede Secondaria Italiana

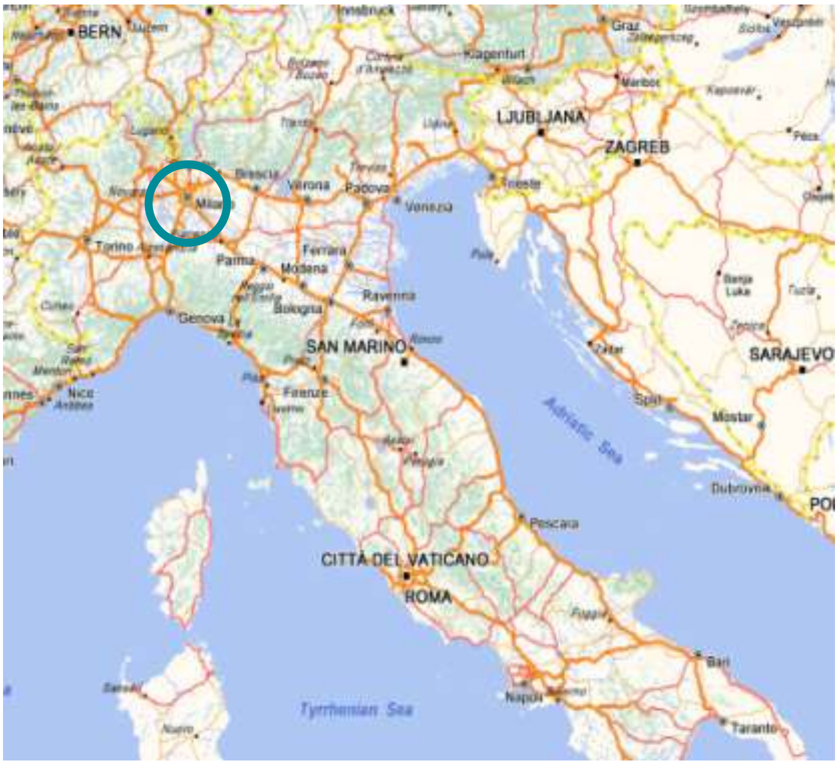
Banca IMI S.p.A. Sede Legale Largo Mattioli, 3 20121 Milano Capitale Sociale Euro 962.464.000,00 Registro Imprese di Milano, Codice Fiscale e Partita IVA 04377700150 N. Iscr. Albo delle Banche al n. 5570 Codice ABI 3249.0 Aderente al Fondo Interbancario di Tutela dei Depositi Società soggetta all'attività di Direzione e Coordinamento del socio unico Intesa Sanpaolo S.p.A. ed appartenente al gruppo bancario "Intesa Sanpaolo".

Banca del gruppo INTESA SANPAOLO

Appendix A

Location plans

Italy



Source: ViaMichelin

Macro location

Source: ViaMichelin

Micro location

Source: ViaMichelin

Satellite view

Source: Via Michelin

Appendix B

Further photographs

External view – Courtyard

External view – Courtyard


Internal View


Internal View

Internal View

Internal View

Internal View

Internal View

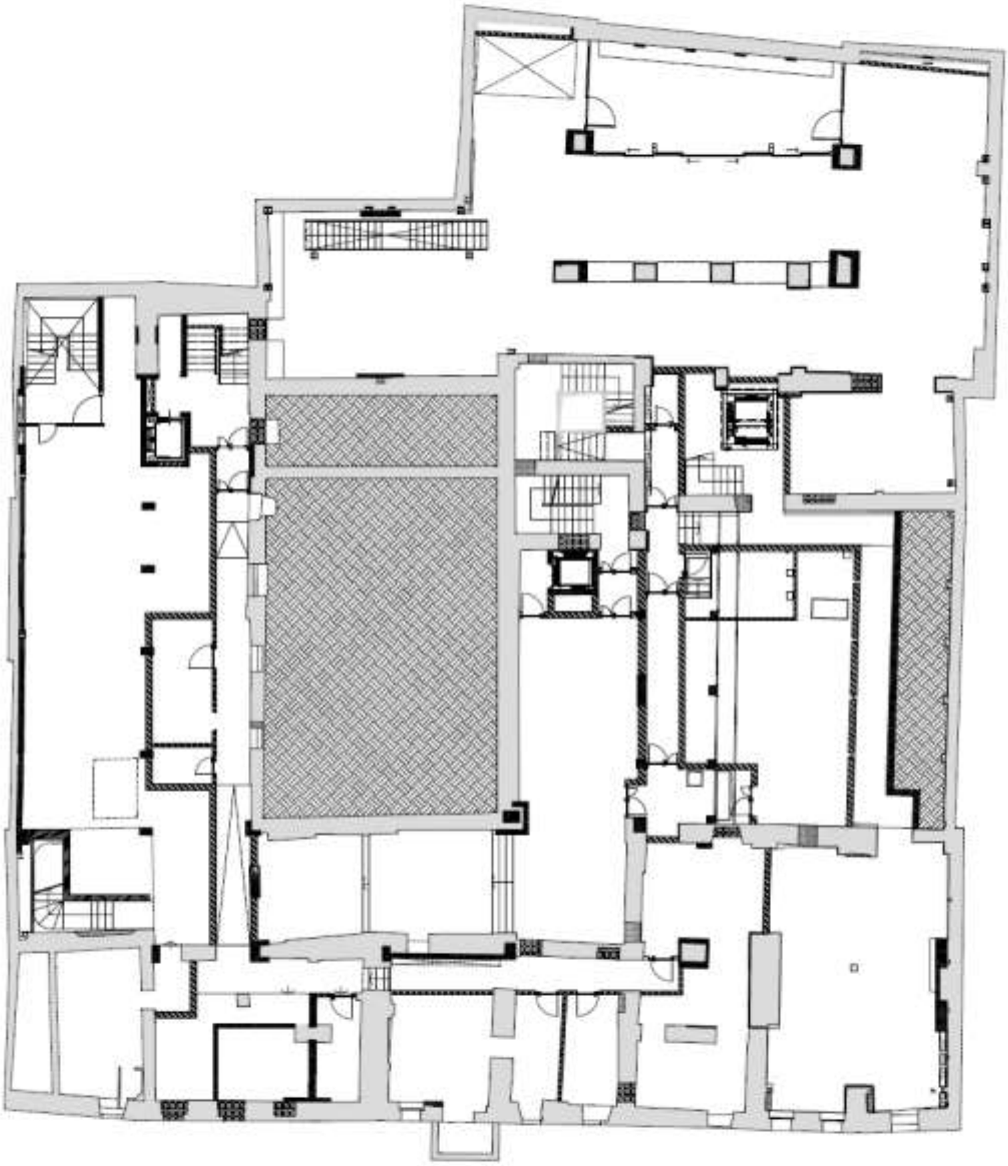
Internal View

Internal View

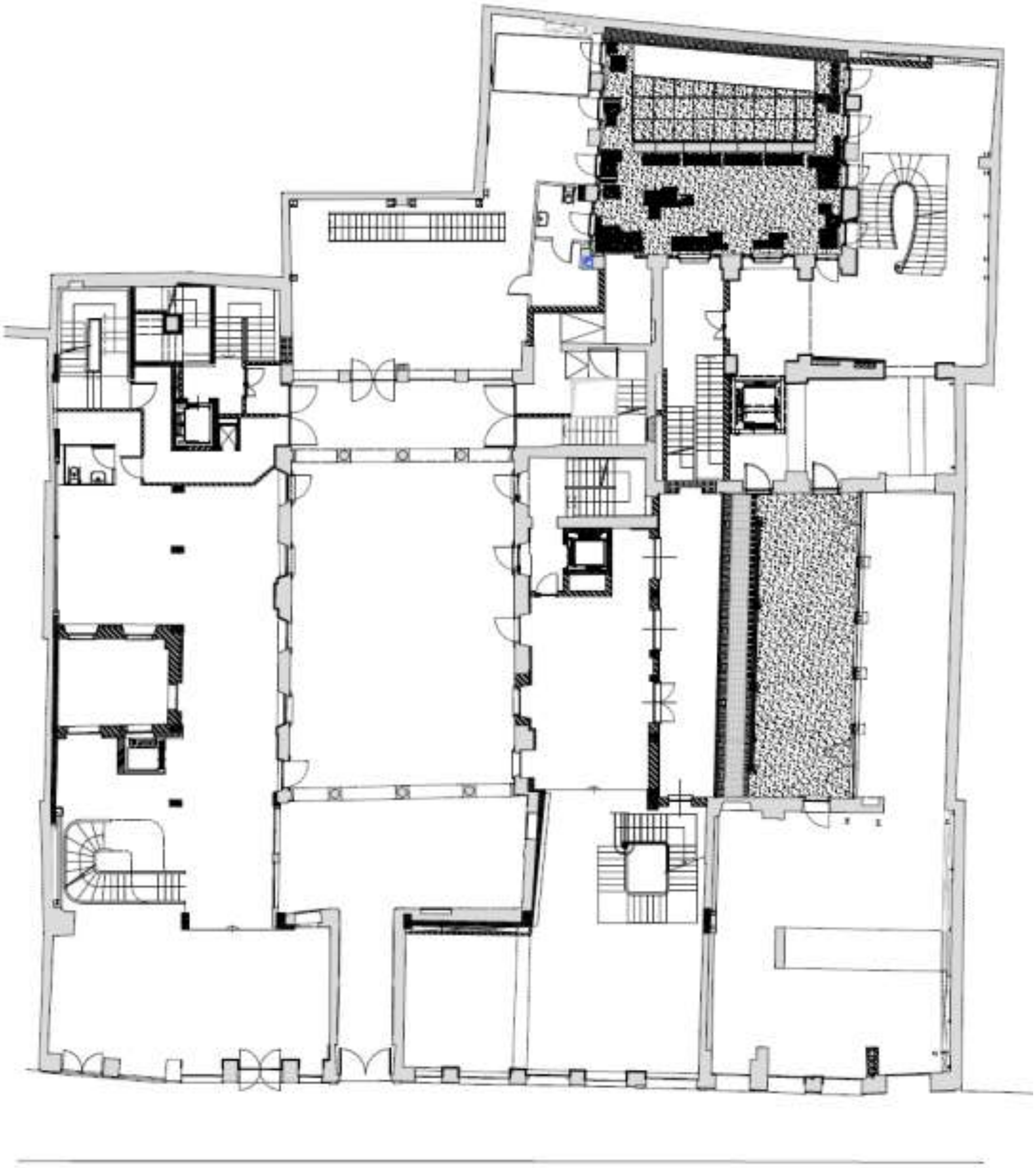
Appendix C

Floor plans

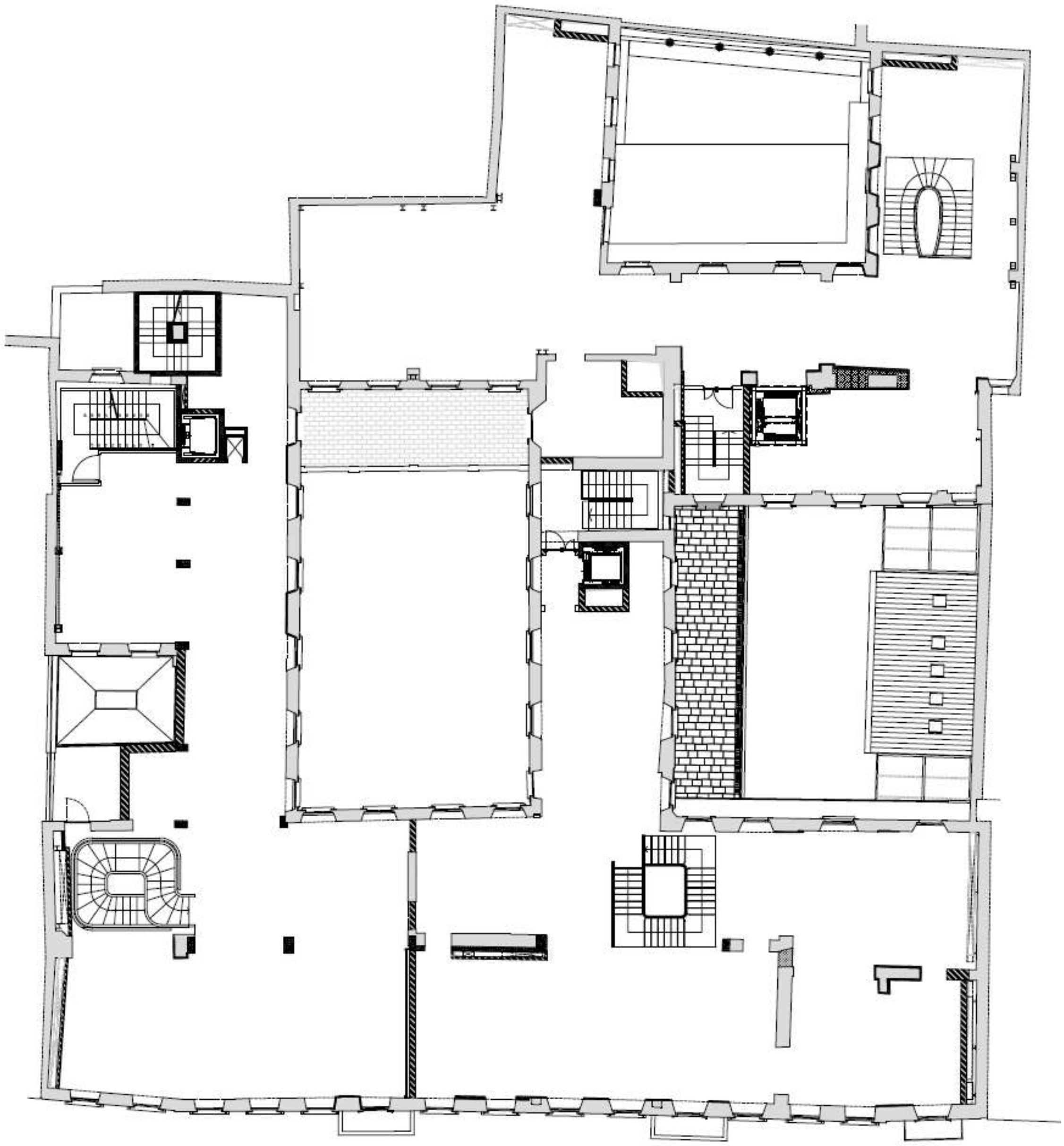
Basement



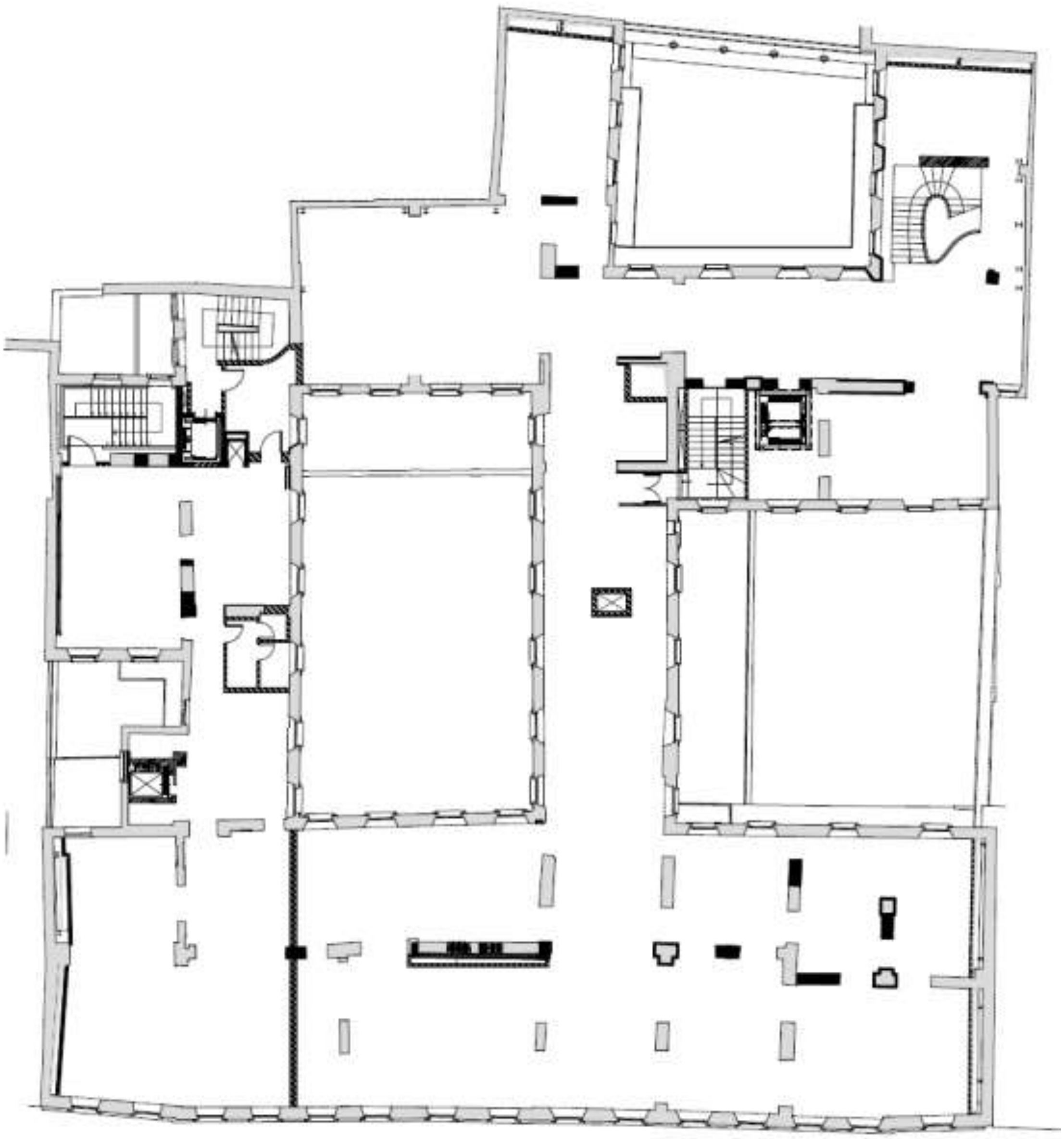
Ground floor



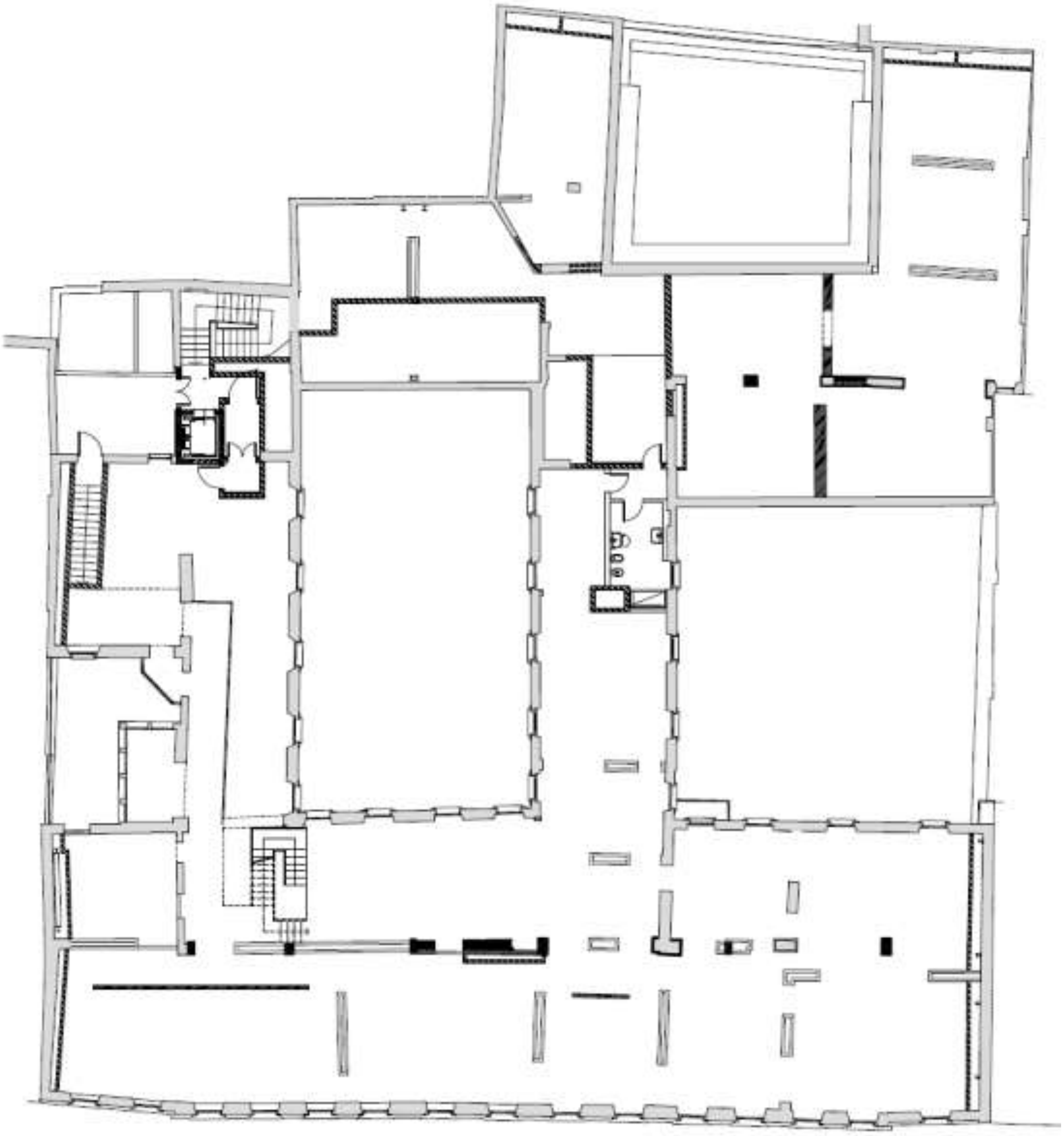
First floor



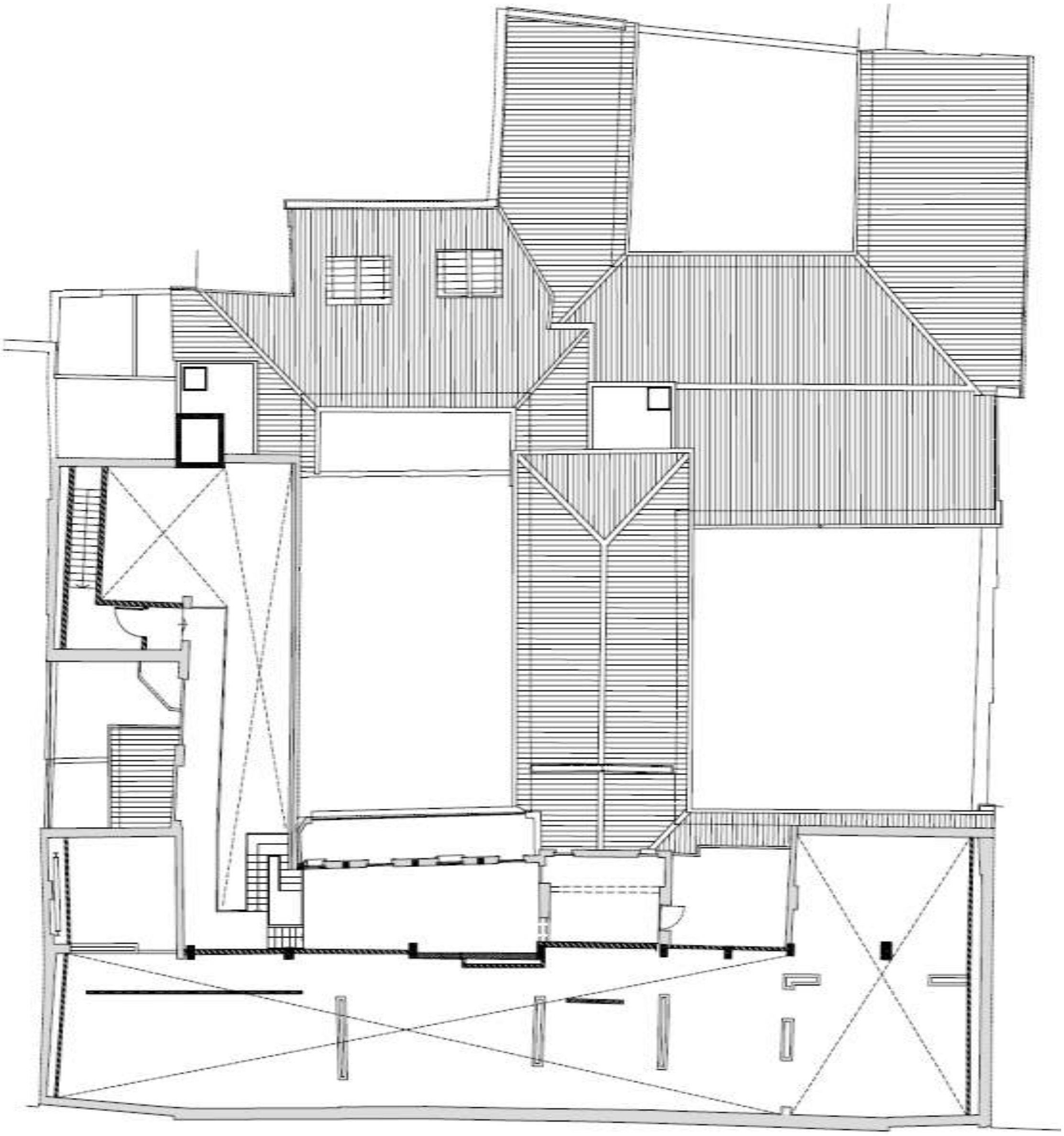
Second floor



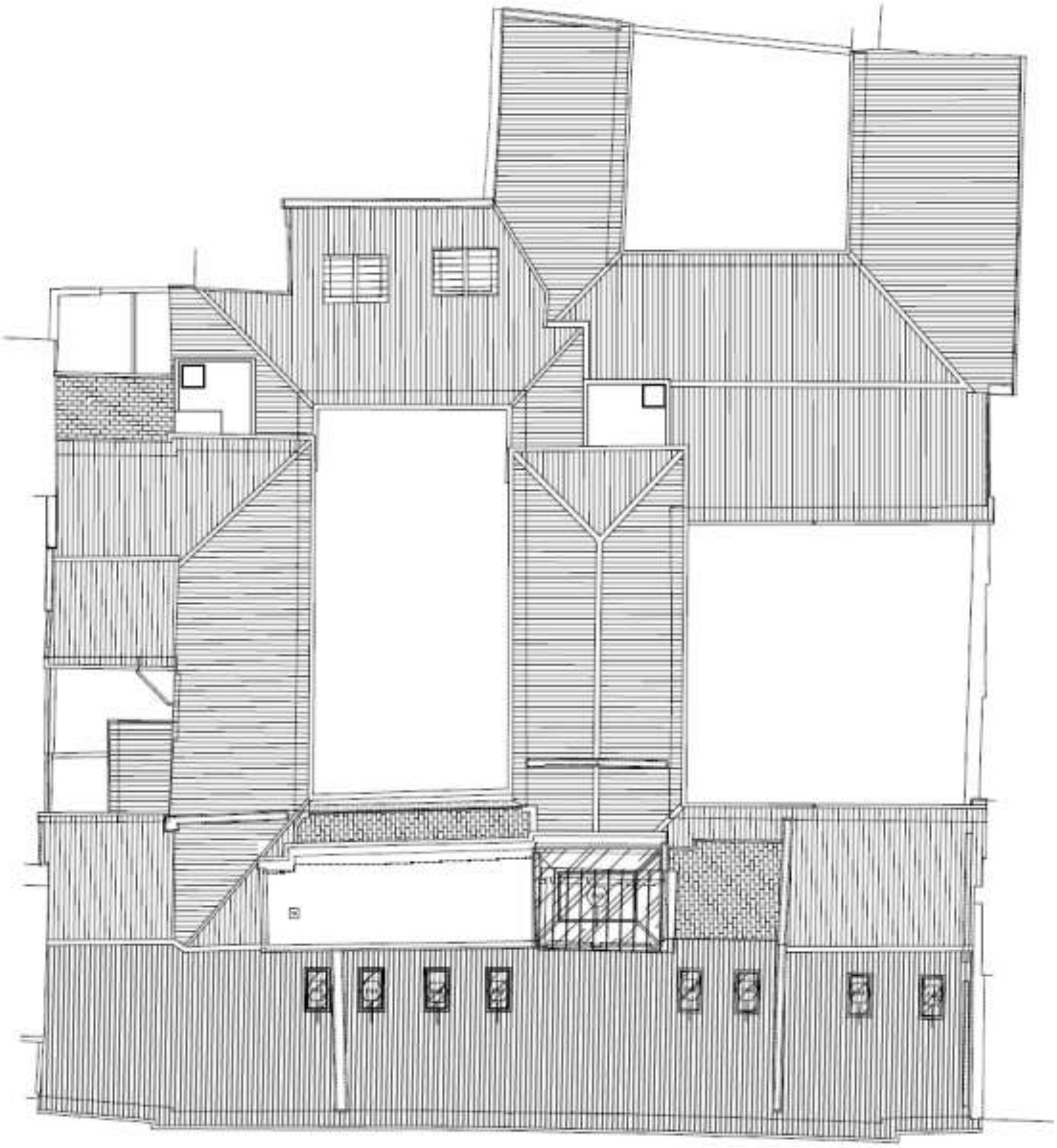
Third floor



Fourth floor



Roof



Appendix D

European Commercial Property Update

EUROPEAN COMMERCIAL PROPERTY UPDATE

28th Oct. 2014

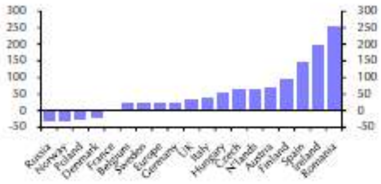
CAPITAL ECONOMICS

Italian investment volumes set to grow after bank stress tests

- **A low volume of "bad asset" sales helps to explain why Italy's investment growth has lagged behind other countries. Yet the recent bank stress tests, combined with changes to the Italian REIT structure, should be the catalyst required to kick-start this sector of the investment market.**
- **European commercial property investment grew by 7%q/q to reach €44bn in the third quarter, representing a yearly growth rate of 21%.** That brings the year-to-date total to €120bn, 25% higher than the first three quarters of 2013.
- In yearly terms, most countries saw investment increase. **Indeed, on a four-quarter rolling basis – which smoothes out volatility – 14 countries registered growth rates of 20% and above.** The biggest winners were Ireland, Spain and Romania, where investment volumes increased by over 100%y/y, albeit from relatively low bases. At the other end of the scale Russia, Norway, Poland and Denmark all saw volumes shrink. (See Chart 1.)
- **In addition to direct property sales, in Spain and Ireland one of the drivers of investment growth has been the sale of assets by national management agencies – the so-called "bad banks".** Indeed, recent data from Cushman and Wakefield suggest that throughout Europe such agencies have been responsible for €54.9bn of "bad asset" sales this year.
- **One country that has not created a national asset manager is Italy, which has been responsible for just 0.1% of Europe's 2014 "bad asset" sales.** Yet there are a number of reasons why deals should increase over the coming year. **First, earlier this week the EU-wide banking stress tests identified capital shortfalls for nine Italian banks, but also provided greater transparency of the quality of assets on bank's balance sheets.** That increased transparency should help to support deals, while five of the nine banks have already raised the capital required to offset losses once sales are booked.
- **Second, recent efforts to reduce restrictions on Italian REITs should also boost the number of deals taking place.** In turn, that greater liquidity should reduce differences in valuations between buyers and sellers, which earlier this year was cited as one of the key factors limiting "bad asset" deals.
- **Yet we still see a few barriers to strong investment growth.** For a start, compared to other markets Italy's relatively shallow correction means that pricing may not be as attractive. Secondly, a high volume of short-term public debt means that Italy's economic prospects are at risk from negative financial market sentiment, which given the recent increase in market volatility could mean investors now demand a higher risk premium. Third, even in the absence of a negative shock, our forecasts suggest that Italy will underperform its peers. Indeed, over 2014-15 we're forecasting average annual GDP growth of just 0.25%, versus 1.25% in Spain. **As such, while Italian investment is set to rise, it's unlikely to catch up to the levels seen in Spain any time soon. (See Chart 2.)**

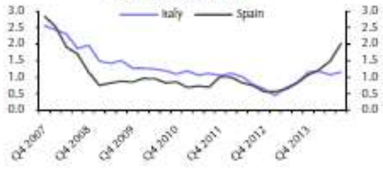
Stephen Brown Property Economist (+44 (0)20 7808 4057, stephen.brown@capitaleconomics.com)

Chart 1: Q3 Investment Growth (4 qtr average, y/y%)



Source – Various Agents

Chart 2: Italy and Spain Investment Volumes (4 qtr average, €bn)



Source – Various Agents

European Commercial Property Update

Appendix E

Valuation computer print outs – Market Value

CPI Italy (75%)	0,6%	0,8%	1,0%	1,0%	1,1%	1,2%	1,4%	1,5%
CPI Italy	0,7%	1,0%	1,3%	1,3%	1,4%	1,7%	1,9%	2,0%

Via Monte Napoleone, 12 - Milano		PERIOD	1	2	3	4	5	6	7	8	9	10	11	12	
		YEAR	01/07/2014	01/07/2015	01/07/2016	01/07/2017	01/07/2018	01/07/2019	01/07/2020	01/07/2021	01/07/2022	01/07/2023	01/07/2024	01/07/2025	TOTALE
INCOME															
DIOR	873	provided	2.500.950	3.083.623	3.252.160	3.402.857	3.439.675	3.482.595	3.531.382	3.584.353	3.638.118	3.692.690	3.748.080	3.804.302	41.160.786
BURBERRY	1.921	provided	4.069.811	4.881.610	5.180.221	5.351.543	5.409.445	5.476.943	5.553.669	5.636.974	5.721.529	6.068.913	6.475.318	6.572.448	66.398.425
HERMES (Negozio)	1.005	provided	4.053.822	4.083.451	4.121.908	4.163.719	4.208.785	4.265.169	4.400.231	4.495.838	4.563.276	4.631.725	4.701.201	4.771.719	52.460.845
HERMES (Ufficio)	295	provided	216.042	322.708	351.250	384.792	423.333	438.845	444.992	451.667	458.442	465.319	472.299	479.383	4.909.073
MARNI	587	provided	666.667	1.010.368	1.162.015	1.381.838	1.669.958	1.794.651	2.022.934	2.154.084	2.186.395	2.219.191	2.252.479	2.286.266	20.806.845
REGENT PROPERTY	947	provided	250.000	502.443	507.353	512.404	517.948	524.411	531.758	539.734	547.830	556.047	564.388	572.854	6.127.170
TOTAL INCOME			**11.757.291**	**13.884.203**	**14.574.906**	**15.197.153**	**15.669.146**	**15.982.613**	**16.484.967**	**16.862.651**	**17.115.590**	**17.633.885**	**18.213.765**	**18.486.972**	**191.863.143**
COSTS															
Re-Letting Fees		10,00%													-
IMU (Local tax)		provided	328.696	328.696	328.696	328.696	328.696	328.696	328.696	328.696	328.696	328.696	328.696	328.696	3.944.352
Insurance		provided	22.800	23.036	23.337	23.646	23.987	24.387	24.842	25.339	25.846	26.363	26.890	27.428	297.900
Prevision for Extraordinary Maintenance		1,00%	124.400	125.690	127.327	129.018	130.879	133.056	135.542	138.253	141.018	143.838	146.715	149.649	1.625.383
Management		1,00%	117.573	138.842	145.749	151.972	156.691	159.826	164.850	168.627	171.156	176.339	182.138	184.870	1.918.631
Register Tax		0,50%	58.786	69.421	72.875	75.986	78.346	79.913	82.425	84.313	85.578	88.169	91.069	92.435	959.316
Capital expenditure (Capex)	€	300													-
TOTAL COSTS			**652.255**	**685.685**	**697.983**	**709.317**	**718.600**	**725.878**	**736.354**	**745.227**	**752.293**	**763.405**	**775.507**	**783.077**	**8.745.582**
TOTAL NET CASHFLOW			**11.105.035**	**13.198.518**	**13.876.923**	**14.487.836**	**14.950.546**	**15.256.735**	**15.748.612**	**16.117.423**	**16.363.297**	**16.870.481**	**17.438.258**	**17.703.895**	**183.117.560**
Timing			0,50	1,50	2,50	3,50	4,50	5,50	6,50	7,50	8,50	9,50	10,50	11,50	12,00
Discount rate		5,50%	0,9736	0,9228	0,8747	0,8291	0,7859	0,7449	0,7061	0,6693	0,6344	0,6013	0,5700	0,5403	0,5260
DISCOUNTED CASH FLOWS			**10.811.693**	**12.179.977**	**12.138.416**	**12.012.127**	**11.749.543**	**11.365.095**	**11.119.911**	**10.787.037**	**10.380.659**	**10.144.464**	**9.939.219**	**9.564.572**	**132.192.714**
Exit yield		5,00%													**354.077.891**
BROKERAGE FEE		2,00%													**7.081.558**
NET FINAL VALUE															**346.996.333**
DISCOUNTED FINAL VALUE															**182.513.658**

SUM OF DISCOUNTED NET FLOWS	€	132.192.714
DISCOUNTED FINAL VALUE	€	182.513.658

MARKET VALUE	€	314.706.372
rounded to	**€**	**314.700.000**

Appendix F

Valuation computer print outs – Based on Special Assumption

CPI Italy (75%)	0,6%	0,8%	1,0%	1,0%	1,1%	1,2%	1,4%	1,5%
CPI Italy	0,7%	1,0%	1,3%	1,3%	1,4%	1,7%	1,9%	2,0%

Via Monte Napoleone, 12 - Milan		PERIOD	1	2	3	4	5	6	7	8	9	10	11	12	
		YEAR	01/07/2014	01/07/2015	01/07/2016	01/07/2017	01/07/2018	01/07/2019	01/07/2020	01/07/2021	01/07/2022	01/07/2023	01/07/2024	01/07/2025	TOTAL
INCOME															
DIOR	873	provided	2.537.934	3.308.430	3.493.558	3.655.112	3.694.659	3.740.760	3.793.164	3.850.061	3.907.812	3.966.430	4.025.926	4.086.315	44.060.161
BURBERRY	1.921	provided	4.069.811	4.881.610	5.180.221	5.351.543	5.409.445	5.476.943	5.553.669	5.636.974	5.721.529	6.068.913	6.475.318	6.572.448	66.398.425
HERMES (Negozio)	1.005	provided	4.053.822	4.083.451	4.121.908	4.163.719	4.208.785	4.265.169	4.400.231	4.495.838	4.563.276	4.631.725	4.701.201	4.771.719	52.460.845
HERMES (Ufficio)	295	provided	216.042	322.708	351.250	384.792	423.333	438.845	444.992	451.667	458.442	465.319	472.299	479.383	4.909.073
MARNI	587	provided	666.667	1.010.368	1.162.015	1.381.838	1.669.958	1.794.651	2.022.934	2.154.084	2.186.395	2.219.191	2.252.479	2.286.266	20.806.845
REGENT PROPERTY	947	provided	250.000	502.443	507.353	512.404	517.948	524.411	531.758	539.734	547.830	556.047	564.388	572.854	6.127.170
TOTAL INCOME			**11.794.275**	**14.109.010**	**14.816.304**	**15.449.408**	**15.924.129**	**16.240.779**	**16.746.748**	**17.128.359**	**17.385.284**	**17.907.625**	**18.491.611**	**18.768.985**	**194.762.517**
EXPENSES															
Re-Letting Fees		10,00%													-
IMU (Local tax)		provided	328.696	328.696	328.696	328.696	328.696	328.696	328.696	328.696	328.696	328.696	328.696	328.696	3.944.352
Insurance		provided	22.800	23.036	23.337	23.646	23.987	24.387	24.842	25.339	25.846	26.363	26.890	27.428	297.900
Reserve for Extraordinary Maintenance		1,00%	124.400	125.690	127.327	129.018	130.879	133.056	135.542	138.253	141.018	143.838	146.715	149.649	1.625.383
Management		1,00%	117.943	141.090	148.163	154.494	159.241	162.408	167.467	171.284	173.853	179.076	184.916	187.690	1.947.625
Register Tax		0,50%	58.971	70.545	74.082	77.247	79.621	81.204	83.734	85.642	86.926	89.538	92.458	93.845	973.813
Capital expenditure (Capex)	€	-													-
TOTAL EXPENSES			**652.810**	**689.057**	**701.604**	**713.101**	**722.424**	**729.751**	**740.281**	**749.213**	**756.338**	**767.511**	**779.675**	**787.307**	**8.789.073**
TOTAL NET CASH FLOWS			**11.141.465**	**13.419.953**	**14.114.700**	**14.736.306**	**15.201.705**	**15.511.028**	**16.006.467**	**16.379.146**	**16.628.946**	**17.140.114**	**17.711.936**	**17.981.678**	**185.973.445**
Timing			0,50	1,50	2,50	3,50	4,50	5,50	6,50	7,50	8,50	9,50	10,50	11,50	12,00
Discount rate		5,50%	0,9736	0,9228	0,8747	0,8291	0,7859	0,7449	0,7061	0,6693	0,6344	0,6013	0,5700	0,5403	0,5260
DISCOUNTED CASH FLOWS			**10.847.160**	**12.384.324**	**12.346.404**	**12.218.138**	**11.946.928**	**11.554.524**	**11.301.979**	**10.962.202**	**10.549.183**	**10.306.598**	**10.095.207**	**9.714.645**	**134.227.292**
Exit yield		5,00%													**359.633.552**
BROKERAGE FEE		2,00%													**7.192.671**
NET FINAL VALUE															**352.440.881**
DISCOUNTED FINAL VALUE															**185.377.390**

SUM OF DISCOUNTED NET FLOWS	€	134.227.292
DISCOUNTED FINAL VALUE	€	185.377.390

MARKET VALUE	€	319.604.682
rounded to	**€**	**319.600.000**

Appendix G

Indication of the reinstatement cost

Construction Costs
Via Monte Napoleone, 12 - MILAN

CONSTRUCTION COSTS						
BASIC CONSTRUCTION COST	sq m	n.	€ / sq m	€ /n.		€
4TH FLOOR - ROOMS	118		**2.000**		€	236.000
3RD FLOOR - ROOMS	829		**2.000**		€	1.658.000
2ND FLOOR - RETAIL UNITS	880		**2.000**		€	1.760.000
2ND FLOOR - RETAIL UNITS AND OFFICES	295		**2.000**		€	590.000
1ST FLOOR - RETAIL UNITS	1.249		**2.000**		€	2.498.000
GROUND FLOOR - RETAIL UNITS	1.246		**2.000**		€	2.492.000
FROUND FLOOR - COURTYARD	65		**200**		€	13.000
BASEMENT - RETAIL UNITS	425		**2.000**		€	850.000
BASEMENT - STORAGE	586		**1.200**		€	703.200
BASEMENT - CORTYARD	45		**400**		€	18.000
TOTAL CONSTRUCTION COSTS	**5.738**				**€**	**10.818.200**
Contingency				*5%*	*€*	*540.910*
TOTALE CONSTUCTION COSTS					**€**	**11.359.110**

PROFESSIONAL FEES			
General expenses and project management	3,00%	€	324.546
Architects	2,50%	€	270.455
Direction of works and construction management	1,00%	€	108.182
HVAC engineer	1,00%	€	108.182
Structural engineer	1,00%	€	108.182
Health and safety	1,00%	€	108.182
Final testing and commissioning	0,50%	€	54.091
TOTAL PROFESSIONAL FEES	**10,0%**	**€**	**1.081.820**

		€	12.440.930
ESTIMATED REINSTATEMENT COSTS	*rounded*	**€**	**12.440.000**

construction costs €/sq m	**2.168**