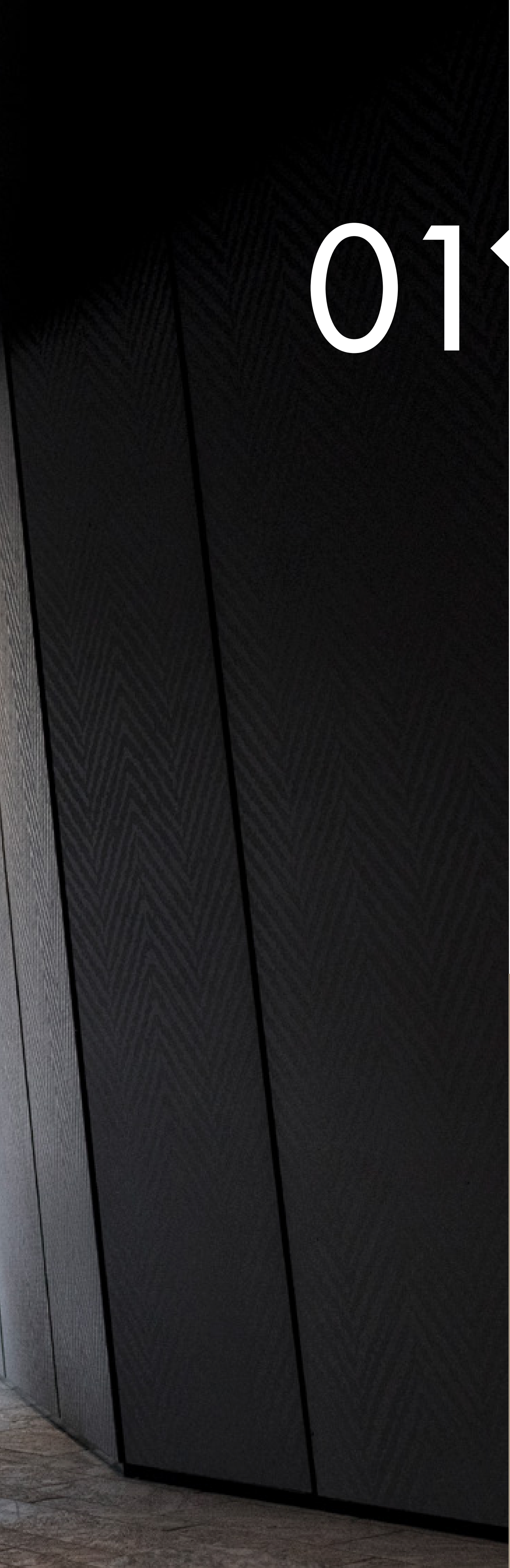
COIMARES

ANNUAL REPORT
2017

Rome - 2331 EURCENTER - Façade

SUMMARY

Milan - GIOIAOTTO - Lobby



01 THE COMPANY

COIMA RES IS A COMMERCIAL PROPERTY COMPANY LISTED ON BORSA ITALIANA, SPECIALISED IN THE INVESTMENT AND MANAGEMENT OF PROPERTIES IN ITALY.

EUR 610.7[1] MILLION
VALUE OF THE PORTFOLIO

1 BONNET ACCOUNTED FOR ON A PRO-RATA BASIS (35.7%)

189,000
SQUARE METRES

72%[2] IN MILAN

2 BASED ON MARKET VALUE

MISSION AND PRINCIPLES

MISSION

Our mission is to generate attractive returns for shareholders through active investment and asset management.

PRINCIPLES

INDEPENDENCE

We are focusing our effort as an independent and trusted partner on behalf of domestic and international institutional investors and operators.

ENTREPRENEURSHIP

Our ambition is to constantly face new challenges by breadening our knowledge and experience in a creative and rigorous way.

INTEGRITY

Honesty and transparency are "must have" values for us.

EXCELLENCE

Striving for the highest level of quality in all our activities is a testament to our passion and commitment on a daily basis.

SUSTAINABILITY

It is important for us that our investments are responsible for the company and for the environment.

"COIMA RES is a company managed according to the international best practices with the aim of creating value for its shareholders. In 2017, COIMA RES demonstrated that it is a solid and transparent vehicle offering Italian and foreign investors an attractive access point to the Italian real estate market."

Caio Massimo Capuano
Chairman of COIMA RES

Rome - DEUTSCHE BANK PORTFOLIO - Entrance

HIGHLIGHTS OF 2017

IN ITS SECOND YEAR OF OPERATIONS THE COMPANY CONSOLIDATED ITS PORTFOLIO GENERATING SOLID ECONOMIC AND FINANCIAL RESULTS

MAIN CONSOLIDATED ECONOMIC AND FINANCIAL DATA

as at 31/12/2017

RENTS **34.2** *Euro millions*	NOI **30.5** *Euro millions*	NET RESULT **28.9** *Euro millions*
EPRA EARNINGS **15.3** *Euro millions (0.42 Euro per share)*	RECURRING FFO **16.8** *Euro millions (0.47 Euro per share)*	EPRA NET INITIAL YIELD **5.3%**
TOTAL VALUE OF THE PORTFOLIO **610.7** [1] *Euro millions*	NET FINANCIAL POSITION **232.6** [1] *Euro millions*	LOAN TO VALUE **38.1%** [1]
EPRA NAV **384.6** *Euro millions (10.68 Euro per share)*	EPRA NNNAV **380.2** *Euro millions (10.56 Euro per share)*	EXPECTED NET STABILIZED YIELD **5.7%**
OCCUPANCY RATE **95.2%**	WALT (YEARS) **7.2**	LIKE-FOR-LIKE RENTAL GROWTH **+1.4%** (**+3.6%** EXCLUDING THE BRANCHES OF THE DEUTSCHE BANK PORTFOLIO)

COIMA RES operates with an SIIQ tax status (Società di Investimento Immobiliare Quotata), equivalent to international Real Estate Investment Trusts (REIT)

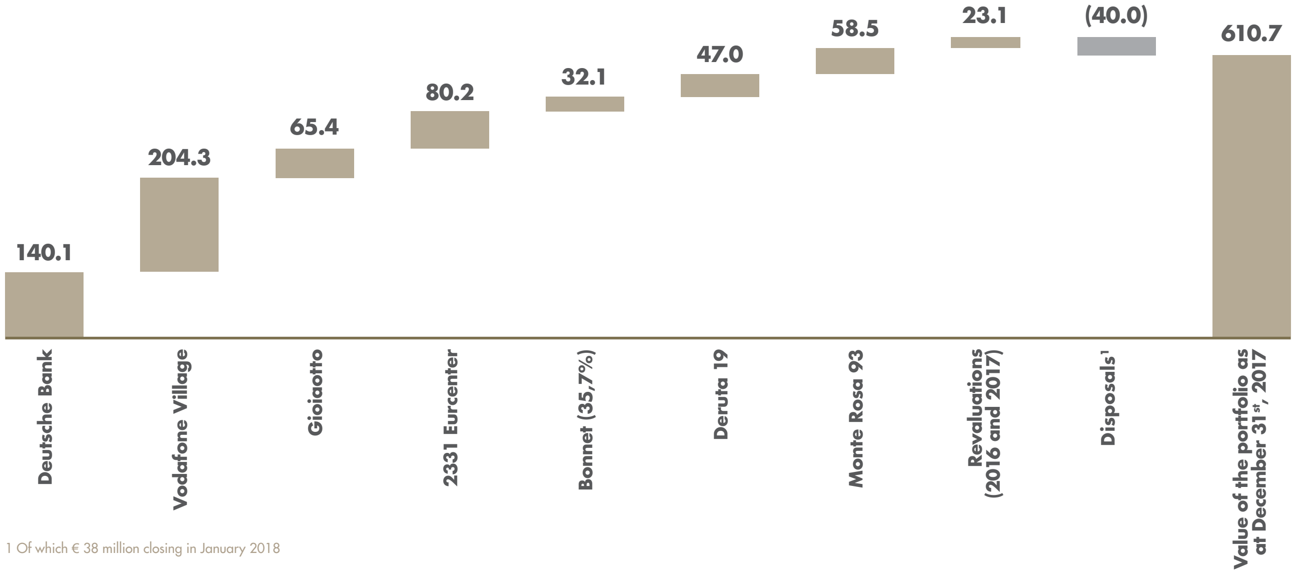
1 Bonnet accounted for on a pro-rata basis (35.7%)

MAIN ACTIVITIES IN 2017

The COIMA RES property portfolio consolidated in 2017 through acquisitions and disposals increasing the share of the portfolio in Milan (72%) and the portion of the portfolio invested offices (75%). The EPRA net initial yield of the portfolio as at December 31st, 2017 is 5.3%. The structure of COIMA RES was also strengthened by co-opting Luciano Gabriel and Olivier Elamine onto the Board of Directors and with the arrival of Alberto Goretti as Investor Relations Director.

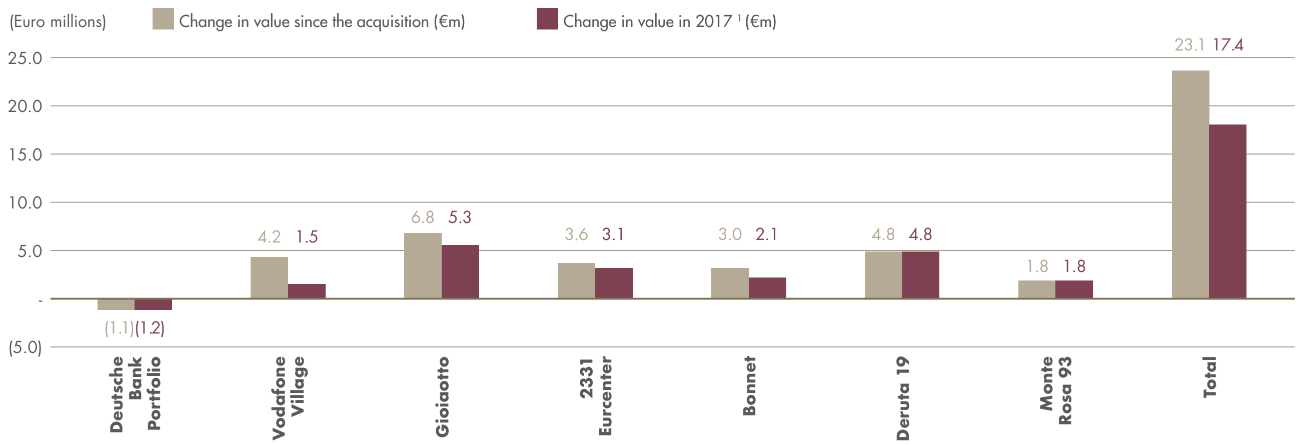
- **JANUARY 16th, 2017:** ACQUISITION OF AN OFFICE COMPLEX IN MILAN IN VIA PRIVATA DERUTA 19 FOR € 46 MILLION
- **JANUARY 23rd, 2017:** RENEWAL AND EXTENSION OF THE LEASE AGREEMENT WITH NH HOTELS FOR THE GIOIAOTTO PROPERTY IN MILAN
- **MARCH 27th, 2017:** ALBERTO GORETTI JOINS THE TEAM AS INVESTOR RELATIONS DIRECTOR
- **MARCH 31st, 2017:** € 73 MILLION REFINANCING OF TWO PROPERTIES (GIOIAOTTO AND 2331 EURCENTER) OWNED BY THE MHREC FUND
- **APRIL 12nd, 2017:** FIRST DIVIDEND PAYMENT EQUAL TO APPROXIMATELY € 0.11 PER SHARE
- **APRIL 26th, 2017:** LUCIANO GABRIEL AND OLIVIER ELAMINE NEW INDEPENDENT DIRECTORS
- **SEPTEMBER 7th, 2017:** EPRA GOLD AWARD FOR COIMA RES 2016 ANNUAL REPORT AND SUSTAINABILITY REPORT
- **OCTOBER 20th, 2017:** VAT REPAYMENT OF APPROXIMATELY € 39 MILLION FROM THE ITALIAN INLAND REVENUE AGENCY
- **OCTOBER 24th, 2017:** ACQUISITION OF THE MONTE ROSA 93 OFFICE COMPLEX IN MILAN FOR €57 MILLION
- **OCTOBER 25th, 2017:** ANNOUNCEMENT OF THE SALE OF 21 BRANCHES OF THE DEUTSCHE BANK PORTFOLIO IN THE SOUTH OF ITALY FOR € 38 MILLION
- **NOVEMBER 15th, 2017:** INTERIM DIVIDEND PAYMENT EQUAL TO € 0.09 PER SHARE
- **DECEMBER 20th, 2017:** COIMA RES CREATES A THINK TANK TOGETHER WITH FIVE OTHER EUROPEAN REITS DEDICATED TO SUSTAINABILITY AND INNOVATION

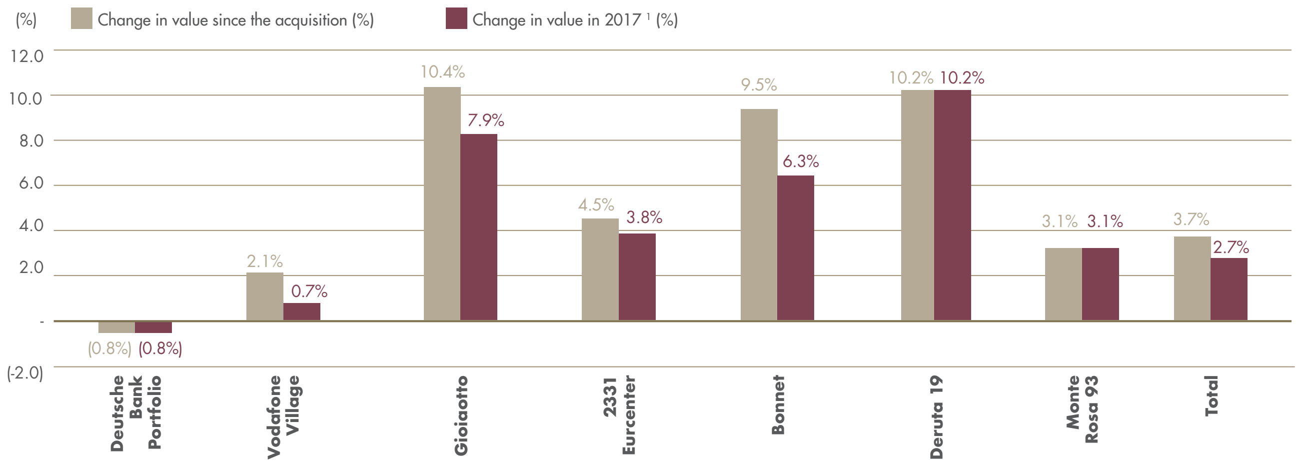
Summary of the development of the portfolio from the IPO to date (Euro millions)



1 Of which € 38 million closing in January 2018

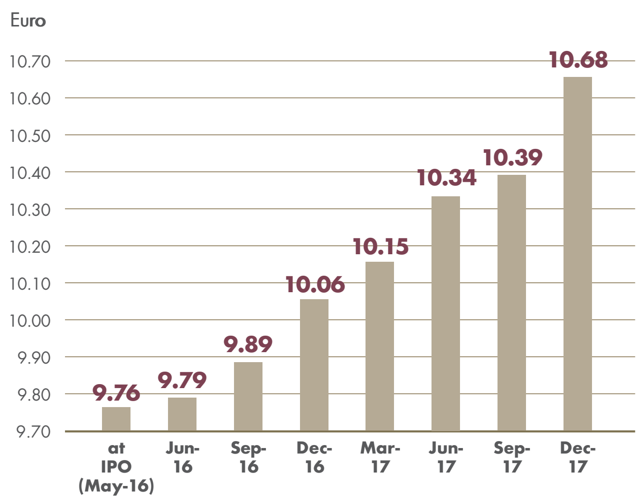
Change in value of COIMA RES properties



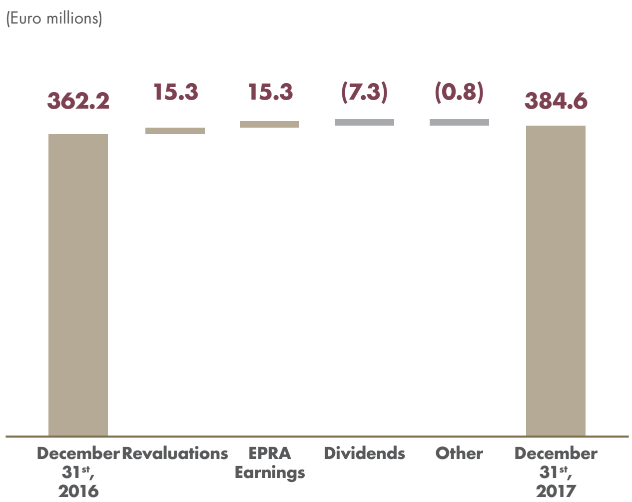


The Total Shareholder Return for the period ended December 31st, 2017 was 8.0%.
The EPRA NAV per share increased by 9.3% from the IPO to the present and by 6.2% in 2017.

EPRA NAV per share since IPO



EPRA NAV in 2017



1 If the property was purchased in 2017 the calculation was made on the purchase price

RETURNS

TOTAL SHAREHOLDER RETURN
8.0%
(based on NAV per share growth plus dividends paid in 2017)

INVESTMENT MANAGEMENT

ACQUISITIONS
103.0
mEur

DISPOSALS
38.5
mEur

PORTFOLIO INVESTED
610.7[1]
mEur

ASSET MANAGEMENT

TENANT RETENTION RATE
100%

EPRA VACANCY RATE
4.8%

NEW LEASE AGREEMENTS/RENEWALS
1.5
mEur

OCCUPANCY RATE
95.2%

100% OFF-MARKET TRANSACTIONS

MAIN DATA	31/12/2017	31/12/2016	Difference
Gross Asset Value[1]	€ 610.7 m	€ 526.2 m	€ 84.5 m / +16.0%
EPRA Net Asset Value	€ 384.6 m	€ 362.2 m	€ 22.4 m / +6.2%
EPRA Net Asset Value per share	€ 10.68	€ 10.06	€ 0.62 / +6.2%
Net Operating Income (NOI)	€ 30.5 m	€ 13.7 m	€ 16.8 m
NOI margin	89.1%	88.0%	+1.1 p.p.
Like-for-like rental growth	+1.4%	+2.9%[2]	n.a.
Like-for-like rental growth (excluding Deutsche Bank portfolio)	+3.6%	n.a.	n.a.
EPRA Earnings per share	€ 0.42	€ 0.13	€ 0.29
Recurring FFO per share	€ 0.47	€ 0.17	€ 0.30
EPRA Cost Ratio	37.5%	51.4%	(13.9) p.p.
Loan To Value[1]	38.1%	29.2%	+8.9 p.p.
Interest cover ratio	3.2x	2.7x	+0.5x
Average debt cost	1.97%	1.99%	(0.02) p.p.
Average debt maturity	3.7 years	3.9 years	(0.2) years

1 Bonnet accounted for on a pro-rata basis (35.7%)
2 Calculated on the portfolio transferred during the IPO

LETTER TO STAKEHOLDERS

IN 2017, COIMA RES CONSOLIDATED ITS PROPERTY PORTFOLIO AND STRENGTHENED THE BOARD OF DIRECTORS AND ITS INTERNAL STRUCTURE

Dear Shareholder,

At the end of our second year of operations, we are delighted to announce the results achieved by COIMA RES in 2017.

The market in which COIMA RES has operated has been favourable for Italy from a macro economic point of view (increase in the GDP growth rate and employment level) and from a real estate perspective. The office sector in Milan saw a return to pre-crisis investment volume levels, a compression of yields in line with many European cities and growth in prime rents.

During 2017, the company's Board of Directors was strengthened by the arrival of Luciano Gabriel (Chairman of PSP Swiss Properties) and Olivier Elamine (CEO of Alstria Office) who also joined respectively the Control and Risk Committee and the Remuneration Committee. Their arrival is a testament to the quality of the COIMA RES project and a demonstration of our desire to adhere to international best practices. Our Board of Directors is currently composed of 9 members, 7 independent and 1 non-executive, 5 with extensive experience in the property sector and 4 with an international background. Our commitment to transparent communication was recognized in 2017 by the European Public Real Estate Association (EPRA), which assigned the “Gold Award” for the COIMA RES 2016 Annual Report and the 2016 Sustainability Report.

Our investment plan continued in 2017 with two off-market acquisitions in Milan in the office sector (Deruta 19 and Monte Rosa 93). At the same time, COIMA RES has taken steps to optimise the portfolio by selling a previously identified portion of the Deutsche Bank portfolio. This transaction makes it possible to concentrate the Company's investments further in the office sector, with a particular focus on Milan. The quality of our tenants remains high, with around 72% of stabilised gross rent from investment grade tenants, at the same time we maintain high standards of customer relationship.

The quality of our portfolio, supported by our ability to actively managing our properties with a view to create value, are demonstrated by revaluations of €15.3 million in 2017 and rental growth of +1.4% recorded in 2017 on a like for like basis (+3.6% excluding the Deutsche Bank branches portfolio). The active management of our property portfolio, supported by a selective investment strategy and prudent cost management, has enabled us to achieve a total shareholder return of 8.0% in 2017.

The significant component of core type properties in the portfolio, equal to 82%, has allowed us to bring forward the payment of the first dividend to this year (equal to approximately €0.11 per share, paid on April 12th, 2017 with regard to the 2016 final year) and we were able to announce a total dividend of Euro 0.27 per share for 2017 (including a payment on account of Euro 0.09 per share which was paid on November 15th 2017, while the payment of the balance equal to Euro 0.18 per share is planned for April 2018). Financial management remains prudent, with an LTV of 38.1% as at December 31st, 2017. Our objective is to keep the LTV below 45%. Our weighted average cost of debt remains below 2%.

In the future, our focus will remain mainly focused on the office sector in Milan and we expect to increase the Core+ and value-add component in order to further develop the portfolio from a perspective of rental and net asset value growth, to offer even more attractive returns to our shareholders with a moderate incremental exposure to risk.

We believe that Milan and Italy continue to offer attractive investment opportunities in the property sector and COIMA RES will continue in 2018 to take best advantage of these opportunities with a view to creating value for shareholders in the short, medium and long-term.

Thank you for your support.

Manfredi Catella
Founder & CEO, COIMA RES

OUR BUSINESS MODEL

OUR OBJECTIVE IS TO GENERATE ATTRACTIVE RETURNS FOR SHAREHOLDERS, AT THE SAME TIME CONTROLLING AND LIMITING RISK

"Our current strategy remains focused on creating a quality office portfolio with potential for rental growth and an increase in value."

Manfredi Catella
Founder & CEO, COIMA RES

The COIMA RES investment strategy is aimed at creating a high quality real estate portfolio, capable of generating stable, growing and sustainable cash flows and with the potential for the capital value and rental growth over time.

A CLEAR AND WELL-DEFINED INVESTMENT STRATEGY

- Focus on prime (core/core+) properties with a risk/return profile in line with the strategy
- Concentration on Milan
- Off-market transactions thanks to our network with a well-established, very extensive presence in the market
- Prudent financial structure with a target LTV of < 45%
- Possibility of also taking advantage of investment opportunities in properties with a value-added profile through JVs, in order to limit capital exposure and reduce the risk profile

MAIN CHARACTERISTICS OF THE PROPERTIES THAT WE PURCHASE

- High quality of the buildings, both in terms of the actual and prospective value
- Location, mainly buildings located in strategic areas and with good links to public transport networks
- High quality of the tenants, with sound tenants mainly characterized by an investment-grade rating
- Long duration lease agreements, which are inflation-indexed and with cost structure on operating that give visibility and certainty to the net cash flows for the Company and capital protection

ACTIVE MANAGEMENT AIMED TO INCREASE VALUE FOR OUR SHAREHOLDERS

In terms of the portfolio management approach, the COIMA RES strategy aims at generating rental growth and increasing the value of properties thanks to specific asset management activities:

- Constant monitoring of tenants' level of satisfaction
- Renegotiation of agreements, both to improve the rental levels and to extend the terms;
- Tenants rotation
- Feasibility study and implementation of improvement measures of properties when necessary
- Repositioning and upgrading of the buildings
- Evaluation of possible disposals of non-strategic assets and on an opportunistic basis
- Optimisation of the funding structure

Milan - GIOIAOTTO - Offices

OUR PORTFOLIO

COIMA RES OWNS A PORTFOLIO OF 86 PROPERTIES WORTH EURO 610.7[1] MILLION FOR TOTAL COMMERCIAL SURFACES OF 189,000 m²

1 Bonnet accounted for on a pro-rata basis (35.7%)

"The activities conducted in 2017 were aimed at the proactive management of properties in order to create value for shareholders through leasing, property and development activities and the rotation of the initial portfolio through a programme of divestments aimed at consolidation in the office sector in Milan."

Matteo Ravà

Key Manager, for COIMA RES Asset Management

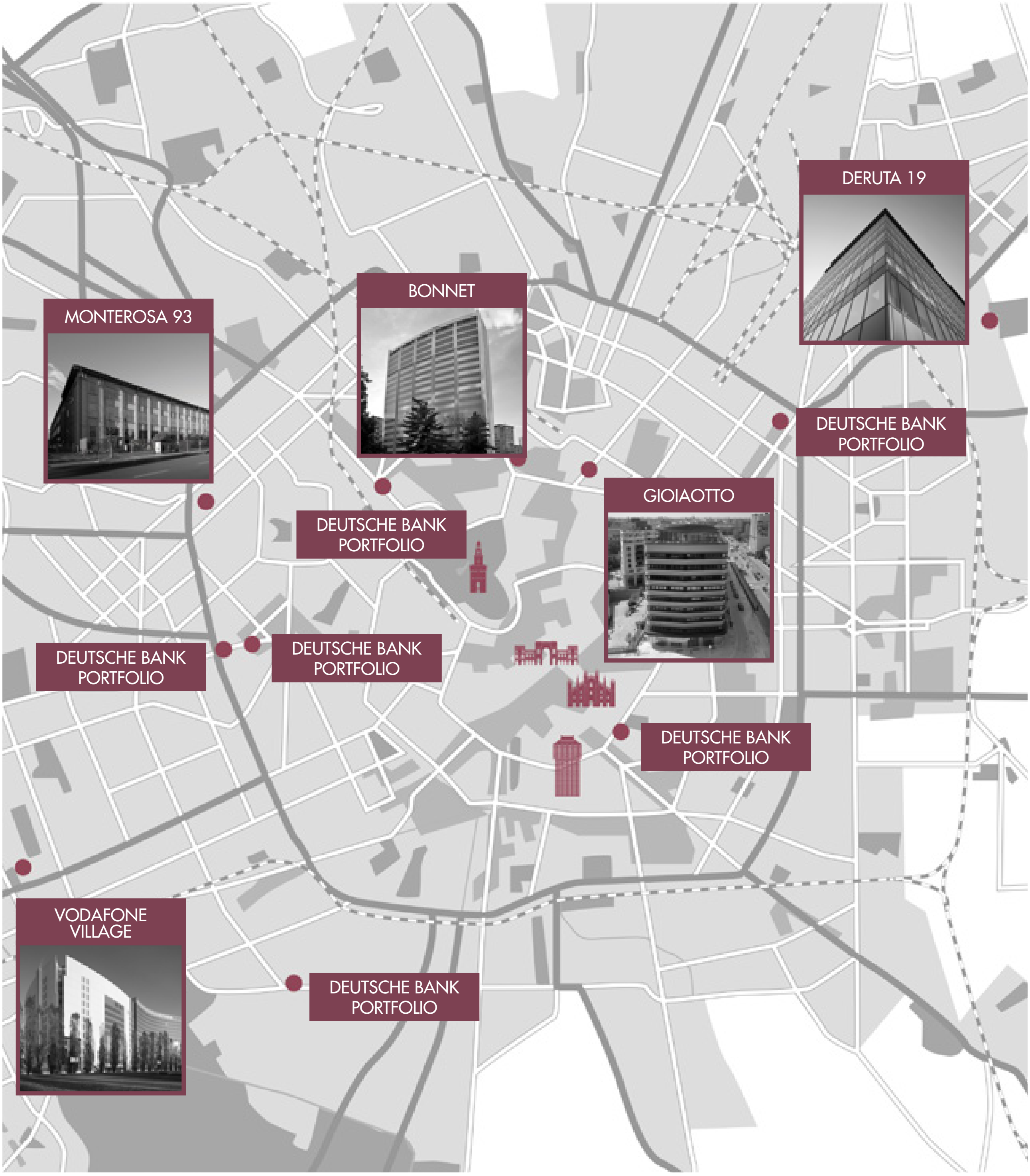
Rome - DEUTSCHE BANK PORTFOLIO - Façade

Main indicators of the portfolio as at 31/12/2017

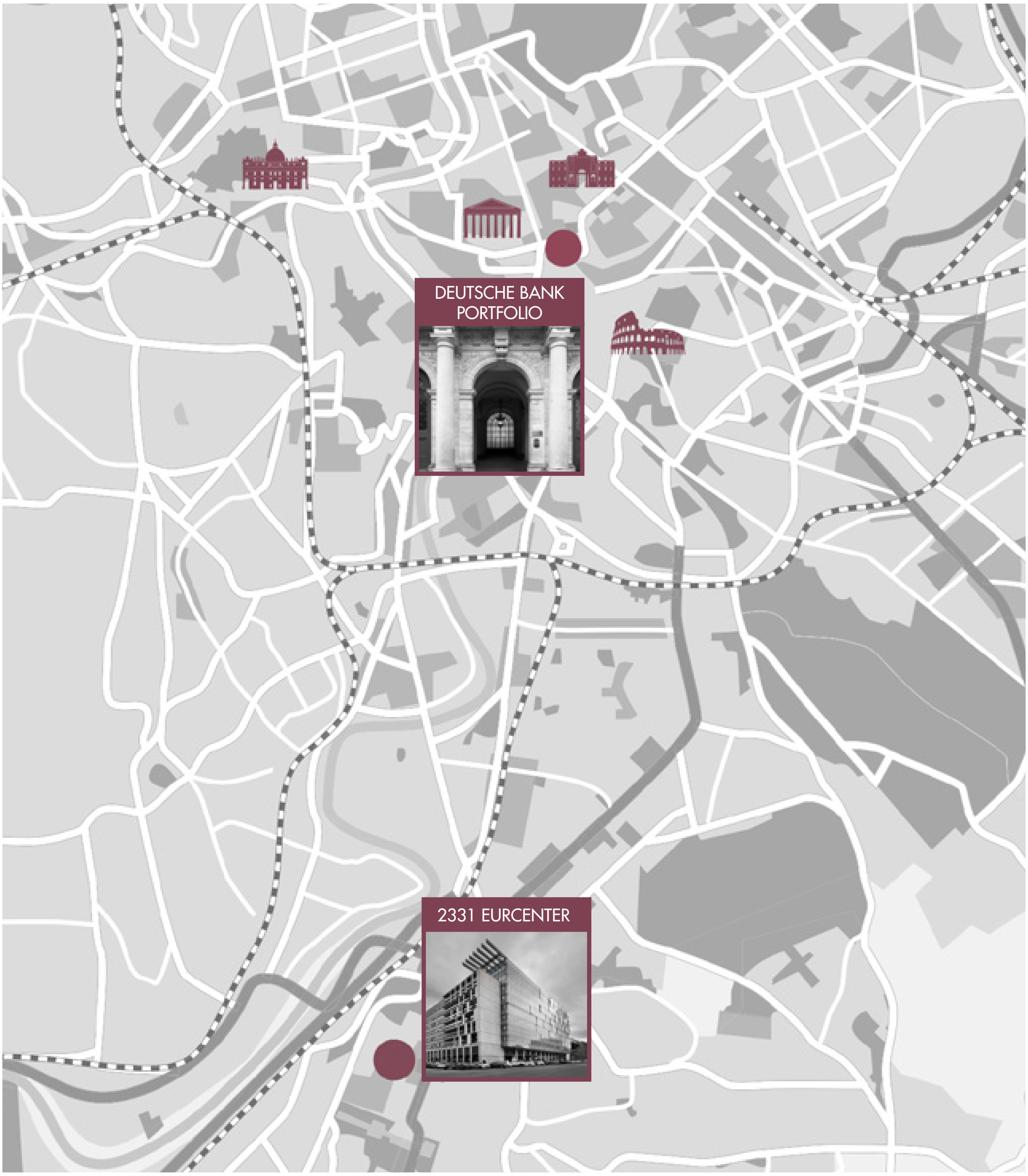
	Deutsche Bank[1]	Vodafone Village	Gioiaotto[2]	2331 Eurcenter[2]	Bonnet[3]	Deruta 19	Monte Rosa 93	Portfolio Dec 2017[4]
City	Miscellaneous	Milan	Milan	Rome	Milan	Milan	Milan	-
Address	Various	Lorenteggio 240	Melchiorre Gioia 6-8	2331 Eurcenter	Via Bonnet	Via Deruta 19	Via Monte Rosa 93	-
Sub-market	-	Lorenteggio BD	Porta Nuova BD	EUR BD	Porta Nuova BD	Piazza Udine BD	Lotto - CityLife BD	-
Asset class	Bank branch-es	Offices	Offices, Ho-tels, Retail	Offices, Retail	Offices, Retail	Offices	Offices	-
% ownership	100.0%	100.0%	86.7%	86.7%	35.7%	100.0%	100.0%	-
Market Value (€/mln)	98.9	208.5	72.1	83.8	35.1	51.9	60.4	**610.7**
EPRA occupancy rate	82%	100%	100%	100%	n.a.	100%	86%	**95%**
Number of tenants	1	1	9	10	6	1	4	**32**
WALT (years)	8.8	9.1	6.3	4.5	2.4	4.0	5.0	**7.2**
Gross initial rent (€/mln)	5.2	13.9	3.1	5.1	0.3	3.6	3.5	**34.6**
Net initial rent (€/mln)	4.2	12.8	2.7	4.5	0.1	3.2	3.0	**30.5**
Stabilised gross rent (€/mln)	5.2	13.9	4.1	5.1	0.3	3.6	3.6	**35.8**
Stabilised net rent (€/mln)	4.2	12.8	3.7	4.5	0.1	3.2	3.1	**31.6**
Expected stabilised gross rent (€/mln)	5.2	13.9	4.1	5.1	3.1	3.6	4.1	**39.1**
Expected stabilised net rent (€/mln)	4.4	12.8	3.7	4.5	2.9	3.2	3.5	**35.0**
Initial gross return[5]	5.2%	6.7%	4.2%	6.1%	n.a.	6.9%	5.8%	**6.0%**
EPRA Net Initial Yield[5]	4.3%	6.1%	3.7%	5.4%	n.a.	6.2%	4.9%	**5.3%**
Stabilised gross return[5]	5.2%	6.7%	5.6%	6.1%	n.a.	6.9%	6.0%	**6.2%**
EPRA topped-up NIY[5]	4.3%	6.1%	5.1%	5.4%	n.a.	6.2%	5.1%	**5.5%**
Stabilised expected gross return	6.0%[6]	6.7%	5.6%	6.1%	6.2%[7]	6.9%	6.5%	**6.3%**
Stabilised expected net return	5.0%[6]	6.1%	5.1%	5.4%	5.7%[7]	6.2%	5.6%	**5.7%**

1 Does not include the 21 branches of Deutsche Bank sold in January 2018
2 Data calculated fully consolidating the property
3 Data calculated pro-rata (35.7%)
4 Does not include the 21 branches of Deutsche Bank sold in January 2018. Bonnet included pro-rata (35.7%)
5 The calculation excludes the Bonnet property as it is under redevelopment
6 Calculated excluding vacant properties
7 Calculated taking into account expected capex (hard and soft costs)

MILAN
72% OF THE PROPERTY PORTFOLIO IS IN MILAN

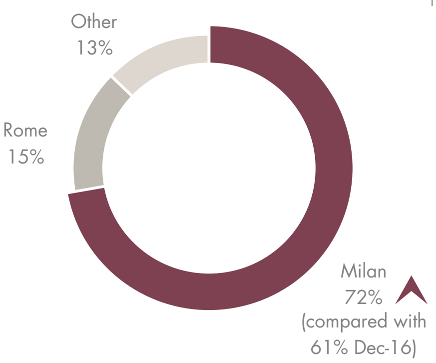


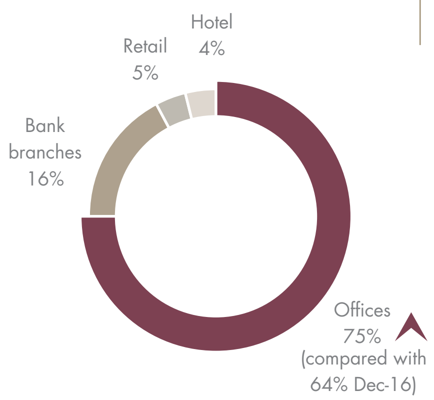
ROME
15% OF THE PROPERTY PORTFOLIO IS IN ROME

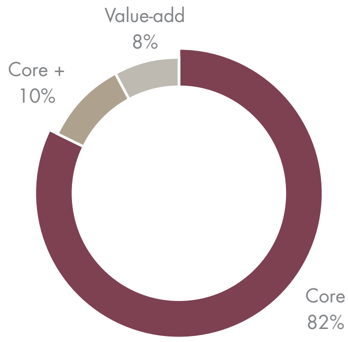


PORTFOLIO

by GEOGRAPHICAL AREA (at market value[1])	by USE (at market value[1])	by STRATEGY (at market value[1])



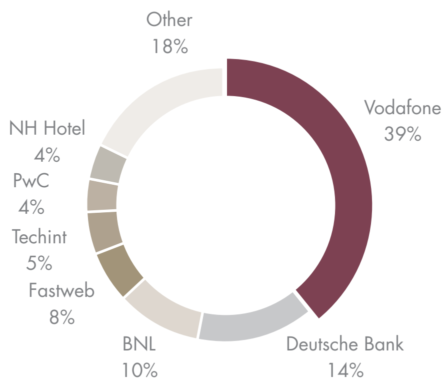


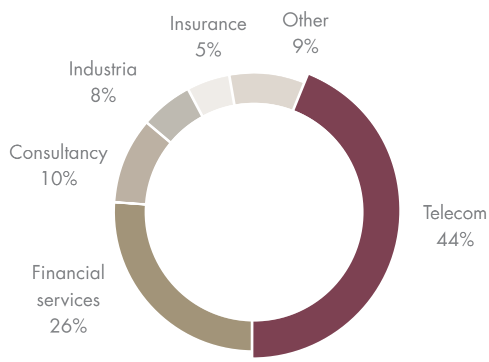


1 Bonnet recorded pro-rata (35.7%)

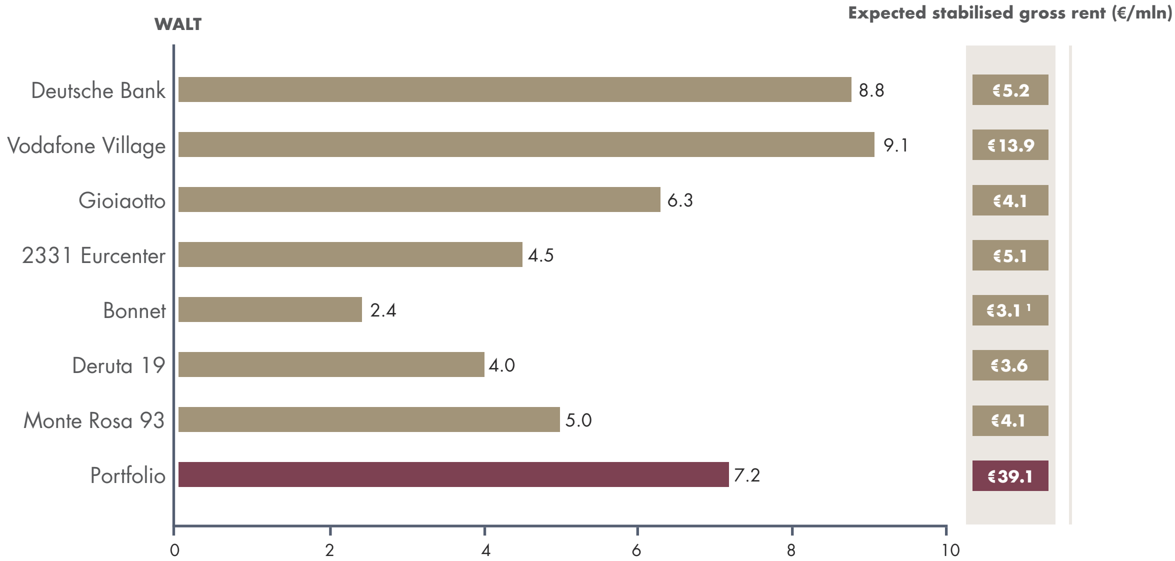
STABILISED RENT

by TENANT	by SECTOR





WALT



1 Recorded pro-rata (35.7%)

Milan - GIOIAOTTO - Façade

PORTFOLIO ASSET MANAGEMENT ACTIVITY

DURING 2017 A NUMBER OF ACTIVITIES HAVE BEEN IMPLEMENTED AIMED AT CREATING VALUE AND MITIGATING RISKS

ASSET MANAGEMENT ACTIVITY

» ***DEUTSCHE BANK PORTFOLIO***

A reduction in the IMU (property tax) of the Rome property – Piazza Santi Apostoli was obtained taking it from €42,151 to €19,875 (a 53% reduction). The possibility of reducing the IMU in further 11 properties (potential reduction in IMU for a total saving of €64,000 per year)

» ***GIOIAOTTO***

The rental agreement with the NH Hotel Group was renewed and extended. The new agreement involves rental for 9 years without the option of withdrawal and the option of renewal for a further 6 years with an increase in the stabilised rent of around 120% compared with the previous agreement. The lease is 100% indexed to CPI.

(i) A feasibility study was launched into the potential positioning and development of the signage on the building and (ii) a capex plan was agreed for the hotel portion that the tenant is responsible for based on the renegotiated lease agreement

» ***2331 EURCENTER***

In accordance with the Lazio Region Housing Plan, in May 2017, a Notice of Commencement (DIA) was filed at the Municipality of Rome in order to be able to create additional surfaces byapproximately 458 m² (equal to an increase of 3.1% in the net rentable area - NRA). The executive project will be completed in Q1 2018 and the work are expected to be completed by the end of 2018.

TENTANT MANAGEMENT ACTIVITIES

» Regular meetings with tenants in order to constantly monitor their needs and degree of satisfaction

» The third-party, independent tenant satisfaction evaluation programme was confirmed with Kingsley Associates, a leading company in the international property market for this type of statistics and analysis

PROPERTY MANAGEMENT ACTIVITY

VODAFONE VILLAGE

The implementation of property management services based on international best practices was launched in line with the high standards applied in the management of LEED-certified buildings.

DEVELOPMENT/REDEVELOPMENT ACTIVITIES

BONNET

The complex in via Bonnet is composed of two buildings in the Porta Nuova area of Milan. The strategy involves (i) the total redevelopment of the tower building for a mixed retail and office intended use (ii) the creation of a new building in the redeveloped square and (iii) the development of the tertiary building through active management of the placement on the market of the areas still to be leased, benefiting from the overall development of the area. The following activities took place during the course of the year under the scope of the property complex redevelopment activities:

Design

- Completion of the preliminary and definitive project
- Launch of activities for the executive project with completion expected by Q1-2018

Authorisation procedure

- Obtaining the favourable opinion of the Countryside Commission pursuant to Article 55 of the Building Regulations with positive comments on the set-up of the entire project and the importance for the city of the redevelopment of an abandoned building and urban reconnection of the property with Corso Como/ Piazza Gae Aulenti
- Finalisation of the main building permit in progress

Construction

- Completion of the strip out and dismantling of the façade
- Completion of the reclamation works
- Launch of the demolition of the underground car park
- Launch of the tender to select the General Contractor in order to proceed with the site works starting in Q2-2018. Expected completion of the works: H1-2020

Leasing

- Evaluation of non-solicited interests by potential tenants. Preparation of the strategy for launching marketing activities from Q2-2018

COIMA RES owns its 35.7% of the Bonnet project (the rest being owned by the COIMA Opportunity Fund II). COIMA RES represents its share in the joint venture as an equity investment in an associate company valued at shareholders' equity. COIMA SGR does not receive any additional fee from the management of the special purpose vehicle used for the investment. As far as governance is concerned, COIMA RES has veto rights over any change to the articles of association of the investment vehicle. If the partner in the joint venture decides to sell its shares, COIMA RES will benefit from it by virtue of the tag-along clauses. The Company provides the most significant data of the investment made on a proportional basis as well.

PORTFOLIO ROTATION ACTIVITY

»

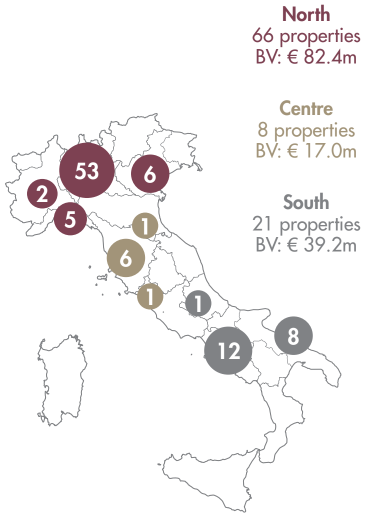
VALUE CREATION Deutsche Bank Portfolio:

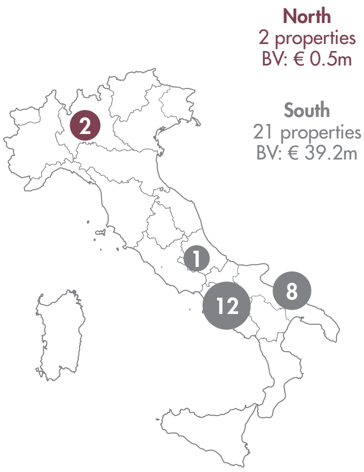
A series of actions were pursued under the scope of the asset management programme aimed at reducing the risk profile through a multi-year divestment plan. Specifically:

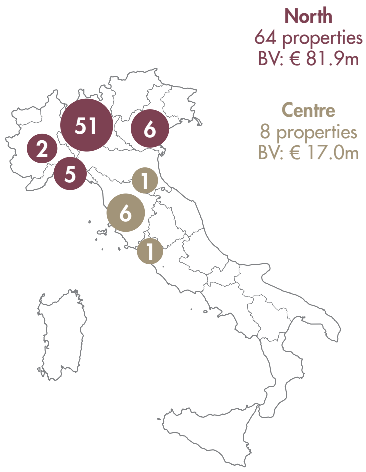
• on 13/03/2017, a sale agreement was signed for the property located in Gravedona – Viale Stampa 3 for an amount of €0.35 million (+4.5% compared with the latest valuation by the independent expert).
• on 19/07/2017, a sale agreement was signed for the property located in Casargo – Viale Italia 5 for an amount of €0.2 million (+8.3% compared with the latest valuation by the independent expert).
• on 25/10/2017, the binding offer was accepted for the sale of 21 branches in the Deutsche Bank portfolio all located in southern Italy for an amount of €38.0 million (3.1% discount compared with the latest valuation of the independent expert). Specifically, the portfolio represents a total of 11,416 m² and includes the branch in Naples, in via Santa Brigida (4,600 m²) and various small branches located in Campania (10 branches), Abruzzo (1 branch) and Apulia (8 branches). The operation marks the completion of the original sales plan of non-strategic bank branches two years early and concentrates the exposure of the portfolio mainly in northern Italy.

DEVELOPMENT OF THE PORTFOLIO

Portfolio (December 31st, 2016)	2017 Disposals	DB portfolio (December 31st, 2017)
no. of branches: 95 Book value: €138.6 million m² 57,094	no. of branches: 23 Book value: €39.7 million m² 11,732	no. of branches: 72 Book value: €98.9 million m² 45,362







»

ACQUISITION OF DERUTA 19 AND MONTE ROSA 93:

Alongside the divestment activities, the exposure in Milan in the office sector was increased through the acquisition of Deruta 19 and Monte Rosa 93

Rome- DEUTSCHE BANK PORTFOLIO - Entrance

Milan- Deruta 19 – Façade

DERUTA 19

INVESTMENT STRATEGY

Off-market acquisition of a Grade A complex, very well integrated with the existing transport network in Milan, leased to a leading international banking group and with net profitability of over 6.0%.

Facts & figures

purchase date: **16/01/2017**	*% occupation:* **100%**
address: **Via Deruta, 19** **Milan** (Piazza Udine area)	*market value: (100%)* **€51.9 million** *gross annual rent:* **€3.6 million**
intended use: **Offices**	*expected stabilised gross annual rent:* **€3.6 million**
type of investment: **Core**	*WALT:* **4.0 years**
% ownership: **100%**	*EPRA Net Initial Yield* **6.2%**
commercial surfaces **27,500 m²**	*sustainability* **Grade A**

TENANTS

BNL
GRUPPO BNP PARIBAS

Description

Built in 2007, the property complex, composed of two separate buildings entirely leased to BNL - Gruppo BNP Paribas, is located in the north-east part of Milan in an area with efficient links to the public transport network and the motorway system. Specifically, the area offers excellent accessibility thanks to being adjacent to the Milano Metro Line 2 (only 6 stops from new headquarters of Gruppo BNP Paribas in Porta Nuova developed and managed by COIMA SGR), railway stations (Lambrate Station 0.6 km away, Central Station 2.7 km away), the motorway network (East Bypass 1.2 km away) and Linate Airport (just 10 minutes away). The property complex houses around 900 employees of BNL - Gruppo BNP Paribas.

Development activity

The building was purchased in January 2017 for a sum of €46 million corresponding to a Gross Entry Yield of 6.8% compared with a market valuation of €51.9 million.
COIMA RES already analysed a possible upgrade project for the building with the Park Associati architect practice which would allow the occupancy of the property complex to be increased through the recovery of areas and improvement of the energy performance in order to guarantee the necessary flexibility for the benefit of the tenant.

Milan- Monte Rosa - Inner courtyard

MONTE ROSA 93

INVESTMENT STRATEGY

Off-market acquisition of a property complex located in a well-established district in the semi-centre of Milan through a sale and leaseback transaction involving the Italian offices of the Techint Group with a 9-year lease agreement. It involves a strategy for the creation of value in the short-/medium term which includes (i) the leasing of the vacant part and (ii) the potential recovery of previously authorised areas which could lead to an increase in the area of around 30%.

Facts & figures

purchase date:
24/10/2017

address:
Via Monte Rosa 93
Milan
(Lotto - CityLife area)

intended use:
Offices

type of investment:
Core plus

% ownership:
100%

commercial surfaces
19,500 m²

% occupation:
86%

market value: (100%)
€60.4 million

gross annual rent:
€3.5 million

expected stabilised gross annual rent:
€4.1 million

WALT
5.0 years

EPRA Net Initial Yield
4.9%

TENANTS

TECHINT Engineering & Construction

pwc

Bluvacanze

Description

The subject of an intensive redevelopment in 1997, the property complex is located in the north-west part of Milan, near two important urban redevelopments intended for mixed use namely CityLife and Portello. Thanks to these developments the area has been completely renovated and is now one of the most modern business districts in the city. The property has excellent connections to important transport links such as the West Bypass, the A4-A8-A9 motorways and public transport infrastructures. Specifically, it has direct access to the Milan outer ring road and the entrance to the Milano Metro Lotto Fieramilanocity stop (line 1 and line 5) is located in front of the property.
The property is composed of 4 buildings for office use.

Development activity

The property acquired lends itself to development activities through active asset management aimed, in the short-term, at the leasing of areas which are currently vacant and, in the medium-term, to the potential recovery of previously authorised areas.

WHY ITALY?

THE PROPERTY MARKET IN ITALY IS GROWING WITH OPPORTUNITIES OFFERED BY THE STRUCTURAL GAPS IN THE SECTOR.

The Italian property market continues to offer investment opportunities with competitive returns compared with those of the other major European countries. The current phase features, on the one side, growth of capital values and rents and, on the other side, the continuation of several structural gaps both in terms of product and sector.

With regard to rates of return, there was a compression over the last 24 months for prime products in CBD with the official prime yields in Milan reaching the 3.5% net yield level, while a margin remains for a further compression of yields & quality product located in the semi-centre or suburbs which still offer yields of between 4.75% and 5.5% and are attracting increasing demand from investors.

Competition and transparency in the sector have increased, without however limiting the possibility for local operators of completing off-market transactions, which can generate returns above the market. Investment volumes in the property sector in Italy in 2017 reached €11.4 billion, representing a growth rate of 23% compared with 2016.

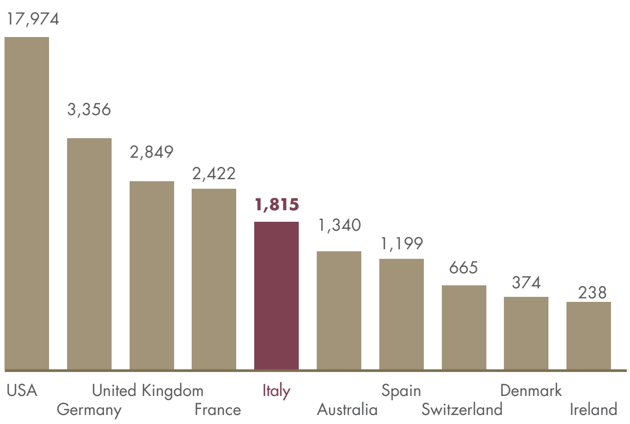
In the coming months, there may be many opportunities arising from product supply, which will make the Italian context unique in Europe: the disposal of portfolios by banks and public bodies and the liquidation of maturing real estate funds. With regard to demand, there will be opportunities generated by tenants searching for new efficient Grade A office spaces, which still account for the minority of the Italian real estate market.

Rome - 2331 EURCENTER - Façade

REIT: A MARKET WITH WIDE GROWTH MARGINS

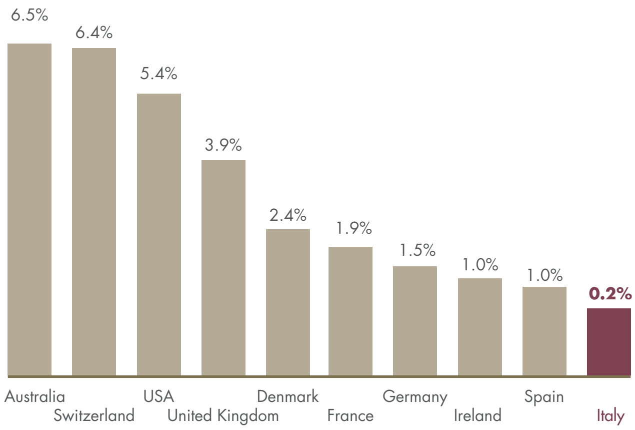
Among the top ten global economies, Italy is the second largest manufacturing country in Europe. With a stock exchange capitalisation relating to the property sector of around $3.7 billion, Italy is, however, at the bottom of the list in Europe in terms of the listed property segment by weighting over the total capitalisation of the stock exchange market.

Major global economies - Gross Domestic Product (Billion Eur)



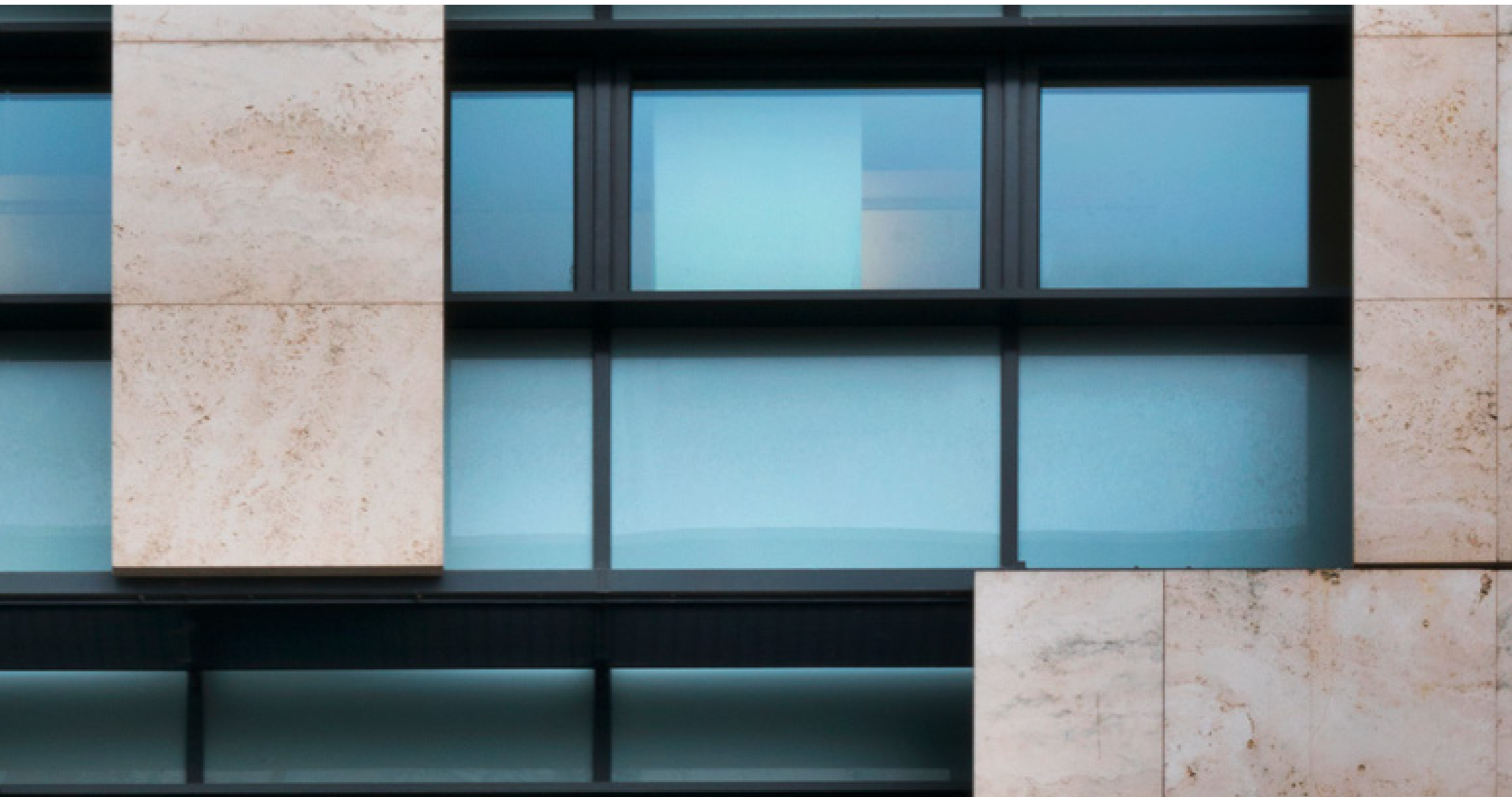
Source: EPRA – September 2017

Weighting of capitalisation of REITs on the total stock exchange capitalisation



Source: EPRA – September 2017

In Europe, the major real estate markets by capitalisation are the United Kingdom and France ($100 billion and $93 billion, respectively), followed by Germany ($89 billion) and Spain ($27 billion). With a capitalisation of around $3.7 billion, Italy offers significant growth potential. An important boost for the Italian listed real estate market could come from the approval on December 23rd, 2017 of the extension of the PIRs (Individual Savings Plans) to real estate companies from January 1st, 2018. PIRs are tax-free investment plans exempt from tax on capital gains and dividends. In 2017, PIR collections stood at over €10 billion producing a significant effect on the stock exchange prices of Small&Mid Cap companies which benefited from this investment flow and grew, on average, by 35% (FTSE ITALIA STAR) compared with an increase in the index FTSE MIB of 14%.



WHY MILAN?
THE METROPOLITAN AREA OF MILAN IS GROWING WITH PROSPECTS AT EUROPEAN LEVEL

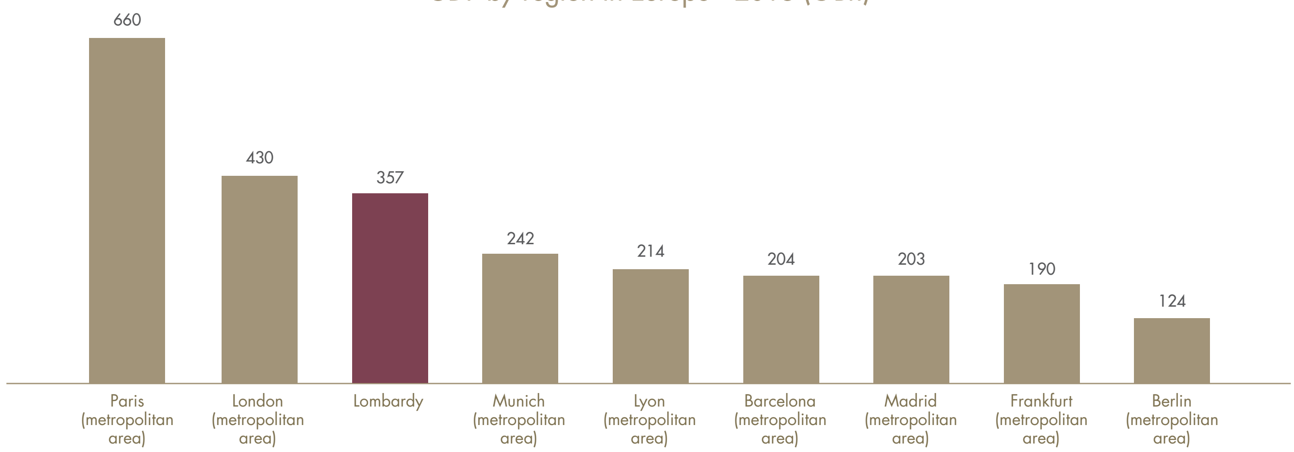
"The metropolitan area of Milan is one of the most competitive in continental Europe, with a dynamic and attractive real estate market which still has growth prospects for the period 2018-2020. In 2017, through the acquisition of Deruta 19 and Monte Rosa 93 and the rotation of the Deutsche Bank portfolio, COIMA RES increased its exposure in Milan to 72% from 61% in 2016."

Gabriele Bonfiglioli
Key Manager, for COIMA RES Investment Management

Milan - GIOIAOTTO - View

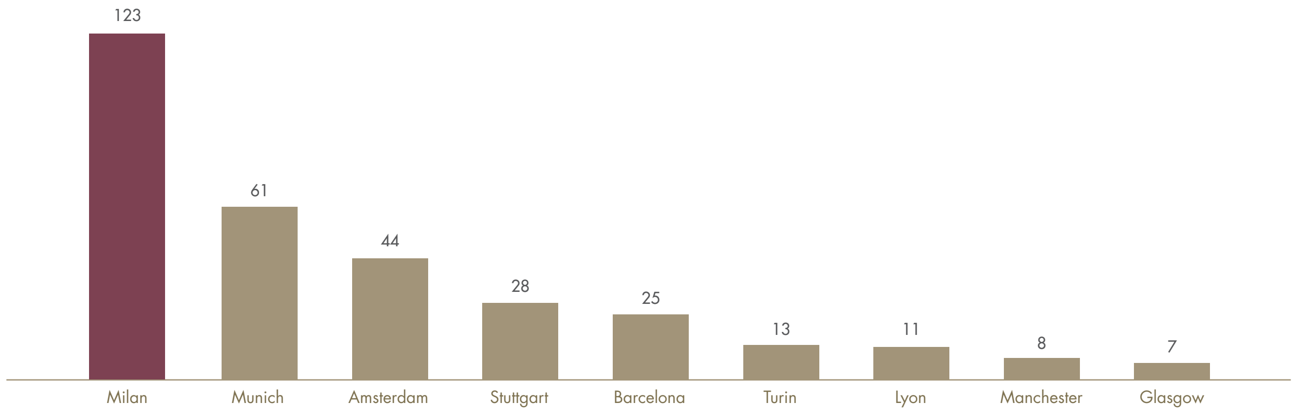
The third largest European region in terms of GDP, the metropolitan Milan area is home to almost 3,100 multinational companies (33% of those operating in Milan), including around 123 with a turnover of more than €1 billion, with around 280,000 employees aiming to be the Italian hub for multinationals.

GDP by region in Europe - 2015 (€ Bn)



Source: Eurostat (2015)

Companies with a turnover of > € 1 billion (#)

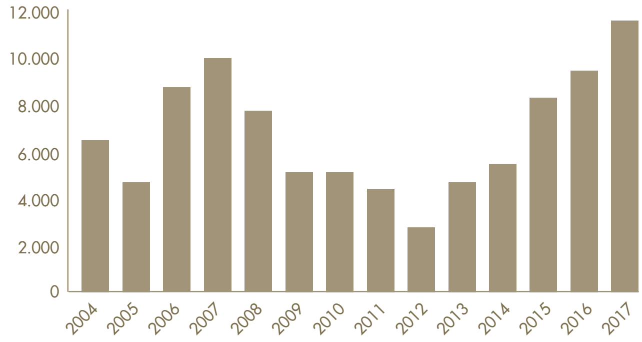


Source: Assolombarda (2016)

INVESTMENTS: A SOLID AND ATTRACTIVE MARKET

Market prospects are solid with the volume of property investments which grew by 23% compared to 2016 to €11.4 billion and by 40% compared to 2015. The prospects for 2018 remain positive given the increasing demand from Italian institutional investors which have launched new investment mandates.

Investment Volume (€ millions)

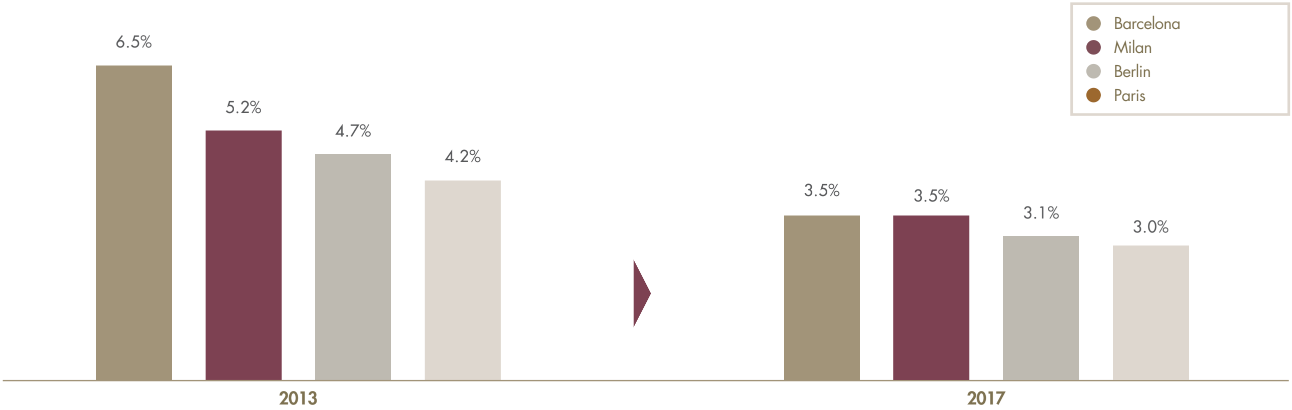


Source: CBRE

YIELDS: PRESSURE ON REAL ESTATE RETURNS

Growing demand from investors has led to a progressive fall in yields from prime offices since 2013 of over 170 basis points.

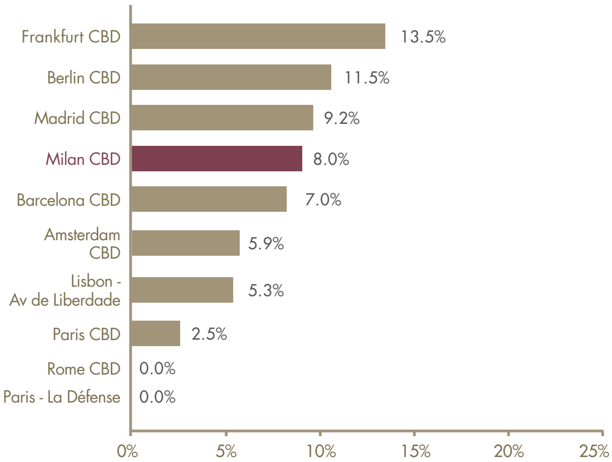
Prime Office Yields



RENTAL GROWTH: POSITIVE ESPECIALLY FOR QUALITY ASSETS

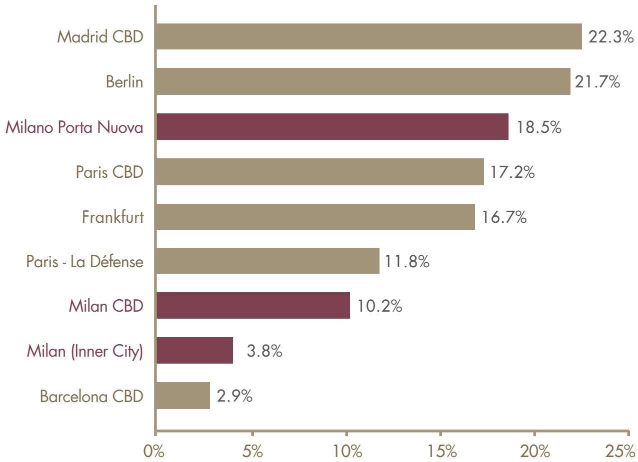
Demand from tenants is constantly growing (with numerous new active searches) and combined with a shortage of quality buildings, is putting increasing pressure on rents. Prime rents, both in Milan and Rome, recorded growth climbing to €550/m² in Milan and €420/m² in Rome. In 2017, Milan recorded an average growth rate for rents of 8% and prospectively, based on the market research conducted by Green Street Advisors, in the period 2018-2020 overall growth is forecast as 18.5% for Milan Porta Nuova and 10.2% for Milan CBD.

2017 rental growth



Source: C&W (2017)

Expected rental growth[1] 2018-2020



Source: Green Street Advisors (November 2017)

1_The expected rental growth rate is calculated as the combination of (i) the growth of net effective rent and (ii) the increase in the occupancy of the buildings

The average vacancy rate is 10.6% in Milan and 11.6% in Rome. Several locations continue to attract higher demand, specifically the CBD and Porta Nuova in Milan and the EUR district and historical centre in Rome.

Milan - VODAFONE VILLAGE - Entrance

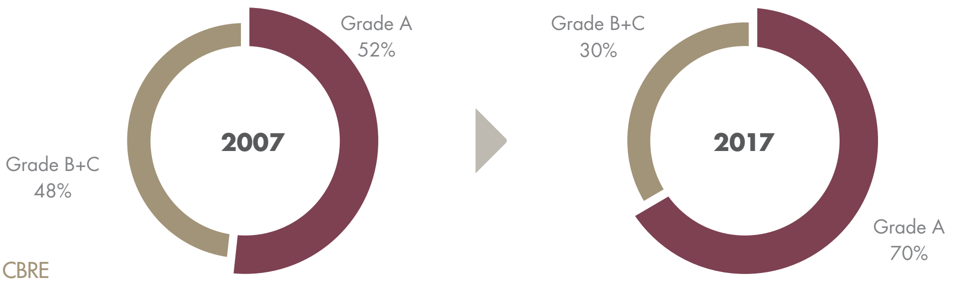
SUMMARY OF THE REAL ESTATE MARKET

2017 Main data	Milan
Take-up (mq)	367,000
Vacancy rate	10.6 %
Prime rent (€/m²/year)	550
Investments in offices (Eur Billion)	2.4
Prime net yield	3.50 %

DEMAND OF TENANTS CONCENTRATED ON QUALITY PROPERTIES

Tenants are demanding increasingly higher quality assets: around 70% of leasing transactions for properties for office use in the Milan area involve Grade A buildings with a clear increase compared with the past. However, the Italian real estate market continues to suffer from a chronic shortage of quality assets compared with other European markets.

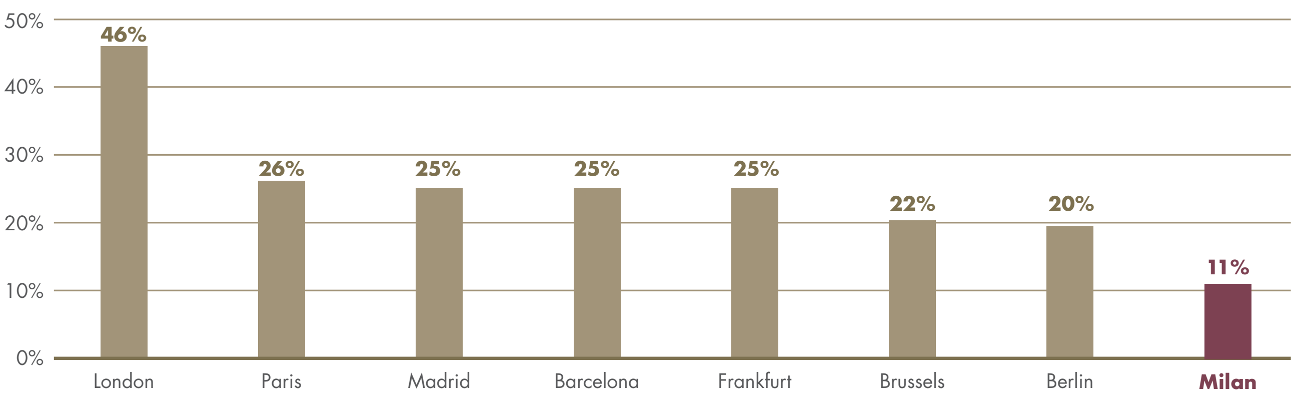
DEVELOPMENT OF DEMAND IN 2007-2016



Fonte: C&W and CBRE

Despite demand being focused on quality properties, these are the minority of what is on offer. The stock of quality properties is very limited compared with that in major European countries, also in relation to limited development activities over the last 15 years.

Stock of Grade A properties



Source: JLL 2016


Rome - 2331 EURCENTER - Relax Area

Rome - DEUTSCHE BANK PORTFOLIO - Façade

MANAGEMENT

COIMA RES IS LED BY A MANAGEMENT TEAM THAT HAS GAINED MANY YEARS OF EXPERIENCE IN THE ITALIAN AND INTERNATIONAL PROPERTY SECTOR

SENIOR MANAGEMENT

A CLOSE-KNIT TEAM WHICH HAS WORKED TOGETHER FOR MORE THAN 10 YEARS

Manfredi Catella

Graduated in Economics and Business from the Catholic University of the Sacred Heart, with a Masters in Regional Planning and Real Estate from the Turin Polytechnic, Manfredi Catella is currently the founding partner and CEO of COIMA RES, the majority shareholder and CEO of COIMA SGR and Chairman of COIMA Srl, a real estate company founded in 1974, controlled by the Catella family.
He was responsible for the Hines assets in Italy and gained experience at JP Morgan in Milan, Caisse Centrale des Banques Populaires in Paris, Heitman in Chicago and HSBC in Paris. Chairman of the Riccardo Catella Foundation, member of the Advisory Board of the Bocconi University and Assolombarda, Manfredi Catella is a financial analyst and member of the Association of Journalists, author of numerous articles and documents on real estate and land redevelopment.

Gabriele Bonfiglioli

A graduate in Business Administration from the University of Rome, he studied real estate finance at the University of Amsterdam, UVA. Gabriele Bonfiglioli is currently Key Manager, responsible for the Investment Management of COIMA RES and Managing Director of Investment Management of COIMA SGR.
He worked in the AMC of the Beni Stabili Group where he collaborated on the launch of the first Italian contribution and collection mixed fund for international investors. Until 2014, he was a member of the Hines Group global investment and performance committee.
With over 12 years experience in the real estate sector, Bonfiglioli has overseen real estate transactions worth over €3 billion. During his career, he has negotiated rental agreements covering over 100,000 m^2 and loans of over €1 billion.

Fulvio Di Gilio

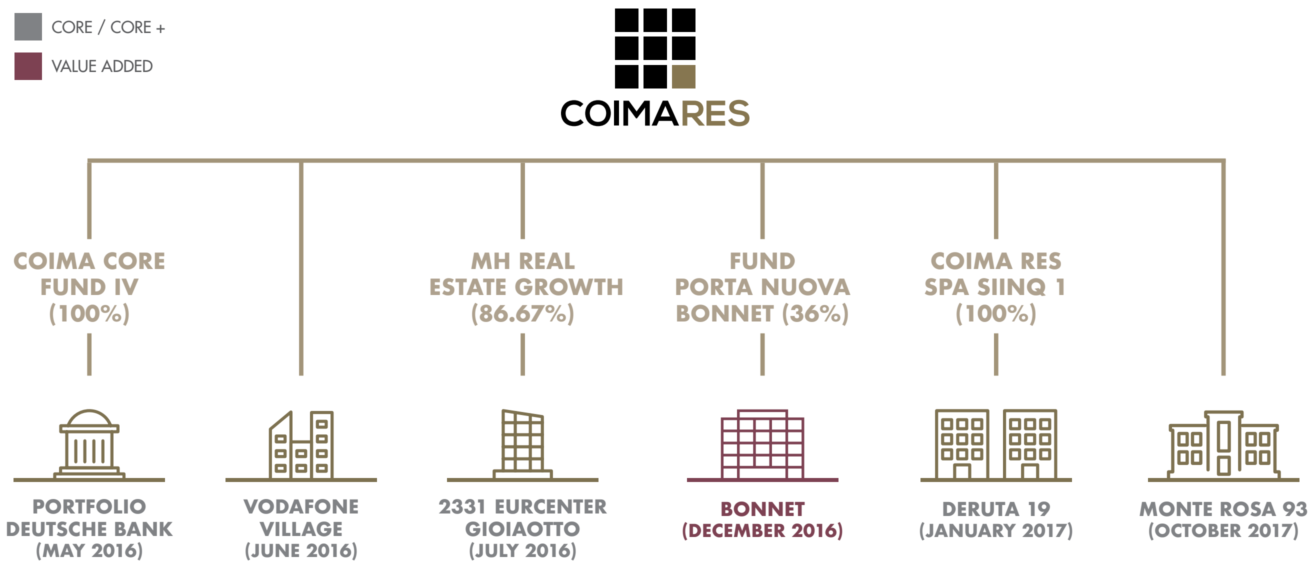
A graduate in Economics from the University of Naples Federico II, Fulvio Di Gilio is the CFO of COIMA RES. He began his career at PriceWaterhouseCoopers, going on to become Senior Manager at the GFSI Group of Deloitte & Touche. He performed a similar role at Hines Italia SGR (which later became COIMA SGR) for five years, gaining considerable experience in the real estate sector.
During his career, he has carried out consulting activities in due diligence, extraordinary transactions such as mergers, acquisitions, securitisations and IPO processes, special transitional projects for the financial statements of listed companies for international accounting principles and he has negotiated loan agreements worth more than €2 billion.

Matteo Ravà

He graduated in Economics and Social Sciences from the Bocconi University, gained a Masters in Corporate Finance from the Bocconi University School of Management, Matteo Ravà is Key Manager, responsible for the Asset Management of COIMA RES and Managing Director of Asset Management of COIMA SGR. Ravà has over five years of experience in the sector of corporate finance at leading consultancy firms, including Ernst & Young and Deloitte & Touche, carrying out valuation and advisory activities in extraordinary merger and acquisition transactions and IPOs.
In the real estate sector for more than 13 years, Matteo Ravà has managed property funds and assets worth over €3 billion and has negotiated rental agreements for over 100,000 m^2 of spaces for tertiary sector use and loans totalling over 3 billion.

OUR CORPORATE STRUCTURE

Founded by Manfredi Catella, in agreement with COIMA Srl and COIMA SGR and with Qatar Holding LLC as the main sponsor of the operation, COIMA RES has been, since 2016, a listed company on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A.



MANAGEMENT OF ACTIVITIES

The Company is managed by an in-house team of 5 professionals, who make use of the external support of resources of COIMA SGR and COIMA Srl. The Company's Board of Directors is the strategic body and has all the powers for ordinary and extraordinary management.

As far as investments and asset management are concerned, the Company uses its own Investment Director and COIMA SGR, a company run by Manfredi Catella, Gabriele Bonfiglioli and Matteo Ravà, three professionals with extensive experience in the world of Italian real estate and finance who have always obtained positive returns for investors over the years they have been operating.

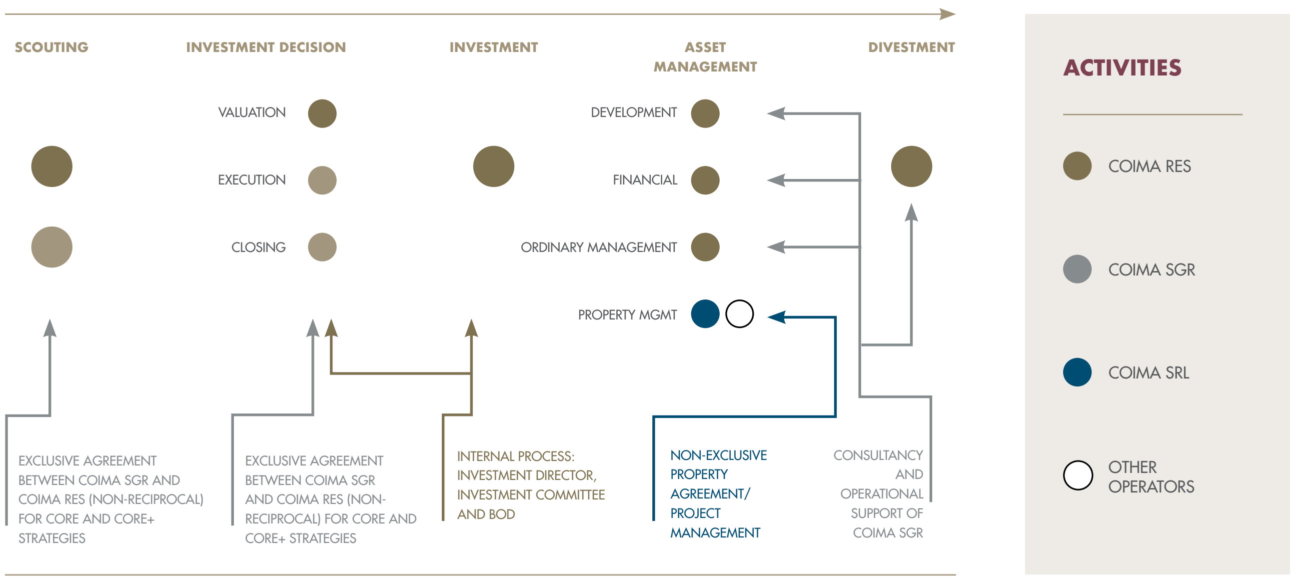
The Company's portfolio is mainly managed by COIMA Srl as far as property and development management are concerned. Thanks to its presence on the real estate market since 1974, COIMA S.r.l. has developed over five million square metres, including one of the largest European regeneration projects of an urban area, Porta Nuova and manages over one million square metres, including the largest portfolio of LEED-certified buildings for office use in Italy. COIMA SGR and COIMA Srl are controlled by the Catella family. The COIMA platform offers the reliability of a team of over 150 professionals, experts in the real estate sector and with senior management who, having worked together for over 10 years, have gained first-rate experience in investments and the development and management of real estate projects.

The people culture at COIMA is the basic element of our portfolio management system. They operate in compliance with the highest standards of behaviour, based on honesty and transparency applied to everything that they do, with constant comparisons with the best international benchmarks.

Thanks to the depth of the COIMA platform, the Company's Investment Director has constant support in identifying potential acquisitions or, in any event, investment opportunities coming under the scope of the corporate investment policy and strategy. Each investment is subject to evaluation by the Investments Committee and has to be approved by the Board of Directors.

The management team boasts a lengthy experience in the world of investments and management of various types of real estate assets, such as offices, residential, logistics and hotels. Thanks to their professionalism over the years they have been operating, our managers have developed well-established relations with banks, investment funds, administrative authorities and private investors. This has enabled them to access off-market opportunities and transactions, as well as diversified sources of funding, despite the alternating economic phases over the last 20 years. Under the scope of its investment strategy, the Company can benefit from the exclusive support offered by COIMA SGR.

REAL ESTATE INVESTMENT OPERATIONAL PHASES



INVOLVEMENT OF MANAGEMENT IN THE SHAREHOLDING OF COIMA RES

The total investment of founder members was €3.1 million, with the CEO, Manfredi Catella, investing approximately €2.4 million directly and indirectly in the Company.

ALIGNMENT OF MANAGEMENT WITH THE SHAREHOLDERS

Investments in COIMA RES by the CEO

(EURO)	AVERAGE PRICE	DIRECT INVESTMENT	COIMA SGR INDIRECT (92%)	COIMA SRL INDIRECT (27%)	TOTAL AMOUNT INVESTED	%
IPO	10.00	50,000	2,070,000	72,900	**2,192,900**	**0.61%**
POST IPO (SEPT-OCT. 2016)	7.15	150,166	-	102,380	**252,546**	**0.10%**
TOTAL		**200,166**	**2,070,000**	**175,280**	**2,445,446**	**0.71%**

The independent directors of the Company have also invested a total sum of approximately €229 thousand in shares, also demonstrating a significant alignment with shareholders.

REMUNERATION OF COIMA SGR AND COIMA SRL

The activities and services provided by COIMA SGR and COIMA Srl to COIMA RES are remunerated based on market parameters according to several principles defined in order to align interests with those of the company and investors.

COIMA SGR

The remuneration arrangement includes two types of fees, a management fee and a performance fee.

<table>
<tr><th colspan="2">MANAGEMENT FEE</th><th>PERFORMANCE FEE</th></tr>
<tr><td></td><td>FEE</td><td rowspan="6">• calculated annually
• equal to 40% of the lower amount out of:
(i) the sum of 10% of the Shareholder Return Outperformance in the case of a Shareholder Return in excess of 8% and 20% of the Shareholder Return Outperformance in the event of a Shareholder Return in excess of 10%;
(ii) 20% of the excess of the NAV per share at the end of the Accounting Period in relation to a minimum High Watermark defined level.</td></tr>
<tr><td>(EURO BILLIONS)</td><td>(BASIS POINTS)</td></tr>
<tr><td>NAV < 1.0</td><td>110</td></tr>
<tr><td>1.0 < NAV < 1.5</td><td>85</td></tr>
<tr><td>NAV > 1.5</td><td>55</td></tr>
<tr><td colspan="2">In addition, from the fourth year of the agreement, subject to the circumstances in which:
1 Manfredi Catella is confirmed as the CEO of the Company;
2 the CEO is the controlling shareholder of the SGR;
From the fourth year, the fixed annual remuneration of the CEO, paid by COIMA RES, will be deducted from the management fee paid to COIMA SGR.</td></tr>
</table>

The performance fee is paid in cash or in shares at the discretion of the Company, with a three-year lock-up agreement. For the further alignment of management, key managers received a series of financial instruments which give the right to remuneration based on the same performance principles described above.

COIMA Srl

<table>
<tr><th colspan="2">ANNUAL CONSIDERATION FOR PROPERTY & FACILITY MANAGEMENT SERVICES</th><th>CONSIDERATION FOR PROPERTY DEVELOPMENT & PROJECT MANAGEMENT SERVICES</th></tr>
<tr><td>1</td><td>leased properties: 1.5% of the annual rental of the properties,</td><td rowspan="3">5% OF THE TOTAL COST OF THE REDEVELOPMENT/DEVELOPMENT PROJECT FOR THE PROPERTY.</td></tr>
<tr><td>2</td><td>properties or areas not leased: €2.25 for each m^2 managed, €0.50 for each m^2 managed relating to areas used as storage or parking and</td></tr>
<tr><td>3</td><td>shared areas and facilities managed: equal to the sum of the cost of the staff of the property manager managing the shared facilities and areas and the general overheads of the property manager, plus 15% of this sum.</td></tr>
</table>

INVESTOR RELATIONS

"During 2017, we intensified our Investor Relations effort, increasing coverage by financial analysts and actively contributing to a better understanding and appreciation of COIMA RES by the market."

Alberto Goretti
Investor Relations, Director
Member of the Investor Relations Committee of the European Public Real Estate Association (EPRA)

The dialogue between (domestic and international) investors and analysts has been intensified. There have been 8 international road shows and we attended 4 sector conferences plus 2 conferences dedicated to the Italian small & mid cap segment.

COIMA RES has hosted various events at its premises dedicated to the real estate sector in Italy aimed at better positioning COIMA RES in its reference market.

SUMMARY OF MAIN ROAD SHOW ACTIVITIES AND CONFERENCES IN 2017

ROADSHOWS	CONFERENCES
Milan (ad hoc throughout the year)	Citi Global Property CEO Conference (Miami)
London (February, May, November)	Kempen European Property Seminar (Amsterdam)
New York (November)	EPRA Conference (London)
Paris (June)	SocGen Pan-European Real Estate Conference (London)
Amsterdam (February)	Banca IMI Italian Stock Market Opportunities (Milan)
Brussels (February)	Kepler Cheuvreux Italian Investment Conference (Milan)
Luxembourg (May)	COIMA Real Estate Forum - VI Edition (Milan)

Source: COIMA RES

Increased coverage by financial analysts, with the number of brokers publishing research on our company increasing from 2 to 6.

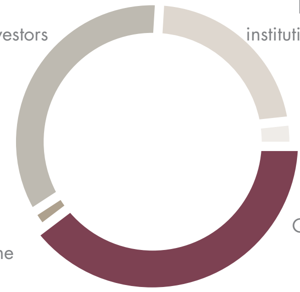
COVERAGE BY FINANCIAL ANALYSTS AS AT DECEMBER 31st, 2017

BROKER	RECOMMENDATION	TARGET PRICE
Banca IMI	Buy	€10.30
Citi	Buy	€10.15
Equita SIM	Buy	€9.50
ING	Buy	€10.60
Kempen	Buy	€10.20
Mediobanca	Buy	€9.20

Source: Banca IMI, Citi, Equita SIM, ING, Kempen, Mediobanca

Institutional shareholder base, featuring a strong international component and the presence of blue chip investors.

ESTIMATE OF THE COMPOSITION OF THE COIMA RES SHAREHOLDER BASE AS AT DECEMBER 31st, 2017



Source: estimate of COIMA RES

MAIN INSTITUTIONAL SHAREHOLDERS OF COIMA RES IN 2017

ITALIAN	FOREIGN
Anima	Alpine Woods
Banca Ifigest	BNP Paribas AM
Fideuram	Degroof Petercam
Generali	Fidelity M&R
Kairos	Janus Henderson
Nextam	Oceanwood
Pioneer	Ranger Global

Source: Bloomberg, Factset

Milan - DERUTA 19 - Inner courtyard

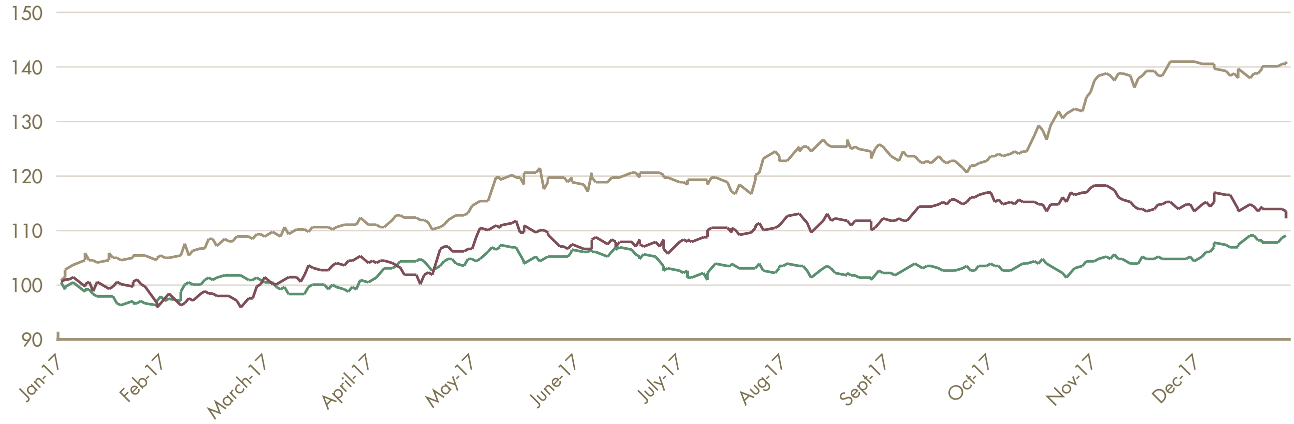
Positive performance of the COIMA RES stock in 2017 in a favourable market context both in Italy and, specifically, in the real estate sector in Milan.

MARKET PERFORMANCE OF COIMA RES SHARES IN 2017

SHARES / INDICES	PERFORMANCE IN 2017
COIMA RES	+42.2%
EPRA Europe	+9.3%
FTSE MIB	+13.6%

COIMA RES (share price rebased to 100)
EPRA Europe
FTSE MIB

Source: Bloomberg



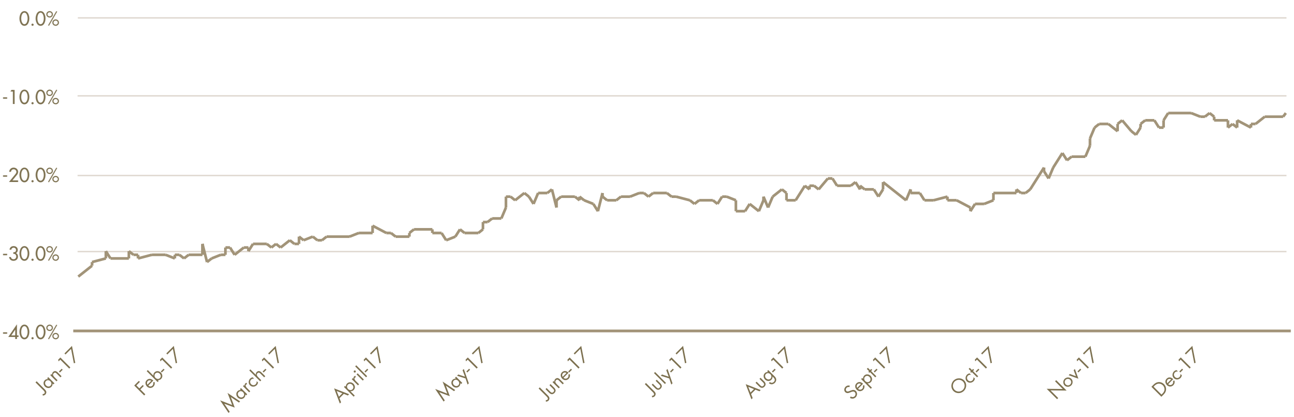
Source: Bloomberg

DISCOUNT TO NAV IN 2017

	DISCOUNT TO NAV
Maximum	33.7% (January 2nd, 2017)
Minimum	12.6 (November 30th, 2017)
End of 2017	12.8% (December 29th, 2017)

COIMA RES discount of share price vs NAV

Source: Bloomberg, COIMA RES
Note: discount to the latest EPRA NAV published adjusted by dividend payments



Source: Bloomberg

JOINT VENTURES

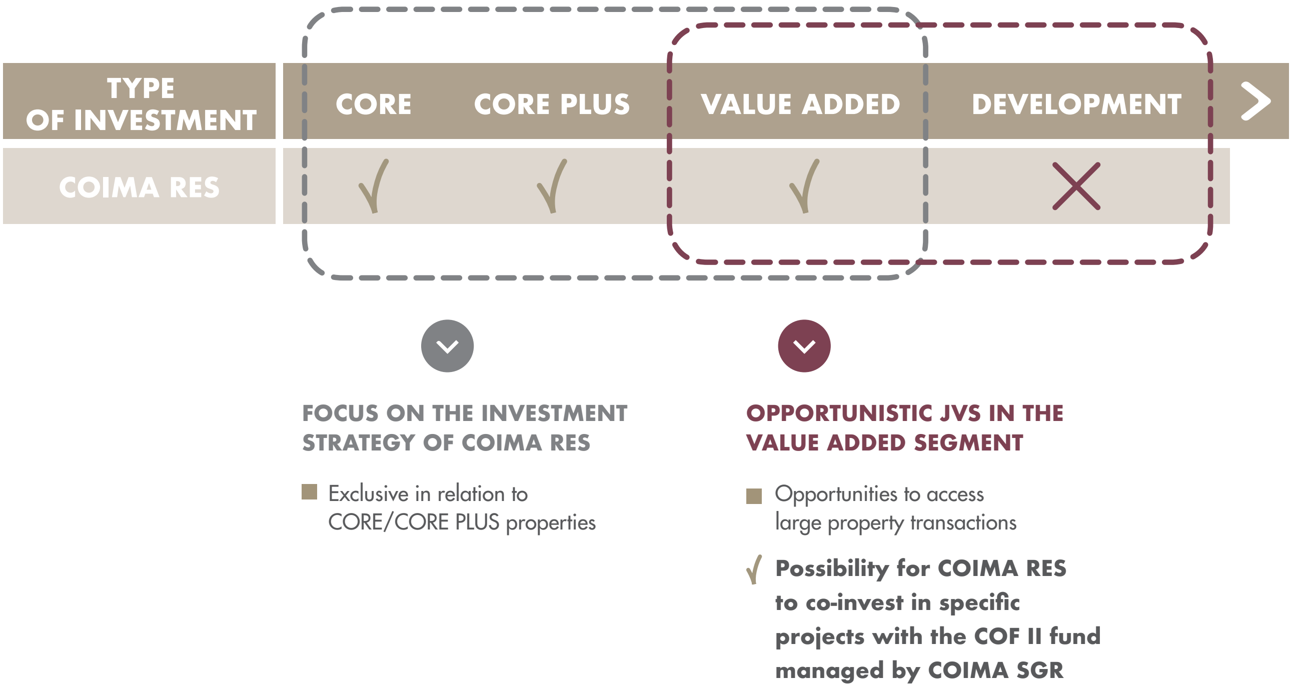
TO BE ABLE TO EXTEND THE OPERATIONAL SCOPE OF THE COMPANY AND OPEN UP NEW INVESTMENT OPPORTUNITIES, LIMITING CAPITAL CONTRIBUTIONS AND RELATED RISKS

The form of joint venture comes under the operating routes that COIMA RES uses to access new investments and capital and to share the risks. COIMA RES has chosen to focus its acquisition programme on properties that generate stable income, in order to implement a clear investment strategy that can be measured and that can generate income in line with the objectives, also allowing the Company to distribute dividends early, ahead of expectations.

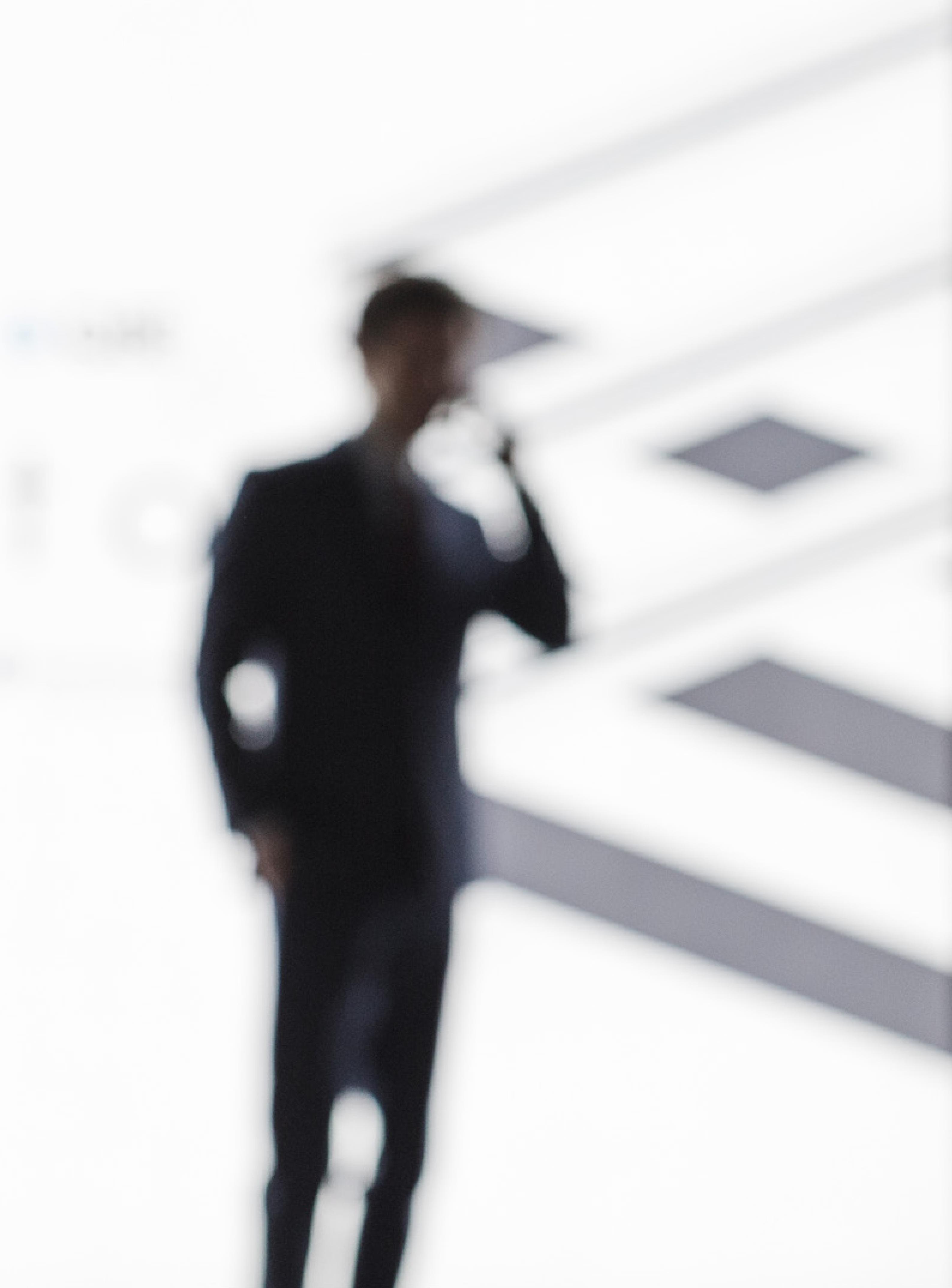
Following the completion of the initial investment strategy that enabled the construction of a solid core portfolio, the Company deemed it appropriate to also take on an investment exposure with a greater risk profile that can also allow for greater capital development. In order to do this and, at the same time, limit the capital exposure and risk profile, the Company has pursued the route of joint ventures. The first step in this direction was taken through a joint venture with the Coima Opportunity Fund II, a closed-end real estate fund managed by Coima SGR focused on value added investments in the office sector, in which major international investors are represented.

COIMA RES has benefited from the opportunity to co-invest, which COIMA SGR negotiated with the investors of the Coima Opportunity Fund II. The valuation of this investment followed all the safeguards provided for with regard to potential conflicts of interest and was vetted by the Investments Committee and finally approved by the Board of Directors, with the abstention of the executive members.

COIMA RES - Investment strategy



Milan - GIOIAOTTO - Entrance



03

GOVERNANCE

COIMA RES HAS STRENGTHENED ITS GOVERNANCE FURTHER TO BETTER PROTECT THE INTERESTS OF SHAREHOLDERS AND OTHER STAKEHOLDERS

7
INDEPENDENT
MEMBERS

3
COMMITTEES

Rome - DEUTSCHE BANK PORTFOLIO - Entrance

CHAIRMAN'S INTRODUCTION

In my capacity as Chairman, I am responsible for ensuring that the Board of Directors works on behalf of all COIMA RES shareholders. In 2017, we have furthered strengthened our governance, which was built on solid and well-organised foundations, in line with the Code of Corporate Governance: a Board of Directors with nine members, seven of whom are independent and one non-executive director (two are women) with appropriate, diversified skills, an Investments Committee, a Remuneration Committee and a Control and Risk and Related-Parties Committee.

The Board of Directors makes use of the Internal Audit and Compliance and Risk Management functions. Risk is managed in a structured way, partly due to the creation of three committees, and to the corporate culture centred around the monitoring and daily management of investments and assets, in order to generate adequate returns for our investors.

The prerequisites that guided us in defining and consolidating the governance were: integrity and independence, transparency, compliance with rules, business sustainability and the control structure. For us, it is vital to operate with appropriate corporate governance to provide external evidence of maximum transparency, in order to gain the total confidence of our present and future shareholders.

To take into account the possible areas where the activities and management of COIMA RES and the COIMA platform overlap, the governance processes take on particular importance and are monitored by the Company with the utmost care and diligence.

In 2016 COIMA RES became a member of EPRA, the European Public Real Estate Association, an association created to promote, develop and represent the European real estate sector and to establish the sector best practices for reporting and accounting. We are delighted that EPRA assigned to us its Gold Award for both the COIMA RES 2016 Financial Statements and the 2016 Sustainability Report and we are continuing to work to guarantee this level of transparency for our shareholders.

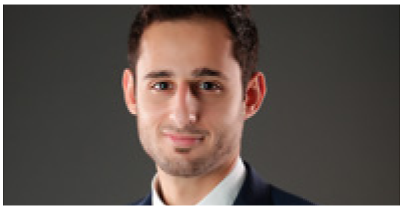
Caio Massimo Capuano
Chairman
of the Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS

Caio Massimo Capuano

9 September 1954

Graduated in Electrical Engineering from La Sapienza University, Rome. Began his career at Xerox and then moved to IBM.
1986-1997: Senior Partner of McKinsey & Company in the Banking and Financial Institutions and ICT sectors.
1998-2010: CEO and Director of Borsa Italiana. From October 2007, Deputy CEO of the London Stock Exchange Group. He held numerous positions at the Borsa Italiana Group (Cassa di Compensazione e Garanzia, Monte Titoli; MTS) and was a member of various committees of national interest established by the competent departments. A promoter of two versions of the Code of Corporate Governance for listed companies, he worked at various international bodies including holding the post of Chairman of the World Federation of Exchanges and Chairman of the Federation of European Securities Exchanges (FESE).
2011-2013: CEO of Centrobanca, Corporate & Investment Bank of the UBI Group.
2013: Chairman of IW Bank.



Feras Abdulaziz Al-Naama

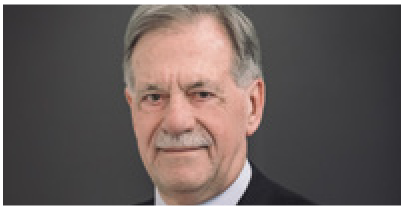
6 August 1991

Bachelor of Economics B.S. from the University of Oregon (Eugene – USA). He attended postgraduate courses at HEC Paris in Qatar and Carnegie Mellon University in Qatar. From January 2014 to September 2016 he worked at Qatar Holding LLC as an analyst (corporate analyst) and a member of the capital markets team. Since September 2016 he works for Qatar Investment Authority as a member of the capital markets team, focusing in particular on equity, equity derivatives, real estate financing, FX, Fixed Income, Commodities and interest rate transactions.

Manfredi Catella

18 August 1968

Graduated in Economics and Business from the Catholic University of the Sacred Heart. Has a Masters in Regional Planning and Real Estate from the Polytechnic of Turin. Founding partner and CEO of COIMA RES, majority shareholder and CEO of COIMA SGR and Chairman of COIMA, a real estate company founded in 1974 by the Catella family.
He was Country Head and responsible for Italian assets for the Hines Group and worked at JP Morgan in Milan, Caisse Centrale des Banques Populaires in Paris, France, Heitman in Chicago, USA and HSBC in Paris, France.
Chairman of the Riccardo Catella Foundation, member of the Advisory Board of the Bocconi University and Assolombarda. Catella is a financial analyst and member of the Association of Journalists and is on the register of journalists. He has written numerous articles and detailed studies on the real estate sector and on land redevelopment.



Agostino Ardissone

2 November 1946

Graduated in Economics and Business from the Catholic University of the Sacred Heart.
1973-2011: At Banca d'Italia, Ardissone's career at the institution developed, holding various positions until he was made Head of the Florence Branch, where he was involved in economic research and credit and financial supervision with responsibility for the entire region.
2012-2014: Chairman of the Board of Directors of Fidi Toscana.
2014-2017: Member of the Board of Directors and Chairman of the Control and Risk Committee of Banca Esperia.

Olivier Elamine

9 October 1972

Founder and CEO of alstria Office REIT AG, a property company operating in Germany, focused on the office sector and listed on the Frankfurt Stock Exchange, with managed assets of over €3 billion and 108 properties totalling 1.6 million m^2.
In the past, Olivier Elamine was one of the founders of NATIXIS Capital Partners, a director of the investment banking team of CDC IXIS (concentrating mainly on the real estate sector) and a consultant at Ernst & Young (always focusing on the real estate sector).

Luciano Gabriel

15 August 1953

Currently Chairman of the Board of Directors of PSP Swiss Property AG, a commercial real estate company operating in Switzerland and listed on the Zurich Stock Exchange (SIX Swiss Exchange), with managed assets of more than CHF 6.8 billion. He held the post of CEO of PSP Swiss Property from 2007 to March 2017 and was Finance Director of PSP Swiss Property from 2002 to 2007. From 1998 to 2002 he was head of the corporate treasury and finance department of Zurich Financial Services. From 1984 to 1998, he held various positions in corporate finance, risk management, international banking services for businesses and commercial development at the Union Bank of Switzerland. He was Chairman of EPRA (European Public Real Estate Association), the European association of the largest listed companies operating in the real estate sector for the period 2016/2017.

Alessandra Stabilini

5 November 1970

A Law graduate of the University of Milan. Gained a Master of Laws (LL.M) at the Law School of the University of Chicago, Chicago (USA). She has a PhD in Commercial Law from the Bocconi University Business School. Stabilini has been on the Milan Register of Lawyers since 2001. Research fellow in commercial law at the Law School of the University of Milan, appointed to the role in 2004 and confirmed in 2007. From 2011 to 2017, she has been an Adjunct Professor and in charge of the course on International Corporate Governance (until the academic year 2015/2016), then for the course of Corporate Interest, Corporate Social Responsibility and Financial Reporting (from the academic year 2016/2017). Equity partner of Nctm Studio Legale Associato from 2015 (from 2011 to 2015 Of Counsel, previously an Associate). Areas of specialist activity: company law with special reference to listed companies, financial market law, governing and banking regulations and banking crises. Vice-Chairman of NED Community. She has held the posts of independent director and auditor in various listed and unlisted companies. She holds positions in financial intermediary crisis procedures, appointed by Banca d'Italia.

Laura Zanetti

26 July 1970

Born in Bergamo in 1970, she graduated with honours from the Bocconi University, where she is an Associate Professor of Corporate Finance and Director of the graduate course in Economics and Finance.
She was a member of the Governing Board of the Department of Finance and Director of the Master of Science in Finance at the Bocconi University, Visiting scholar at MIT (Massachusetts Institute of Technology) and LSE (London School of Economics and Political Science).
Tax Advisor and Statutory Auditor, she is currently Chairman of Italmobiliare and an Auditor of Italgas.

Michel Vauclair

29 May 1947

A Law graduate of the HEC University, Lausanne. Gained a postgraduate diploma from Cornell University, Ithaca (NY - USA) and from the IMEDE University of Lausanne (Switzerland). She has a "Hôtelier-Restaurateur, Société suisse des Hôteliers" diploma.
1969: Banque Paribas (Suisse) Geneva.
Since 1980, Vauclair has been the founder, chairman and managing director of Sodereal Hotel Management in Geneva, managing director of Swissair Nestlé Swissôtel in Zurich and director of BSI Banca della Svizzera Italiana in Lugano.
He has held various management positions at the Société de Banques Suisses Group in New York and Geneva and at the UBS Group in Geneva and Zurich.
Since 2008, he has been a member of the governing body of the Oxford Properties Group, the real estate investment unit of a Canadian pension fund, OMERS Worldwide of Toronto. Chairman of the Board of Directors of the Grand Hotel du Lac, Vevey (Switzerland).

GOVERNANCE

INVESTMENTS COMMITTEE

Supports investment and divestment decisions by the Board of Directors. All transactions should be submitted to the Committee. Both employees of the Company and third parties reporting to COIMA SGR, all in possession of a high degree of specialisation in financial and real estate matters, can take part in meetings. The BoD has the final decision in terms of investments and disposals.

CONTROL AND RISK COMMITTEE

Assists and supports the Board of Directors, ensuring adequate investigations for evaluations and decisions relating to the Internal Control and Risk Management System of the Company and those relating to the approval of periodic financial reports. Carries out all the tasks allocated by the Code of Corporate Governance. Also acts as the committee for related parties. With regard to related-party transactions, if the BoD does not agree with the proposal of the Committee, the issue is brought to the attention of the Shareholders' Meeting.

REMUNERATION COMMITTEE

Draws up proposals with regard to the remuneration of directors and senior management and any stock option plans and share grant plans to executive directors and senior management. The BoD makes the final decision over the remuneration plan.

MEMBERS AND EQUITY INVESTMENTS		BOARD OF DIRECTORS	INVESTMENTS COMMITTEE	REMUNERATION COMMITTEE	CONTROL AND RISK COMMITTEE
CAIO MASSIMO CAPUANO	*Non-Executive* CHAIRMAN	**11/11**	-	**5/5**	-
FERAS ABDULAZIZ AL-NAAMA	*Vice Chairman* NON-EXECUTIVE, INDEPENDENT CODE, INDEPENDENT TUF	**11/11**	**34/37**	-	-
MANFREDI CATELLA	*Executive* CEO	**11/11**	**25/37**	-	-
GABRIELE BONFIGLIOLI [1]	*Executive Director* EXECUTIVE	**4/4**	**37/37**	-	-
MATTEO RAVÀ [1]	*Executive Director* EXECUTIVE	**4/4**	**31/37**	-	-
OLIVIER ELAMINE [2]	*Director* NON-EXECUTIVE, INDEPENDENT CODE, INDEPENDENT TUF	**6/7**	-	**2/2**	-
LUCIANO GABRIEL [3]	*Director* NON-EXECUTIVE, INDEPENDENT CODE, INDEPENDENT TUF	**7/7**	-	-	**7/7**
ALESSANDRA STABILINI	*Director* NON-EXECUTIVE, INDEPENDENT CODE, INDEPENDENT TUF	**11/11**	-	**5/5**	**9/10**
AGOSTINO ARDISSONE	*Director* NON-EXECUTIVE, INDEPENDENT CODE, INDEPENDENT TUF	**11/11**	-	-	**10/10**
LAURA ZANETTI [4]	*Director* NON-EXECUTIVE, INDEPENDENT CODE, INDEPENDENT TUF	**11/11**	-	**3/3**	**3/3**
MICHEL VAUCLAIR	*Director* NON-EXECUTIVE, INDEPENDENT CODE, INDEPENDENT TUF	**5/11**	**31/37**	-	-

1 In office until 26 April 2017
2 In office from 10 May 2017 Appointed member of the Remuneration Committee from 10 May 2017.
3 In office from 10 May 2017 Appointed member of the Control and Risk Committee from 10 May 2017.
4 Resigned as Chairman of the Remuneration Committee and member of the Control and Risk Committee on 26 April 2017.

BOARD OF STATUTORY AUDITORS (IN OFFICE UNTIL 31/12/2017)

Office	Members
Chairman	Massimo Laconca
Standing Auditor	Milena Livio
Standing Auditor	Marco Lori
Alternate Auditor	Emilio Aguzzi De Villeneuve
Alternate Auditor	Maria Stella Brena
Alternate Auditor	Maria Catalano

INDEPENDENT AUDITORS (IN OFFICE UNTIL 31/12/2024)

THE BOARD OF DIRECTORS CARRIED OUT ITS ACTIVITIES RESPONSIBLY AND RIGOROUSLY, AS HIGHLIGHTED BY ITS PARTICIPATION AND ISSUES DEALT WITH AT THE MEETINGS

2017	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
STRATEGY AND IMPLEMENTATION												
Business plan											✓	✓
Investment/divestment transactions	✓				✓	✓	✓		✓	✓	✓	✓
Finance operations	✓											
Market analysis					✓	✓			✓	✓	✓	✓
RISKS												
Analysis of the internal control and risk management system		✓					✓					
Risk monitoring		✓	✓		✓		✓					✓
GOVERNANCE												
Analysis of periodic reporting		✓		✓		✓			✓			
Reporting by committees		✓	✓	✓	✓	✓			✓			✓
Other governance matters	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
VALUATIONS												
Valuation of the Board of Directors		✓										✓
Conflicts of interest/ related parties	✓				✓	✓				✓		

REPORT OF THE INVESTMENT COMMITTEE

The Investment Committee is composed of three directors, two of whom are independent, the head of ***Asset Management*** and the head of ***Investment Management***. In addition, the risk manager helps the Investment Committee, providing a technical support function. The members of the Investment Committee are: Manfredi Catella, Feras Abdulaziz Al-Naama, Michel Vauclair, Gabriele Bonfiglioli and Matteo Ravà. The Investment Committee is a board body of an advisory nature, providing support to the Company's Board of Directors' investment and divestment decisions, which has absolute decision-making powers.
The Investment Committee carries out planning activities and executes real estate management and investment decisions, defining the proposals relating to the following subjects as a result of preliminary investigations:

- Real estate investment and divestment transactions, including the budget proposals to allocate to the due diligence activities relating to these transactions
- Rental agreements involving commercial areas of over 4,000 m^2 or over 25% of NRA (net rentable area) in a single building
- Performance of analyses launched on opportunities under examination (in the pipeline) and evaluation of the possibility of proceeding with the presentation of non-binding offers
- Loan agreements and hedge contracts
- Reporting on risks prepared by the Risk Management function

There is also the possibility of Company employees and third parties reporting to COIMA SGR, all in possession of a high degree of specialisation in financial and real estate matters, taking part in meetings.

If the outcome is positive, the investment or divestment proposal, supported by the technical and financial documentation collected and/or prepared during the preliminary stage, is submitted to the Board of Directors for evaluation and deliberation. If the Board of Directors rules in favour, the transaction is executed.

The Investment Committee has therefore assumed a central role in the intense investment activity carried out by the Company in 2017. The Committee has analysed 18 investment opportunities for a value of more than €1.7 billion in 2017.

Manfredi Catella
Chairman
of the Investment Committee

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee is composed of the Chairman of the Company, Massimo Capuano, Olivier Elamine and the undersigned in the capacity of Chairman.
In 2017, the Independent Director Olivier Elamine replaced Laura Zanetti who resigned.

The main activities of the Committee involve:

- Drawing up proposals to the Board of Directors on the definition of the remuneration policy for company directors and senior managers with strategic responsibilities
- Periodically evaluating the adequacy, overall consistency and practical application of the remuneration policy for company directors and senior managers with strategic responsibilities, making use, with regard to the latter, of the information provided by the CEOs; drawing up proposals to the Board of Directors on the subject
- Submitting proposals or expressing opinions to the Board of Directors on the remuneration of executive directors and other directors who hold specific offices, as well as on the establishment of performance targets related to the variable component of this remuneration; monitoring the application of the decisions adopted by the actual board verifying, specifically, that the performance targets are effectively reached

The Committee reports to the shareholders of the Company on the methods for exercising its functions.

In 2017, the Committee concentrated its activities on updating the remuneration policy and specifically on incentivising management in line with the provisions of the Borsa Italiana regulation for access to the STAR segment. The findings of the Committee were implemented always taking into consideration the alignment of the interests of management with those of shareholders. The Committee met 5 times and believes it will continue in the first quarter of 2018 with finalising the above.

Alessandra Stabilini
Chairman
of the Remuneration Committee

REMUNERATION POLICY

The remuneration policy intends to establish the guidelines for determining the remuneration of members of the Company's Board of Directors and managers with strategic responsibilities (the “Recipients”).

The remuneration of the Recipients is, generally speaking and unless indicated below, divided between a fixed component and a variable component, adequately balanced depending on the strategic objectives and risk management policy of the Company, also taking into account the business segment in which they operate and the nature of the business activities carried out.

The primary aim of the policy is to ensure that the Company adopts an adequate system that is consistent with the sustainable performance of the Company in the medium/long term. Specifically, the Company's remuneration policy aims to attract, retain and motivate staff and is consistent with the objectives outlined in the corporate strategy through:

- a correct balance between the variable component and the fixed component
- an adequate connection for remuneration between individual performance and that of the Company itself
- a performance evaluation system consistent with the defined risk profile

For this purpose, the policy:

- aims to increase transparency on the subject of remuneration and the responsibility of the Recipients in the management of the Company
- pursues the goal of incentivising the Recipients in order to reach the Company's objectives, without encouraging taking inappropriate risks
- requires the remuneration awarded to the Recipients to be proportional to the role performed, the responsibilities delegated and the skills and abilities actually demonstrated
- guarantees the alignment of the Recipients' interests with those of the Company, with the primary goal of creating value for the Company's shareholders in the medium/long term
- aims to attract, motivate and retain persons with the professional qualities needed to successfully manage the Company
- provides that, for directors with management responsibilities or who carry out, even if only de facto, functions involving the Company's management, as well as senior managers with strategic responsibilities, a significant part of their remuneration is connected to their performance

defines a system of economic and non-economic criteria on which the achievement of the objectives to which the allocation of part of the remuneration is connected is based

establishes that the remuneration of non-executive directors is commensurate with the commitment requested of each of them, also taking into consideration any participation in one or more committees

COMPENSATION PAID IN 2017

(EURO)	OFFICE	FIXED COMPENSATION	COMMITTEE COMPENSATION	VARIABLE COMPENSATION	NON-MONETARY BENEFITS	OTHER COMPENSATION	TOTAL	FAIR VALUE EQUITY COMPENSATION	SEVERANC PAY/ TERMINATION OF EMPLOYMENT COMPENSATION
BOARD OF DIRECTORS									
Massimo Capuano	Chairman	135,000					**135,000**		
Feras Abdulaziz Al Naama	Vice-Chairman	30,000	5,000				**35,000**		
Manfredi Catella	CEO	100,000	5,000				**105,000**	**99,656**	
Olivier Elamine	Director	21,620	2,162				**23,782**		
Luciano Gabriel	Director	21,620	2,162				**23,782**		
Alessandra Stabilini	Director	31,200	5,200				**36,400**		
Agostino Ardissone	Director	30,000	5,000				**35,000**		
Laura Zanetti	Director	30,000	1,490				**31,490**		
Michel Vauclair	Director	30,000	5,000				**35,000**		
BOARD OF STATUTORY AUDITORS									
Massimo Laconca	Chairman	46,800					**46,800**		
Milena Livio	Auditor	31,200					**31,200**		
Marco Lori	Auditor	31,200				9,360	**40,560**		
SENIOR MANAGERS									
1 senior manager		150,824		60,000	8,797		**219,621**		

REPORT OF THE CONTROL AND RISKS AND RELATED-PARTIES COMMITTEE

As Chairman of the Control and Risk and Related-Parties Committee, I believe that this period of activity has been very intense in terms of evaluating the adequacy of the development and the implementation of the control and risk management systems.
In the Control and Risk Committee, comprising non-executive and independent directors, the Board of Directors has identified the competent committee pursuant to the Related-Parties Procedure and has given the Control and Risk Committee the role and powers that, pursuant to the Related-Parties Regulation, rest with the committees made up entirely of independent directors, or by a majority thereof.
The Board of Directors appointed a Control and Risk Committee comprising three non-executive, independent directors, namely myself as Chairman, Alessandra Stabilini and Luciano Gabriel. The Independent Director Luciano Gabriel took over in May following the resignation of Laura Zanetti.
The role set out in the Code of Corporate Governance for the Committee is significant and specifically involves:

Assisting and supporting the Board of Directors, ensuring adequate investigations for evaluations and decisions relating to the Internal Control and Risk Management System of the Company (hereinafter the "SCIGR") and those relating to the approval of periodic financial reports.

Expressing its opinion to the Board of Directors with regard to:

- The definition of the guidelines of the SCIGR, so that the main risks involving the Company and its subsidiaries are identified correctly, as well as adequately measured, managed and monitored and determining the degree of compatibility of these risks with a management of the Company that is consistent with the strategic objectives identified
- The evaluation, at least annually, of the adequacy of the SCIGR, with regard to the characteristics of the Company and the risk profile undertaken, as well as its effectiveness
- The approval, at least annually, of the work plan prepared by the Head of Internal Audit, having heard the Board of Statutory Auditors and the Director Responsible for the Internal Control and Risk Management System
- The description, in the report on corporate governance, of the main characteristics of the SCIGR and the coordination methods between the parties involved, expressing an evaluation of its adequacy
- The evaluation, having heard the Board of Statutory Auditors, of the results presented by the statutory auditor in any letter of suggestions and in the additional report that emerged during the statutory audit

Expressing its opinion to the Board of Directors with regard to:

- The appointment and removal of the Head of Internal Audit
- The fact that the latter is equipped with adequate resources to carry out its responsibilities
- The fact that the remuneration of the Head of Internal Audit is defined consistently with corporate policies

On assisting the Board of Directors, the Control and Risk Committee:

- It evaluates, together with the director responsible for the preparation of corporate accounting documents and, having heard the statutory auditor and the Board of Statutory Auditors, the correct use of accounting principles and, in the case of groups, their homogeneity for the purpose of preparing the consolidated financial statements
- Expresses opinions on specific aspects relating to the identification of the main corporate risks
- Examines the periodic reports on the evaluation of the internal control and risk management system and those of specific importance prepared by the Internal audit function
- Monitors the independence, adequacy, effectiveness and efficiency of the internal audit function
- Can ask the internal audit function to conduct audits into specific areas of operation, at the same time notifying the Chairman of the Board of Statutory Auditors
- Reports to the board, at least every six months, when the annual and half-year financial report is approved, on the activities carried out, as well as on the adequacy of the internal control and risk management system
- Supports, through adequate investigative activities, the evaluations and decisions of the Board of Directors relating to risk management resulting from prejudicial facts that have come to the attention of the Board of Directors

In addition, at the request of the Board of Directors, expresses a prior opinion on transactions between the Company and related parties, as defined by International Accounting Standard (IAS) 24.

The most significant activities carried out by the Control and Risk Committee in 2017 specifically involved:

- The examination of investment proposals for which it was possible to discern elements of conflicts of interest and/or related parties
- The periodic evaluation of the adequacy of the internal control and risk management system as well as the development of the organisational structure
- The evaluation of the periodic financial reports
- The periodic evaluation of the activities carried out by the control functions

The Committee met ten times in 2017, always with a view to carrying out wide-ranging and detailed investigations for the Board of Directors in the interest of the Company and its shareholders.

Agostino Ardissone
Chairman
of the Control and Risks and Related-Parties Committee

HOW WE MANAGE RISKS

A TESTED SYSTEM TO IDENTIFY, QUANTIFY, MONITOR AND MITIGATE THE RISKS TO WHICH THE COMPANY IS OR MAY BE SUBJECT

RISK MANAGEMENT PROCESS PHASES
Responsible bodies/players

IDENTIFICATION
- Risk Management Function
- Internal Audit Function
- Director responsible for the internal control and risk management system
- Managers responsible for operational functions

EVALUATION AND QUANTIFICATION
- Risk Management Function
- Managers responsible for operational functions
- Control and Risk Committee

MONITORING
- Risk Management Function
- Director responsible for the internal control and risk management system

MITIGATION ACTIONS
- Managers responsible for operational functions

REPORTING
- Control and Risk Committee
- Director responsible for the internal control and risk management system
- Board of Directors

RESPONSIBLE BODIES

CONTROL AND RISK COMMITTEE

The Control and Risk Committee is an advisory body that supports the Board of the Directors in the evaluation, guidance and adequacy of the internal control and risk management system. For this purpose, the Committee:

- Supports the Board of Directors in the definition of guidelines for the internal control and risk management system
- Expresses opinions on specific aspects relating to the identification of the main corporate risks
- Examines the work plans of the control functions as well as the periodic reports, drawing up any comments and proposals to the Board of Directors in this regard and expresses an opinion on the adequacy of the Company
- Carries out coordination and connection activities between the various control functions
- Examines the periodic reports of the control functions which are of particular relevance in terms of the risks of typical activities of the Company and its normal operations
- Can ask the Heads of the Control Functions to carry out audits and analyses on specific areas and/or topics

RISK MANAGEMENT FUNCTION

In carrying out its activities, the Risk Management Function:

- Supports the Board of Directors in preparing and updating the risk management policy and in identifying the risk limits
- Develops the methods for measuring the risks to which the Company is exposed and submits them to the Board of Directors
- Verifies the application of the measures adopted to remedy the shortcomings identified in the risk management system
- Checks that the risk management policy and the limits defined by the Board of Directors are complied with
- Examines the investment/divestment transactions

The Risk Management Function prepares the risk map to which the Company is or could be exposed and constantly evaluates the possible onset of new risks taking into consideration all significant elements in the reference or business context, namely:

- Development lines and corporate targets, the market context, possible corporate business changes and/or new opportunities
- The expected development of capital and economic aggregates
- Information on the development of investments and other company specific information (e.g. organisational structure, internal regulations, etc.)

The Company's risk map is updated at least once a year and is submitted to the Control and Risk Committee for approval and, afterwards, to the Board of Directors.
The structure of the Company's risk map is inspired by the main best practices of the financial sector even if not directly applicable to COIMA RES. The risks exposed in the map also take into account the investment strategy adopted by the Company and its status as an SIIQ from which there are constraints on the nature of revenues and capital assets.

The Risk Manager is independent, both functionally and hierarchically, from the operating units and reports directly to the Board of Directors.

RISKS	COIMA RES MITIGATION
Market risk The risk of losses related to the fluctuation in the prices of properties in the portfolio resulting from adverse changes in macroeconomic variables, the property market and/or the specific characteristics of the properties owned by the Company. In addition to the effects resulting from the vacancy of properties in the portfolio ("vacancy risk"), this risk also includes the losses associated with value added investment transactions relating to property redevelopment projects.	The Company's investment strategy is focused on high-quality assets (real estate or fund units) in large urban areas, specifically in Rome and Milan, which have demonstrated high income capacities and good resilience during negative market cycles, partly due to a less volatile level of demand compared with smaller assets located in secondary cities. From the vacancy risk aspect, the Company has long-term rental agreements including adequate protection clauses and implements an asset management process aimed at understanding the needs of tenants and maximising their degree of satisfaction. In addition, the quality of the assets constitutes a factor in mitigating vacancy risk.
Credit and counterparty risk The risk of losses resulting from the non-compliance of counterparties due to the deterioration of their creditworthiness, with them defaulting in extreme cases, with reference to: - tenants; - counterparties in property development operations (builders, managers); - counterparties in property buying and selling transactions.	During the on-boarding phase, the Company analyses and continuously monitors the risks from the non-compliance of tenants and other significant counterparties (e.g. solvency and creditworthiness analyses, analysis of the financial situation, references, prejudicial and negative information, etc.), also resorting to external databases. In this regard, the Company's investment strategy favours counterparties of high standing and those belonging to large international Groups.
Concentration risk The risk resulting from properties leased to individual counterparties or groups of legally connected counterparties, counterparties from the same economic sector or which carry out the same activity, or located in the same geographical area[5].	The Company analyses and monitors this risk for new investment transactions regularly and has also defined the limits in its Articles of Association with regard to concentration on individual properties/tenants. The Company's strategy involves increasing the number of tenants and their progressive diversification from a sector aspect in order to mitigate concentration risk.
Interest rate risk The risk related to adverse changes in the rate curve that change the current value of assets, liabilities and their net value (ALM) and cash flows (assets and liabilities) relating to interests (assets and liabilities).	The Company adopts adequate instruments to hedge interest rate risk in order to reduce the impacts resulting from adverse interest rate curve changes.
Liquidity risk The risk of not being able to meet one's payment obligations through: - the inability to obtain funds on the market ("funding liquidity risk"); - the inability to mobilise one's assets ("market liquidity risk").	The Company plans its cash flows carefully and continuously monitors the level of liquidity under the scope of cash flow and ALM risk management activities, also by resorting to scenario analyses and stress tests. From the perspective of optimising the financial and capital structure, the Company limits financial leverage to 45% (LTV) with the aim of reducing this ratio further in the medium-/long-term.
Other financial risks Other financial risks not associated with real estate assets such as, for example, counterparty risks and/or other market risks on any financial instruments in the portfolio.	The strategy currently adopted by the Company involves very limited investment in real estate assets other than treasury shares and instruments to hedge interest rate risk; this also takes into consideration the limits laid down in relation to the status of the SIIQ. Exposure to any financial risks, not connected with real estate assets, is subject to periodic monitoring and is also mitigated through recourse to primary standing counterparties.
Operational risk Operational risk is the risk of suffering losses resulting from the inadequacy or malfunction of procedures, human resources and internal systems or external events. This risk includes the risk of outsourcing or operating losses resulting from outsourced activities.	Operational risks are dealt with by adopting adequate internal procedures and the structuring of the internal control system on three levels: - Level One: Scheduled checks carried out by the business units and staff functions; - Level Two: Checks carried out by the Legal, Compliance and Risk Management functions; Level Three: Checks carried out by the internal audit function based on the Audit Plan.

RISKS	COIMA RES MITIGATION
Legal and compliance risk The risk of changes in performance due to changes in the legislative framework.	The Company continuously monitors the risk of non-compliance. These compliance checks include carrying out asset tests and profit tests to monitor that legal requirements are met, including in the future and indicated in the Articles of Association, necessary to maintain SIIQ status.
Reputational risk The current or future risk of a fall in profits or capital, resulting from a negative perception of the Company's image by customers, counterparties, shareholders, investors or the Regulatory Authorities.	Reputational risk, like operational risk, is mitigated by adopting an adequate organisational and control structure, consistent with international practices, as well as specific and stringent procedures regulating relations with stakeholders (such as, for example, the Authorities) and investors (e.g. complaint management) and external communication.
Strategic risk Pure risk and business risk; this consists of the current or prospective risk of a fall in profits or capital, resulting from changes in the operating context or from incorrect corporate decisions, inadequate implementation of decisions, poor reaction to changes in the competitive scenario, customer behaviour or technological developments.	In addition to a comprehensive strategic planning and evaluation process and analysis of investments, strategic risk is controlled by the level of experience and professionalism of Company Management, both with regard to the real estate market and operational/financial management and internal control.

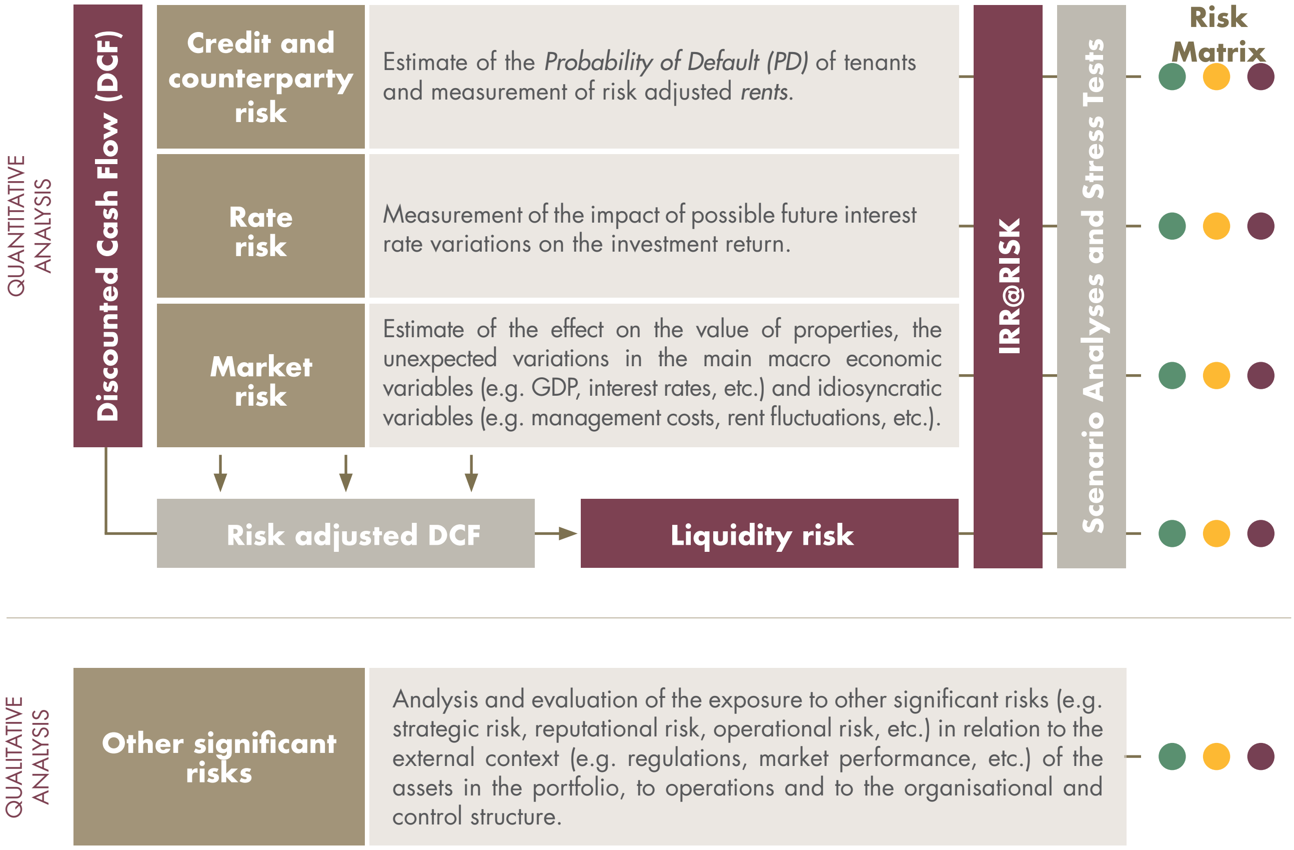
5 Taking into consideration the investment strategy adopted by the Company located mainly in Milan and Rome, geographical concentration risk can be seen as a strategic risk.

THE RISK MANAGEMENT MODEL

The Company adopts an advanced Risk Management Model that combines quantitative analyses for rate, credit and market risks and qualitative analyses for other risks (operational, reputational and strategic) and includes the use of scenario analyses and stress tests aimed at evaluating the degree of exposure to the main risks in adverse conditions.

From the perspective of quantitative analysis, the model is based on the examination of the dynamics of the Internal Rate of Return (IRR) of the Company's investments from development scenarios of the actual IRR components. The methodology adopted is based on a comparison of the "basic" IRR, calculated according to the information from the Company's Business Plan and the individual investments and the IRR@Risk calculated based on the estimation of risk factors (e.g. the probability of default of tenants, the occupancy of the properties, break clause options, etc.) and the performance of a property market index. The latter is calculated according to the development of macro economic variables (e.g. interest rates, unemployment, etc.), formulated by international bodies (e.g. the IMF, etc.) and selected appropriately, using a multivariate linear regression model.

The distributions of the possible developments of the risk factors/variables considered are summarised in the same number of IRR distributions from which an IRR is estimated for each risk and an Overall IRR@Risk, at the level of each individual investment and portfolio. The difference between the "basic" IRR and the IRR@Risk constitutes the extent of the exposure to risk of each investment and the investment portfolio as a whole.



As indicated above, market risk is mitigated by the high quality and location of the Company's real estate portfolio, which has good resilience to market volatility, also based on what has been highlighted in recent studies on the sector. Vacancy risk is limited because the average term of the rental agreements in the portfolio is more than 7 years, with a limited percentage of the portfolio expiring in less than three years (approximately 12%) and a contained vacancy rate lower than 5%.

Credit risk and counterparty risk are contained as a result of the high credit standing of tenants - almost 90% are investment grade rating and only around 10% do not have an ECAI rating - and taking into account the very limited volume of rent arrears, less than 0.10% of the total volume of the portfolio.

Liquidity risk is modest as a result of the consistent cash flows generated by the investment portfolio and taking into account the liquidity from the sale of the Deutsche Bank portfolio branches, while interest rate risk is adequately mitigated because approximately 80% of the debt is covered by hedging contracts.

Operational, reputational and strategic risks are analysed regularly based on a qualitative approach which takes the following aspects into account:
- identification of the major risk factors and calculation of the probability of occurrence and the estimate loss by risk factor;
- calculation of the level of exposure to risk ("absolute risk") and, based on existing checks, residual risk.

From the analyses conducted, operational, reputational and strategic risks are adequately mitigated taking into consideration the level of safeguards and checks put in place by the Company.

Rome - 2331 EURCENTER - Façade

Milan - GIOIAOTTO - Façade

FINANCIAL REVIEW

THE CONSOLIDATION OF THE PORTFOLIO IN 2017 ALLOWED THE DISTRIBUTION OF AN INTERIM DIVIDEND.

LTV

EQUAL TO

38.1% [1]

EPRA NAV

PER SHARE

10.68 EURO

1 BONNET ACCOUNTED FOR ON A PRO-RATA BASIS (35.7%)

CFO REPORT

WORKING TO CONSOLIDATE THE PROFITABILITY OF THE COMPANY AND OPTIMISE THE COST STRUCTURE, MAINTAINING A CONSERVATIVE FINANCIAL STRUCTURE

*"2017 was a year of consolidation for the activities started in the previous year with the goal of maintaining a limited risk profile for the portfolio with a sustainable leverage level below 45%.
The characteristics of the portfolio have made it possible to pay an interim dividend to our shareholders."*

Fulvio Di Gilio
CFO of COIMA RES

COIMA RES S.p.A. SIIQ consolidated its portfolio in 2017 managing to achieve results that allowed the distribution of on interim dividend in November of Euro 3,240,630 on the 2017 result.

(mEur)	31/12/2017	31/12/2016
Rent	34.2	15.5
Net real estate operating expenses	(3.7)	(1.9)
NOI	30.5	13.7
Other revenues	0.0	0.0
G&A costs	(8.0)	(4.7)
Other expenses	(0.1)	(0.4)
Non-recurring general costs	(0.8)	(1.0)
EBITDA	21.6	7.6
Deprecations	(0.0)	(0.2)
Fair Value adjustment	15.3	4.5
EBIT	36.9	11.9
Financial income	0.5	0.5
Income from investments	0.0	3.1
Financial expense	(6.8)	(2.8)
Pre-tax result	30.7	12.6
Taxes	(0.0)	0.0
Result	30.7	12.6
Result of third-parties	(1.8)	(0.5)
Group result	28.9	12.1
EPRA Earnings	15.3	4.8
EPRA Earnings per share (Euro)	0.42	0.13
FFO	15.3	5.2
Recurring FFO	16.8	6.2
Recurring FFO per share (Euro)	0.47	0.17

RESULTS ACHIEVED IN THE YEAR ENDED DECEMBER 31st, 2017

2017 ended with a Group net profit of **Euro 28.9 million**.

Net Operating Income (hereinafter "NOI") stood at **Euro 30.5 million**, an increase of Euro 16.8 million compared with December 31st, 2016 and represents 89.1% of rent. This percentage is higher than the figure as at December 31st, 2016 of 88.0% mainly as a result of the new acquisitions and asset management activities carried out on the portfolio.

NOI includes the rent that have accrued on the Deutsche Bank portfolio, the rent that have accrued on the Vodafone Village, the rent that have accrued on Gioiaotto and on 2331 Eurcenter, the rent that have accrued on the property located in Milan, via Deruta 19 from January 16th, 2017 and the rent that have accrued on the property located in Milan via Monterosa 93 from October 24th, 2017.

Net real estate operating expenses mainly relate to property ownership taxes, ***property management*** costs, operational expenses and maintenance that are the responsibility of **COIMA RES**.

G&A costs include management fees, personnel expenses, corporate governance and control function costs, as well as consultancy, audit, IT, marketing and communication expenses and other costs.

Non-recurring costs mainly include non-recurring expenses related to the current development phase of the Company.

The change in the ***fair value*** of the portfolio, equal to **Euro 15.3 million**, an increase of Euro 10.8 million compared with December 31st, 2016 is based on the reports of the Independent Experts CBRE Valuation S.p.A. and Duff & Phelps. This change is due for Euro 1.5 million to the Vodafone Village, for Euro 5.5 million to Gioiaotto, for Euro 2.9 million to 2331 Eurcenter, for Euro 4.8 million to the property located in Milan, via Deruta 19 and for Euro 1.8 million to the property located in Milan, via Monte Rosa 93 excluding the capital loss recorded on the Deutsche Bank portfolio of Euro 1.2 million mainly attributable to the transaction through which the Company, via the COIMA CORE Fund IV, divested the entire portfolio located in southern Italy. This transaction had the effect of improving the risk profile of the portfolio and giving the Company the possibility of concentrating its investments on the Milan market, which is decidedly more liquid and less risky.
The revaluation of the portfolio is guided by market dynamics where real estate returns are under pressure but rents are also increasing. This effect is not fully reflected in the valuations of the Independent Experts which tend to be more conservative and use an income method which adopts less volatile evaluations.

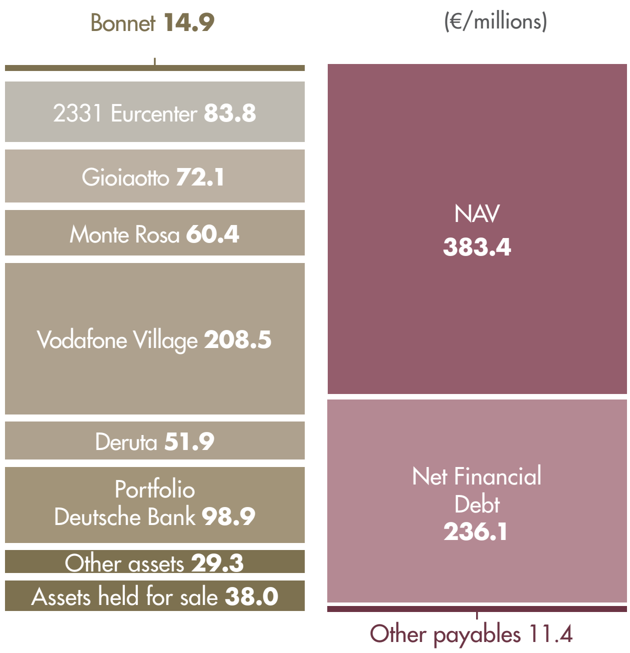
Financial income relates to bank deposits remunerated at a rate of around 18 bps and interest income accrued on the VAT receivable to be refunded.

Financial expense relates to existing loans at the date of these consolidated financial statements, remunerated at an all-in cost of 1.97 bps, including ***hedging*** costs. Financial expense increased by Euro 4.0 million mainly as a result of the new loan taken out in 2017 for the purchase of the property located in Milan, via Deruta 19 and as a result of the fact that the Company had existing loans for the entire year, while in 2016 it only had them for 6 months.
The all-in cost on the other hand decreased by 2 bps as a result of the better conditions obtained on new loans and the renewal of the loan relating to the Gioiaotto and 2331 Eurcenter properties.

Earnings per share stood at Euro 0.80, an increase of Euro 0.27 compared with December 31st, 2016 and is calculated, on the basis of IFRS accounting principles, taking into consideration the average number of outstanding shares during the year. **EPRA Earnings**, reduced by the positive effect of the estimated entries, stood at Euro 15.3 million (Euro 0.42 per share), an increase of Euro 10.5 million (Euro 0.29 per share) compared with December 31st, 2016 and the recurring **FFO** stood at Euro 16.8 million (Euro 0.47 per share), an increase of Euro 10.6 million (Euro 0.30 per share) compared with December 31st, 2016.

Real estate investments, equal to Euro 575.6 million as at December 31st, 2017, an increase of Euro 82.4 million as a result of acquisitions for Euro 105.6 million, divestments for Euro 38.5 million and net revaluations for Euro 15.3 million.

Statement of Financial Position as at December 31st, 2017



Equity investments in associate companies were up by Euro 0.7 million and included the investment in the Bonnet Fund for a sum equal to Euro 14.9 million and the equity investment in Co–Investment 2SCS, 33% owned by the MH Real Estate Crescita Fund, for an amount of Euro 2.0 million. The increase is mainly attributable to the recall of commitments for the Bonnet Fund for Euro 0.6 million.

Financial assets available for sale, equal to Euro 1.5 million, relate to the temporary investment in equity funds of part of the excess liquidity through a management mandate given to Pictet.
Derivative instruments, equal to Euro 0.7 million, increased by Euro 0.1 million compared with December 31st, 2016 as a result of the new derivative agreements taken out to hedge the new loans, excluding ***fair value*** adjustments (equal to Euro 0.6 million). The Company, taking into consideration the positive result of the performance tests, recorded these instruments in accordance with hedge accounting principles.

Non-current financial receivables and trade receivables stand for Euro 1.6 million receivables relating to loans granted by the investee company MHREC Sarl to the associate company Co–Investment 2SCS.
The decrease in the item, for Euro 38 million involves the VAT refund obtained by the Company from the Inland Revenue Agency eight months earlier than expected.
Assets held for sale, equal to Euro 38 million, relate to the 21 Deutsche Bank branches disposed in January 2018.

The Company's consolidated net financial debt was equal to Euro 236.1 million as at December 31st, 2017, an increase of Euro 59.2 million as a result of the Company's financial requirements in 2017.

In October 2017, the Company repaid the VAT loan of 30 June 2016 in full with the net revenue from the VAT refund from the Inland Revenue Agency.

Today, the net LTV is 37.1% and the Company's target is to have a leverage level below 45%.

The Company has the following loans:

(EURO THOUSANDS)	31/12/2017	Expiry	Rate	Covenant	% hedged	Bank
COIMA RES - Senior Line	170,754	29/06/2021	Eur 3M +180bps	Portfolio LTV:: <60% Consolidated LTV: <60% Portfolio ICR >1,80x Consolidated ICR/DSCR >1,40x	60%	BNP (25%) IMI (25%) ING Bank N.V. (25%) UniCredit (25%)
MHREC	72,661	31/03/2022	Eur 3M +150bps	LTV: <60% ICR >1,75x	80%	CA -CIB (33%) ING Bank N.V. (33%) UBI Banca (33%)
COIMA RES SIINQ I	19,725	16/01/2022	Eur 3M +160bps	LTV: <55% ICR >3.00x	81%	ING Bank N.V.

Non-current payables refer mainly to the financial instrument issued by the Company and acquired by management for a sum equal to Euro 0.2 million, a decrease of Euro 0.2 million compared with December 31st, 2016 and to security deposits equal to Euro 0.3 million, an increase of Euro 0.1 million compared with December 31st, 2016.
Provision for risks and charges includes the current value, equal to Euro 0.1 million, of the long-term incentive granted to an employee.

Current trade payables and other payables mainly include deferred income equal to Euro 1.6 million, an increase of Euro 0.1 million compared with December 31st, 2016 and payables to suppliers and invoices to be received for a sum of Euro 4.2 million, a decrease of Euro 1.6 million compared with December 31st, 2016. Finally the item includes Euro 4.4 million related to advance received for the DB branches' disposal.
The Group's shareholders' equity stands at Euro 383.4 million, an increase of Euro 21.5 million compared with December 31st, 2016 as a result of accrued earnings of Euro 28.9 million and the distribution of dividends of Euro 7.3 million. The NAV per share of Euro 10.65 shows growth of 5.9% in 2017 and 6.0% compared with the theoretical value of the IPO.

DIVIDEND POLICY

In 2017, the Company distributed a dividend per share of approximately 11 Euro cents following the 2016 result and a dividend of 9 Euro cents per share on account on the net profit for 2017.
The Company is applying a pay-out ratio of just above 70% the minimum required by SIIQ regulations because, as it is in the early stages of its life, it is trying to maintain the necessary resources for investing in an attractive market and implementing asset management activities aimed at improving the performance of the properties in the portfolio.

The Board of Directors decided to propose the distribution of a dividend to the Shareholders' Meeting of Euro 9,721,980 (Euro 0.27 per share), including Euro 3,240,630 (Euro 0.09 per share) on account on 15 November 2017 which corresponds, as set out by the SIIQ regime, to 79% of the distributable earnings, with an ex-dividend date of April 16th 2018, a record date of April 17th 2018 and a payment date of April 18th 2018.

EPRA - PERFORMANCE INDICATORS

THE EPRA INDICATORS SHOW CONSIDERABLE GROWTH AS A RESULT OF THE CONSOLIDATION OF THE PORTFOLIO

The table below summarises the COIMA RES EPRA indicators as at December 31st, 2017.

EPRA Metrics	Definitions	31/12/2017 (Euro thousand) - %	€ per share	31/12/2016 (Euro thousand) - %	€ per share
EPRA Earnings	Recurring profits resulting from typical operations	15,263	0.42	4,800	0.13
EPRA Cost ratio (including costs of vacancy investments)	Ratio between the Company's recurring operating costs and recurring rents (including the costs of vacancy investments).	37.5%		51.4%	
EPRA Cost ratio (excluding costs of vacancy investments)	Ratio between the Company's recurring operating costs and recurring rents (excluding the costs of vacancy investments).	36.2%		49.7%	
EPRA NAV	The EPRA Net Asset Value is calculated based on the net shareholders equity adjusted by the dilutive instruments and property investments at fair value and excludes the fair value of other financial investments which represent investments which are not long-term, as set out in the recommendations issued by EPRA.	384,639	10.68	362,193	10.06
EPRA NNNAV	The Triple Net Asset Value is the EPRA NAV adjusted to include the fair value of financial instruments, payables and deferred taxes.	380,231	10.56	359,587	9.99
EPRA Net Initial Yield	Calculated as the ratio between the initial net rent and the gross market value of the property.	5.3%		5.3%	
EPRA "topped-up" NIY	Calculated as the ratio between the stabilised net rent and the gross market value of the property.	5.5%		5.3%	
EPRA vacancy rate	Ratio between the market value of the vacant areas and the total market value of the portfolio.	4.8%		4.2%	

The table highlights a substantial improvement in all the indicators required in the EPRA recommendations. The attention of management is focused on completing the investment process and optimising the Company's cost structure by reducing non-recurring costs and improving the NOI. Improvement of the EPRA cost ratio also depends on the size of the Company which contributes to absorbing fixed costs typical of a listed company.

Rome - 2331 EURCENTER- Light well

Milan - DERUTA 19 - Façade

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2017

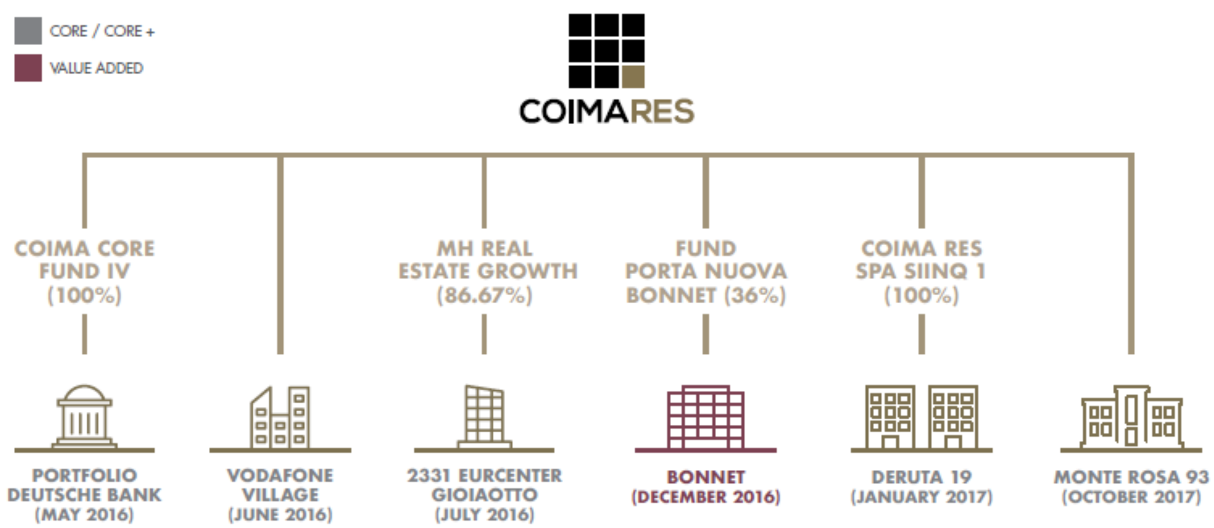
SUB-INDEX - Chapter 4 Financial review

OTHER COMPANY INFORMATION

COIMA RES S.p.A. SIIQ (following also the "**Company**" or "**COIMA RES**"), with legal incorporation in Milan, Piazza Gae Aulenti 12, with Tax Code, Register of Company and VAT No. 09126500967 is a real estate investment company listed on the Italian Stock Exchange.
COIMA RES manages real estate transactions, primarily focused on commercial properties, aimed at generating rental income from national and international tenants. The company operates with the beneficial tax status granted to SIIQs (Società di Investimento Immobiliare Quotate) which is similar to a Real Estate Investment Trust (REIT) in other jurisdictions. The investment strategy of COIMA RES is focused on creating a high-quality portfolio of real estate assets, with a view to generating stable, growing and sustainable cash flows for investors by acquiring, managing, and selectively disposing of properties intended mainly for use in the services and commercial sector and with the potential for their capital value to increase over time.

CORPORATE STRUCTURE

Established by Manfredi Catella in agreement with COIMA S.r.l., COIMA SGR S.p.A. and with Qatar Holding LLC as primary sponsor of the venture, since May 2016 COIMA RES is a company with shares listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A.



GOVERNANCE

Board of Directors

Caio Massimo Capuano	Chairman, not executive Director
Feras Abdulaziz Al-Naama	Vice President, Independent Director
Manfredi Catella	Key Manager (CEO)
Luciano Gabriel (1)	Independent Director
Olivier Elamine (1)	Independent Director
Agostino Ardissone	Independent Director
Alessandra Stabilini	Independent Director
Michel Vauclair	Independent Director
Laura Zanetti	Independent Director

Board of Statutory Auditors

Massimo Laconca	Chairman
Milena Livio	Standing Auditor
Marco Lori	Standing Auditor
Emilio Aguzzi De Villeneuve	Alternate Auditor
Maria Stella Brena	Alternate Auditor
Maria Catalano	Alternate Auditor

Remuneration Committee

Alessandra Stabilini	Chairman
Caio Massimo Capuano	Member
Olivier Elamine (1)	Member

Investment Committee

Manfredi Catella	Chairman
Gabriele Bonfiglioli	Member
Matteo Ravà	Member
Feras Abdulaziz Al-Naama	Member
Michel Vauclair	Member

Control and Risk Committee

Agostino Ardissone	Chairman
Alessandra Stabilini	Member
Luciano Gabriel (1)	Member

Internal Audit and Compliance

Internal Audit is outsourced to a specialized company named Tema S.r.l., which has indicated Mr. Massimiliano Forte as responsible for Internal Audit function and Mr. Paolo Costanzo as responsible for Compliance function.

(1) In charge since May 10th, 2017.

Risk Manager

Risk management is outsourced to a specialized company named Macfin, which has indicated Mr. Emerico Amari di Sant'Adriano as responsible for this function.

Independent Auditors

The shareholders' meeting held on February 1st, 2016 appointed Ernst & Young S.p.A. as auditors of the Company for the period 2016-2024 in accordance with articles 14 and 16 of Legislative Decree n. 39/2010.

Executive responsible for the preparation of the company's accounting documents

Fulvio Di Gilio	Chief Financial Officer

DIRECTORS' REPORT

OVERVIEW OF THE CONSOLIDATED FINANCIAL RESULTS

(Million of Euro)	December 31st, 2017	per share	December 31st, 2016	per share	Δ	Δ%
Total property value	575.6		493.1		82.5	16.7%
EPRA NAV	384.6	10.68	362.2	10.06	22.4	6.2%
EPRA NNNAV	380.2	10.56	359.6	9.99	20.6	5.7%
Debt position	263.1		290.0		(26.8)	(9.3%)
Cash position	27.0		113.1		(86.1)	(76.1%)
Net Loan to Value	37.1%		27.4%		9.7 p.p.	n.m.
EPRA Net Initial Yield	5.3%		5.3%		0.0 p.p.	n.m.
EPRA "topped-up" NIY	5.5%		5.3%		0.2 p.p.	n.m.
EPRA vacancy rate	4.8%		4.2%		0.6 p.p.	n.m.

(Million of Euro)	December 31st, 2017	per share	December 31st, 2016	per share	Δ	Δ%
Rents	34.2		15.5		18.7	n.m.
NOI	30.5		13.7		16.8	n.m.
EBITDA	21.6		7.6		14.0	n.m.
EBIT	36.9		11.9		25.0	n.m.
Recurring FFO	16.8		6.2		10.6	n.m.
Net profit	28.9	0.80	12.1	0.34	16.8	n.m.
EPRA Earnings	15.3	0.42	4.8	0.13	10.5	n.m.
EPRA costs (including direct vacancy costs)	37.5%		51.4%		(13.9) p.p.	n.m.
EPRA costs (excluding direct vacancy costs)	36.2%		49.7%		(13.5) p.p.	n.m.
Like for like rental growth	1.4%		2.9%		n.m.	n.m.
WALT (years)	7.2		8.7		(1.5)	(17.2%)

The table shows the comparison with the 2016 financial year which highlights a significant improvement in all performance indicators. This improvement is mainly due to the fact that in 2016 the Company started to operate in May 13th, 2016 and to the new investments made in 2017.

The Group net result at December 31st, 2017 amounted to Euro 28.9 million, an increase of Euro 16.8 million compared to December 31st, 2016, as shown in the table below.

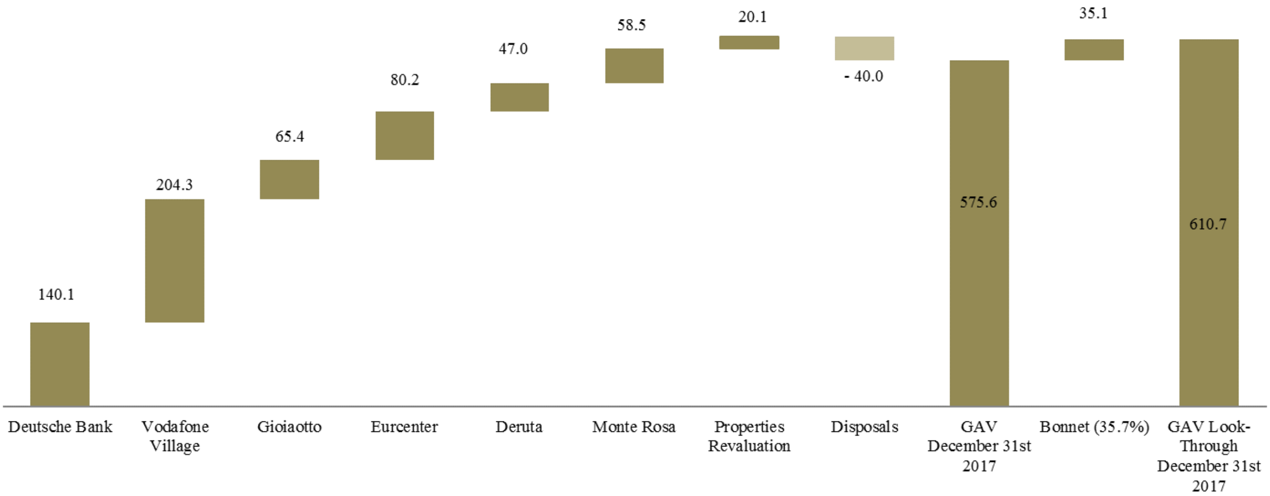
(Million of Euro)	**December 31st, 2017**	**December 31st, 2016**
Rents	34.2	15.5
Net real estate operating expenses	(3.7)	(1.9)
NOI	**30.5**	**13.7**
Other revenues	0.0	0.0
G&A	(8.0)	(4.7)
Other expenses	(0.1)	(0.4)
Non-recurring general expenses	(0.8)	(1.0)
EBITDA	**21.6**	**7.6**
Net depreciation	(0.0)	(0.2)
Net movement in fair value	15.3	4.5
EBIT	**36.9**	**11.9**
Financial income	0.5	0.5
Income from investments	0.0	3.1
Financial expenses	(6.8)	(2.8)
Profit before taxation	**30.7**	**12.6**
Income tax	(0.0)	0.0
Profit	**30.7**	**12.6**
Minority share of MHREC	(1.8)	(0.5)
Profit attributable to COIMA RES	**28.9**	**12.1**
EPRA Earnings	15.3	4.8
EPRA Earnings per share	**0.42**	**0.13**
FFO	15.3	5.2
Recurring FFO	**16.8**	**6.2**
Recurring FFO per share	0.47	0.17

The reclassified balance sheet is shown below, compared with the figures as at December 31st, 2016, and the pro-forma prepared by considering a proportional consolidation of the investment in Bonnet (hereinafter "Look-Through adjusted") instead of the consolidation in equity in accordance with the international accounting standard IFRS of the consolidated financial statements.

(Million of Euro)	**December 31st, 2017**	**December 31st, 2016**	**Δ**	**Δ%**	**December 31st, 2017 Look-Through adjusted**
Investment properties	575.6	493.1	82.4	16.7%	610.7
Financial assets	4.2	2.2	2.0	90.6%	4.2
Investments accounted for using the equity method	16.9	16.2	0.7	4.2%	2.0
VAT receivable	-	38.0	(38.0)	(100.0%)	-
Total LT assets	**596.6**	**549.5**	**47.1**	**8.6%**	**616.8**
Trade receivables	8.2	8.7	(0.5)	(5.8%)	8.5
Other assets	0.0	-	0.0	0.0%	0.0
Cash	27.0	113.1	(86.1)	(76.1%)	27.1
Total current assets	**35.2**	**121.8**	**(86.6)**	**(71.1%)**	**35.6**
Non-current assets held for sale	38.0	-	38.0	100.0%	38.0
Total assets	**669.9**	**671.4**	**(1.5)**	**(0.2%)**	**690.4**
Debt	240.4	290.0	(49.6)	(17.1%)	259.7
Provisions	0.1	0.1	0.1	58.1%	0.1
Other liabilities	0.1	0.6	(0.5)	(87.7%)	0.1
Trade payables	11.2	7.7	3.5	45.6%	11.9
Current financial debt	22.7	-	22.7	100.0%	22.7
Total liabilities	**274.6**	**298.3**	**(23.8)**	**(8.0%)**	**294.5**
Minorities share of MHREC	11.9	11.1	0.8	7.2%	11.9
NAV	**383.4**	**361.9**	**21.5**	**5.9%**	**384.0**
NAV per share	10.65	10.05	0.60	5.9%	10.66
Net Loan to Value	*37.1%*	*27.4%*			*38.1%*

The most significant changes in 2017 relate to real estate investments, which increased by Euro 82.4 million due to new acquisitions, amounting to Euro 105.6 million (including transaction costs), the sale of bank branches for Euro 0.5 million, revaluations equal to Euro 15.4 million and the reclassification of Euro 38 million from *investment properties* to *non-current assets held for sale*. This reclassification relates to preliminary agreements for the sale of 21 Deutsche Bank branches signed on November 14th, 2017 and subsequently concluded in January 2018.

The following table shows the composition of the Company's portfolio as of December 31st, 2017 and the single movements that occurred from May 13th, 2016.



The new investments were made using mainly the available cash, as evidenced by the negative change of the same for Euro 86.1 million, and by accessing a new loan of Euro 20 million. Financial indebtedness suffered a net decrease of Euro 26.8 million due to the full repayment of the VAT line, for Euro 42 million, and new loans for Euro 20 million, net of the effect of the amortized cost.

Shareholders' equity increased by Euro 21.5 million, mainly due to the profit produced in the period, equal to Euro 28.9 million, and dividends and advance payment dividends distributed in 2017, equal to Euro 7.3 million.

The table below shows the consolidated net financial debt of the Company as at December 31st, 2017 according to the recommendation ESMA / 2013/319.

(Million of Euro)	December 31st, 2017	December 31st, 2016
(A) Cash	27.0	109.8
(B) Cash equivalent	-	3.3
(C) Trading securities		
(D) Liquidity (A)+(B)+ (C)	**27.0**	**113.1**
(E) Current financial receivables		
(F) Current bank debt		
(G) Current portion of non-current debt	(22.7)	-
(H) Other current financial debt		
(I) Current financial debt (F)+(G)+(H)	**(22.7)**	**-**
(J) Net current liquidity (I)+(E)+(D)	**4.3**	**113.1**
(K) Non-current bank loans	(240.4)	(290.0)
(L) Bonds issued		
(M) Other non-current loans		
(N) Non-current financial indebtedness (K)+(L)+(M)	**(240.4)**	**(290.0)**
(O) Net liquidity (J)+(N)	**(236.1)**	**(176.9)**

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

Pursuant to Article 123-bis, para. 3, of Legislative Decree no. 58 of February 24th, 1998, the "Corporate Governance and Ownership Structures Report" is available on the "Governance" section of the COIMA RES S.p.A. SIIQ website (www.coimares.com).

REMUNERATION REPORT

Pursuant to Article 84-quarter, para. 1, of the Issuers' Regulations, implementing Legislative Decree no, 58 of February 24th, 1998, the "Remuneration Report" is available on the COIMA RES S.p.A. SIIQ website (www.coimares.com).

ORGANISATIONAL MODEL AND CODE OF ETHICS

On July 27th, 2016, the Board of Directors approved the code of ethics and the organizational model, as provided for by Legislative Decree no. 231/2001, dated September 29th, 2016 established the supervisory body and appointed as members Marco Lori, as Chairman, Michele Luigi Giordano in substitution of Arturo Sanguinetti and Mario Ippolito from the Carnelutti law firm.

RESEARCH AND DEVELOPMENT

COIMA RES S.p.A. SIIQ did not conduct any research and development activities during 2017.

TREASURY SHARES AND SHARES OR UNITS OF PARENT COMPANIES

At December 31st, 2017, COIMA RES S.p.A. SIIQ did not hold any treasury shares or shares in parent companies.

RELATIONS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

With reference to the nature of the relationships between Group companies and related parties, please refer to the description in the paragraph 36.

SUBSEQUENT EVENTS

On January 12th, 2018, the COIMA CORE FUND IV concluded the sale of 21 branches of Deutsche Bank, six months in advance of the original plan, for a total amount of Euro 38 million.

On January 25th, 2018, the Company set up a consortium for the management of the common parts of the Lorenteggio Village building complex, in which the property owned by the Company whose owner is Vodafone insists. At the same time, a contractual addendum was signed in which the contractual relations emerging from the establishment of the consortium are regulated.

On February 1st, 2018, the Company signed a new lease with PwC in the building located in Milan Via Monte Rosa n. 93 with a total rent of Euro 154 thousand and three months of free rent.

BUSINESS OUTLOOK

The year ended December 31st, 2017 represents the first full year of the Group, although it cannot be defined as fully invested. The Group focused mainly on performing new investments, improving the profile of its portfolio, including through divestments, and studying further investment opportunities. These activities involved the following results:

- **Increase in EPRA NAV per share:** of 6.2% compared to December 31st, 2016;
- **EPRA Earnings:** increase from Euro 4.8 million (Euro 0.13 per share) at December 31st, 2016 to Euro 15.3 million (Euro 0.42 per share) at December 31st, 2017;
- **Expansion of the real estate portfolio:** from Euro 526.2[(2)] million (as at December 31st, 2016) to Euro 610.7[(2)] million (as of December 31st, 2017), with investments of Euro 105.6 million (including closing costs), disinvestments of Euro 38 million and revaluations for Euro 15.4 million;
- **Increase in gross rental income:** from Euro 15.5 million (as at December 31st, 2016) to Euro 34.2 million as at December 31st, 2017;
- **Increase of Funds From Operations:** from Euro 6.2 million at December 31st, 2016 to Euro 16.8 million at December 31st, 2017;
- **Moderate leverage:** Net Loan to Value equal to 37.1%; maximum LTV of 45%.

The result of the Consolidated Financial Statements at December 31st, 2017 attributable to COIMA RES S.p.A. SIIQ is equal to Euro 28,889 thousand. In consideration of the above results, the Company's Board of Directors had the opportunity to propose to the Shareholders' Meeting a dividend of Euro 9,722 thousand (Euro 0.27 per share), of which Euro 3,240 thousand (Euro 0.09 per share) paid in advance in November 2017. The dividend was

[2] Considering Bonnet on look-through basis (35.7%)

calculated on the basis of the results of the Parent Company and of the regulations in force concerning listed real estate investment companies.

The Company expects that the portfolio composed and described in the previous pages, including the investment in the building complex in Via Monte Rosa 93 carried out in the last quarter of 2017, may generate revenues in excess of Euro 35 million, giving the Company the opportunity to have a positive result also for the year 2018 and the possibility of distributing further dividends to shareholders. In addition, the Company still has about Euro 80,000 thousand, of financial resources to invest in additional properties that may possibly contribute to improving the profile of the Company's portfolio also in terms of additional income.
Based on the foregoing, the Directors have drawn up these consolidated financial statements with a view to the continuation of the activity since they believe that all the elements that confirm the Company's ability to continue operating as an operating entity continue to exist.

SIIQ REGIME

Application of SIIQ regime is subordinated to the condition which companies engage primarily the property leasing activities.

The prevalence shall be tested according to two parameters:

a) Financial: land and buildings held as property or other real right for rental activities represent at least 80% of the assets - "asset test".
b) Economic: in each financial year, revenues from rental activities representing at least 80% of the positive components of the income statement - "profit test" (ratio of exempt income and total proceeds).

At the date of these financial statements, the Company complies with the two parameters.

OTHER INFORMATIONS

Option to derogate (Opt Out) the obligation to publish a document in the event of significant transactions

Company's Board of Directors on September 14th, 2015 resolved to make use of the derogation provided for in Articles 70, paragraph 8 and 71, paragraph 1-bis of Consob Regulation no. 11971/99.

Definition of SMEs

With reference to the definition of SMEs, set out in Article 1, paragraph 1, letter w-quater 1) of the Consolidated Finance Act, we report that, at the date of these financial statements, the Company falls that definition because it has a lower turnover of Euro 300 million and a market capitalization less than Euro 500 million.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2017

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT/(LOSS) FOR THE YEAR

(in thousands Euro)	Notes	December 31st, 2017	*of which related parties*	December 31st, 2016	*of which related parties*
Income statements					
Rents	3	34,242	-	15,534	-
Net real estate operating expenses	4	(3,855)	(105)	(1,873)	(22)
Net rents		**30,387**	**(105)**	**13,661**	**(22)**
Income from disposal	5	30	-	50	-
Costs of sales		-	-	-	-
Net revenues from disposal		**30**	**-**	**50**	**-**
Other revenues		-	-	10	10
G&A expenses	6	(8,737)	(5,289)	(5,818)	(3,412)
Other operating expenses	7	(89)	130	(314)	(291)
Gross operating income		**21,591**	**(5,264)**	**7,589**	**(3,715)**
Net depreciation	8	(91)	-	(182)	-
Net movement in fair value	9	15,400	-	4,471	-
Net operating income		**36,900**	**(5,264)**	**11,878**	**(3,715)**
Net income attributable to non-controlling interests	10	49	-	1,115	-
Income from subsidiaries		-	-	1,977	-
of which non-recurring		-	-	*1,977*	-
Financial income	11	537	-	468	-
Financial expenses	11	(6,786)	-	(2,809)	-
Profit before tax		**30,700**	**(5,264)**	**12,629**	**(3,715)**
Income tax	12	(11)	-	-	-
Profit		**30,689**	**(5,264)**	**12,629**	**(3,715)**
Minorities		(1,800)	-	(506)	-
Profit for the Group		**28,889**	**(5,264)**	**12,123**	**(3,715)**

EARNINGS PER SHARE

(in Euros)	Notes	December 31st, 2017	December 31st, 2016
Earnings per share			
Basic, net income attributable to ordinary COIMA RES SIIQ's shareholders	13	0.80	0.53
Diluted, net income attributable to ordinary COIMA RES SIIQ's shareholders	13	0.80	0.53

CONSOLIDATED STATEMENT OF OTHER ITEMS IN THE COMPREHENSIVE INCOME STATEMENT

(in thousands Euro)	Notes	December 31st, 2017	December 31st, 2016
Profit for the year		**30,689**	**12,629**
Other comprehensive income to be reclassified to profit of the period in subsequent periods	25	(46)	75
Other comprehensive income not to be reclassified to profit of the period in subsequent periods		-	(10,070)
Other comprehensive income		**30,643**	**2,634**
Referable to:			
Group shareholders		28,843	2,128
Minorities		1,800	506
Total		30,643	2,634

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands Euro)	Notes	December 31st, 2017	of which related parties	December 31st, 2016	of which related parties
Assets					
Real estate investments	14	563,410	-	480,900	-
Other tangible assets	15	351	-	3	-
Intangible assets	15	24	-	-	-
Investments accounted for using the equity method	16	16,879	-	16,187	-
Available for sale financial assets	17	1,492	-	-	-
Non-current deferred tax assets	18	9	-	6	-
Derivatives	19	723	-	613	-
Long term financial assets	20	1,620	1,620	1,621	1,621
Trade and other non-current receivables	21	-	-	38,000	-
Total non-current assets		**584,508**	**1,620**	**537,330**	**1,621**
Inventories	22	12,140	-	12,220	-
Trade and other current receivables	23	8,194	46	8,739	115
Cash and cash equivalents	24	27,042	-	113,102	-
Total current assets		**47,376**	**46**	**134,061**	**115**
Non-current assets held for sale	14	38,000	-	-	-
Total assets		**669,884**	**1,666**	**671,391**	**1,736**
Liabilities					
Capital stock		14,451	-	14,451	-
Share premium reserve		335,549	-	335,549	-
Valuation reserve		29	-	75	-
Interim dividend		(3,240)	-	-	-
Other reserves		7,733	-	-	-
Profit / (loss) carried forward		-	-	(320)	-
Profit / (loss) for the period		28,889	-	12,123	-
Total Group shareholders' equity		**383,411**	**-**	**361,878**	**-**
Minorities		**11,915**	**-**	**11,114**	**-**
Shareholders' equity	**25**	**395,326**	**-**	**372,992**	**-**
Bank borrowings and other non-current lenders	26	240,420	-	289,973	-
Deferred tax liabilities	27	7	-	-	-
Payables for post-employment benefits	28	20	-	5	-
Provisions for risks and charges	29	123	-	125	-
Trade payables and other non-current liabilities	30	554	243	577	391
Total non-current liabilities		**241,124**	**243**	**290,680**	**391**
Bank borrowings and other current lenders	26	22,720			
Trade payables and other current liabilities	31	10,653	2,306	7,713	3,762
Current tax payables	32	61	-	6	-
Total current liabilities		**33,434**	**2,306**	**7,719**	**3,762**
Total liabilities		**274,558**	**2,549**	**298,399**	**4,153**
Total liabilities and shareholders' equity		**669,884**	**2,549**	**671,391**	**4,153**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands Euro)	Capital stock	Share premium reserve	Valuation reserve	Other reserves / (interim dividend)	Profit / (loss) carried forward	Profit / (loss) for the year	Total Group Shareholders' equity	Minorities	Total Shareholders' equity
Balance as of June 8th, 2015	**50**		**-**	**-**	**-**	**-**	**50**	**-**	**50**
Capital increase September 30th, 2015	21	499	-	-	-		520	-	520
Profit / (loss) for the period			-	-	-	(320)	(320)	-	(320)
Balance as of January 1st, 2016	**71**	**499**	**-**	**-**	**-**	**(320)**	**250**	**-**	**250**
Loss carried forward	-	-	-	-	(320)	320	-	-	-
Capital increase May 11th, 2016	5,780	138,720	-	-	-	-	144,500	-	144,500
Capital increase May 13th, 2016	8,600	206,400	-	-	-	-	215,000	-	215,000
IPO costs	-	(10,070)	-	-	-	-	(10,070)	-	(10,070)
Acquisition of MHREC	-	-	-	-	-	-	-	10,897	10,897
Dividend distribution	-	-	-	-	-	-	-	(289)	(289)
Cash flow hedge reserve	-	-	75	-	-	-	75	-	75
Profit / (loss) for the period	-	-	-	-	-	12,123	12,123	506	12,629
Balance as of December 31st, 2016	**14,451**	**335,549**	**75**	**-**	**(320)**	**12,123**	**361,878**	**11,114**	**372,992**
Profit carried forward	-	-	-	7,735	320	(8,055)	-	-	-
Dividend distribution on 2016 results	-	-	-	-	-	(4,068)	(4,068)	(999)	(5,067)
Interim dividend on 2017 results	-	-	-	(3,242)	-	-	(3,242)	-	(3,242)
Cash flow hedge reserve	-	-	(58)	-	-	-	(58)	-	(58)
Available for sale reserve	-	-	12	-	-	-	12	-	12
Profit / (loss) for the period	-	-	-	-	-	28,889	28,889	1,800	30,689
Balance as of December 31st, 2017	**14,451**	**335,549**	**29**	**4,493**	**-**	**28,889**	**383,411**	**11,915**	**395,326**

CASH FLOW STATEMENT

(in thousands euro)	Notes	2017	2016
Profit for the period before tax		30,689	12,629
Adjustments to reconcile the profit to net cash flow:			
Net depreciation	8	91	182
Severance pay	28	46	130
Net movement in fair value property	9	(15,400)	(4,741)
Net income attributable to non-controlling interests	10	(49)	(1,115)
Income from subsidiaries (badwill)		-	(1,977)
Financial income	11	(18)	(214)
Financial expenses	11	1,037	320
Net movement in fair value of financial instrument	30	(148)	291
Changes in working capital:			
(Increase) / decrease in trade and other current receivables	23	563	(4,959)
(Increase) / decrease in deferred tax assets		-	(6)
(Increase) / decrease in long term financial assets		-	5,200
(Increase) / decrease in inventories		-	1,450
Increase / (decrease) in trade payables and other current liabilities	31	2,940	1,021
Increase / (decrease) in current tax payables	32	55	(7)
Increase / (decrease) in trade payables and other non-current liabilities	27,28,29,30	91	-
Other changes in working capital		-	(1,200)
Net cash flows generated (absorbed) from operating activities		**19,897**	**7,004**
Investment activities			
(Acquisition) / disposal of real estate properties	14	(105,110)	(204,282)
(Acquisition) / disposal of other tangible and intangible assets	15	(383)	(3)
(Acquisition) / disposal of other non-current receivables	21	38,000	(36,957)
(Increase) / decrease in financial activities	17	(1,485)	-
Purchase of subsidiaries (net of cash acquired)		-	(55,467)
Purchase of associated companies	16	(643)	(13,215)
Net cash flow generated (absorbed) from investment activities		**(69,621)**	**(309,924)**
Financing activities			
Shareholders' contribution / (dividends paid)	25	(7,308)	204,935
Dividends paid to minorities	25	(999)	(288)
(Acquisition) / closing of derivatives	19	(736)	(538)
Increase / (decrease) in bank borrowings and other current lenders		-	(130)
Increase / (decrease) in bank borrowings and other non-current lenders	26	19,770	213,590
Repayment of borrowings	26	(47,063)	(1,937)
Net cash flows generated (absorbed) from financing activities		**(36,336)**	**415,632**
Net increase / (decrease) in cash and cash equivalents		(86,060)	112,712
Cash and cash equivalents at the beginning of the period	24	113,102	390
Cash and cash equivalents at the end of the period		**27,042**	**113,102**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Principles of preparation and changes in accounting standards

1.1 Principles of preparation

The consolidated financial statements at December 31st, 2017 have been prepared in accordance with the IAS/IFRS accounting standards set forth by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost principle, except for investment properties, land and buildings, derivative financial instruments, contingent consideration and liabilities for non-cash distributions that are recognised at fair value. The carrying value of assets and liabilities that are subject to hedging transactions at fair value and would otherwise be carried at amortised cost, has been adjusted to take account of changes in fair value attributable to the hedged risks.

The consolidated financial statements were prepared in EUR and all amounts are rounded to thousands of Euro, unless otherwise indicated.

The consolidated financial statements include the consolidated statement of financial position, the consolidated statement of profit/(loss) for the year, the consolidated other comprehensive income statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, in accordance with the principle of accrual, principle of relevance and significance of information and the prevalence of substance over form.

Assets and liabilities and revenues and expenses are offset only if required or permitted by an accounting standard or its interpretation.

The accounts adopted are consistent with those established by IAS 1 - "Presentation of Financial Statements". In particular:

- the statement of financial position has been prepared by classifying assets and liabilities according to the "current / non-current" criterion;
- the income statement and other comprehensive income statement have been prepared by classifying operating expenses by nature;
- the cash flow statements have been prepared using the "indirect method".

The formats used, as specified above, are those that best represent the economic standing and financial position of the Company.

1.2 Consolidation

Scope of consolidation

The consolidated financial statements have been drawn up based on the financial statements as of December 31th, 2017 prepared by the consolidated companies and adjusted. where necessary. to align them with the IFRS-compliant accounting and classification policies. The consolidation perimeter includes COIMA RES S.p.A. SIIQ

as parent company, COIMA CORE FUND IV, MHREC Fund, MHREC S.a.r.l. and COIMA RES S.p.A. SIINQ I as funds and companies consolidated using the full consolidation method, Porta Nuova Bonnet Fund and Co – Investment 2 SCS as related fund and company consolidated by the equity method.
The Company consolidates the mentioned funds and companies in the consolidation financial statements because all the criteria provided by paragraphs 6 and 7 of IFRS 10 in relation to the consolidation of the investment entities are met.

Consolidation methods

The consolidated financial statements include the financial statements of COIMA RES S.p.A. SIIQ, COIMA CORE FUND IV, MHREC Fund, MHREC S.à.r.l. and COIMA RES S.p.A. SIINQ I as of December 31st, 2017.
The subsidiaries' accounts are prepared each year using the same accounting standards as the Company.

The main consolidation methods used to prepare the consolidated financial statements are the following:

- subsidiaries are consolidated from the date control is effectively transferred to the Company. and cease to be consolidated from the date control is transferred outside the Company; control exists when the Company has the power, directly or indirectly, to influence a company's financial and managerial policies in such a way as to obtain benefits from its operations;
- subsidiaries are consolidated on a line-by-line basis, aggregating all financial statement items in full. regardless of the interest held. Only for the determination of net equity and net profit (loss) is the minority interest, if any, shown separately in the statement of financial position and the income statement;
- the consolidation of related companies is determined with pro rata adjustments of the participation of changes in equity of associated companies;
- the carrying value of equity investments is eliminated against the assumption of their assets and liabilities;
- all intercompany assets, liabilities, income and losses, including unrealized profits deriving from transactions between Group companies, are eliminated.

1.3 Main balance sheet items

Real estate investments

Investment property is represented by property held to earn rental income and/or for capital appreciation and not for use in the production or supply of goods or services or for administrative purposes.

Investment property is initially recognized at cost including incidental expenses and acquisition, consistent with IAS 40, and subsequently measured at fair value, recognizing in the income statement the effects of changes in fair value of investment property in the year such occur.

The costs incurred relating to subsequent interventions are capitalized on the carrying value of the investment property when it is probable that they will generate future economic benefits and their cost can be measured reliably. Other maintenance and repair costs are expensed as incurred.

The *fair value* of the investment property does not reflect future capital investments that will improve or enhance the properties and does not reflect future benefits from this expenditure.

Investment property is derecognized when sold or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses arising from the retirement or disposal of an investment property are recognized in the income statement in the year of the withdrawal or disposal.

IFRS 13 defines the fair value as the price (*exit price)* that would be received for the sale of an asset, or that would be paid for transfer of a liability in a regular transaction between market participants at the valuation date.

In particular, in measuring the *fair value* of investment property, as required by IFRS 13, the company must ensure that the fair value reflects, among others, rental income from current leases, and other reasonable and supportable assumptions that market participants would use to price real estate properties under current conditions.

In accordance with IFRS 13, the fair value valuation of a non-financial asset considers the ability of a market operator to generate economic benefits from using the asset at its *highest and best use,* or selling it to another market participant that would employ such at its highest and best use.

According to IFRS 13, an entity must employ valuation techniques appropriate to the circumstances and for which sufficient data are available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value is measured based on observable transactions in an active market, adjusted if necessary, depending on the specific characteristics of each investment property. If such information is not available, to determine the fair value for measurement of the investment property, the company uses the discounted cash flow method (for a period that varies according to the duration of existing contracts) related to future net income from leasing of property, and it is assumed that the property is sold at the end of this period.
Investment property is valued with the support of an external independent valuation company, duly recognized in terms of professional qualification and recent experience in the leasing and characteristics of the property evaluated.
The Company has adopted an internal procedure for the selection and appointment of independent experts as well as for the valuation of investment properties. On the selection and appointment of the independent experts, the procedure requires specific operational binding instructions to verify, through appropriate written statements or acquiring specific certifications. that independent experts respond to business needs and with local regulations.
Valuations are prepared every six months, in compliance with the standard "*RICS Valuation - Professional Standards*" and in compliance with applicable regulations and the recommendations provided by ESMA European Securities and Markets Authority. For more details, please refer to note 14.
The remuneration provided for assessments at December 31st, 2017 has been preliminarily defined as a fixed amount based on the size of the individual investment property. The process by which the Company determines the fair value of its real estate investments, however, falls within the estimation processes, which implies the forecast of costs and revenues related to each investment and the formulation of assumptions on variables of calculation models that depend on expectations the performance of real estate and financial markets as well as the general economic conditions that affect rent levels and the reliability of tenants, and that, in consideration of the uncertainty connected to the realization of any future event, are able to determine variations, even significant and in the short term, the conclusions of the experts and therefore of the results of the financial statements, albeit in constant evaluation models. As for the use of estimates regarding real estate investments, refer to paragraph 14 - Investment property.

Real estate initiatives in progress

The real estate initiatives in progress are measured at fair value according to the international accounting standard IAS 40 - Fair value option, if:

- the destination to the lease or the appreciation of the invested capital is envisaged

is

- the fair value of investments can be reliably determined.

In accordance with the provisions of Consob recommendation DIE / 0061944, the estimate of fair value is considered reliable if the following main conditions are met:

- the project is in an advanced state

or

- the main building permits and authorizations have been obtained, the main tasks for the realization of the project have been assigned and there are no financing difficulties in the subsequent development phases.

If these conditions are not met, the property is accounted for in accordance with IAS 16.

Inventories

Inventories consist of lands - also to be built -, properties under construction and renovation, completed properties, for which the purpose is the sale to third parties and is not maintaining the property portfolio to perceive the rental income.

Land for development are valued at the lower of acquisition cost and estimated realizable value. Cost includes incremental expenses and borrowing costs eligible for capitalization. where the following conditions:

- management has taken decision on the allocation of significant areas in its use. development. or direct sales;
- being incurred costs to obtain the asset;
- being incurred borrowing costs.

Properties under construction and / or being restructured, are valued at the lower of cost. including incremental expenses of their value and capitalizable financial charges, and estimated realizable value.

The properties for sale are valued at the lower of cost or market value based on transactions of similar properties by location and type. The acquisition cost is increased by any incremental expenses incurred up to the time of sale.

Assets and financial liabilities

Assets and financial liabilities are accounted in accordance with IAS 39 - Financial Instruments: Recognition and Measurement. and IAS 32 - Financial instruments: presentation and supplementary information.

Loans and receivables that the Company does not hold for trading (loans and receivables originated during operational activities), securities held with the intention of keeping such in the portfolio until maturity, and all financial assets not listed in an active market and whose fair value cannot be determined reliably, are measured, if featuring a fixed term, at amortised cost using the real interest rate calculation method. When financial assets have no fixed maturity, such are valued at acquisition cost.

Receivables due beyond one year. non-interest bearing or which bear interest below market are discounted using market rates. Valuations are carried out regularly as to whether there is objective evidence that a financial asset or a group of assets may have suffered an impairment loss. If any such evidence exists. the impairment loss is recognized as an expense in the income statement for the period.

Financial liabilities are initially recognized at fair value and subsequently carried at amortized cost method using the real interest rate calculation method.

Available for sale

Available for sale financial assets include fund units (equity, bonds and others). Assets classified as available for sale are those that have not been classified as held for trading or designated at fair value through profit or loss. In this category, debt securities held for an indefinite period and those that could be sold in response to liquidity needs or changes in market conditions are classified.
After initial recognition, available for sale securities are measured at fair value and their unrealised gains and losses are recognised among the other components of the comprehensive income statement in the reserve for available for sale assets up to the elimination of the investment - when the accumulated profit or loss is recognized among other operating income or expense - or up to the moment when a loss is denominated - when the cumulative loss is reversed from the reserve and reclassified to the profit/(loss) from financial expenses. Interest received during the period in which the financial assets available for sale are held are recognized as financial income using the effective interest.

Derivatives

Derivatives, including separated embedded derivatives, are assets and liabilities recorded at *fair value*. Derivatives are designed as hedging instruments when the relation between derivative and the covered instrument is formally documented and the hedge effectiveness, verified periodically, is high. When hedging instruments cover the risk of fair value changes of covered instruments (fair value hedge; es. cover the change in fair value of assets/liabilities at a fixed rate), derivatives are recorded at fair value through profit and loss; consistently, the covered instruments are adjusted to reflect in the income statement the fair value changes related to covered risk, regardless of different criteria valuation forecast. When derivatives cover the risk of cash flow variations of covered instruments (cash flow hedge; es. hedging the cash flow variation of assets/liabilities due to exchange rates movements), the portion of fair value considered effective are initially recognized in OCI in the cash flow hedge reserve and subsequently recognized in the statement of profit or loss. consistently with the economic effects of the hedged. Any ineffective portion is recognized immediately in the statement of profit or loss.

Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as are placement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Plant, machinery and equipment	12 years
Office properties	12 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits. in the latter case with a term of less than three months. Cash and cash equivalents are stated at their nominal value and the spot rate at year-end, if in foreign currency.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

or

- is a subsidiary acquired exclusively with a view to dispose it.

Net Equity

Capital stock

The capital stock represents the nominal value of payments and contributions made in this regard by shareholders.

Valuation reserve

When derivatives cover the risk of cash flow variations of covered instruments (cash flow hedge; e.g. hedging the cash flow variation of assets/liabilities due to exchange rates movements), the portion of fair value considered effective are initially recognized in OCI in the cash flow hedge reserve, and subsequently recognized in the statement of profit or loss, consistently with the economic effects of the hedged.

Financial assets available for sale, after initial recognition, are valued at fair value with the posting of changes in equity, in the valuation reserve of assets available for sale.

Cash dividend and Interim dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As for the corporate laws in Europe, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Severance pay

Severance pay fund (TFR) is considered as a defined benefit plan. The benefits promised to employees are recognized monthly with the maturation and are paid upon termination of employment. The severance pay is accrued based on the seniority reached at the end of each individual employee in accordance with the laws and labor contracts in force at the reporting date. The provision reflects the liability towards employees, based on experience and seniority wages paid, recalculated on the basis of its actuarial value. The adopted actuarial assessments are the best estimates of the variables that determine the final cost of the subsequent performance at the end of the employment relationship.

Provision for risks and charges

The provisions for risks and charges are recognized when the Company has a present obligation (legal or constructive) as a result of a past event. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate. the risks specific to the liability. When discounting is used. the increase in the provision due to the passage of time is recognized as a finance cost.

Valuation of the financial instruments

The financial instruments are incentives granted to management in relation to their significant contribution at start-up and development of the Company. They will be entitled to payment of a yield related to changes in Net Asset Value (NAV) to be performed including remuneration in shares of the Company. The financial instruments are recognized initially at fair value recording the related cost in the income statement, and by subsequently evaluating at each balance sheet date the effects of the change in the fair value recognized in the income statement during the period in which such occur. The fair value at the closing date of the period is determined by estimates made by management. including through the support of independent experts. The estimates are subject to hypotheses and assumptions that could be different from initial estimate.

Recording of revenues, income and expenses in the income statement

Revenues
Revenue is recognized to the extent in which it is likely that economic benefits will be obtained by the company and the revenue can be measured reliably. Revenue is measured at fair value of the amount received, excluding discounts, rebates and other sales taxes.
The following specific recognition criteria of revenues must always be considered before recognition in the income statement:

- *Rental income*: rental income from the investment property owned by the Company is recognised on an accrual basis, conforming to extant lease contracts
- *Sale of properties*: revenues from sale of properties is recognized in the income statement and are recognized when the Company has transferred all significant risks and rewards of ownership of the property.

Costs
The costs and other operating expenses are recognized as components of the fiscal year result when incurred on an accrual basis, and when such cannot be recognized as assets in the balance sheet.

Financial income and charges
Financial income and expenses are recognized on an accrual basis according to the interest accrued on the net value of the related financial assets and liabilities using the effective interest method.
Borrowing costs directly attributable to the acquisition and construction of investment property are capitalised in the carrying amount of the pertinent property. Capitalisation of interest is carried out on condition that the increase in the carrying value of the asset does not ascribe to the same value higher than its fair value.

Taxes

Current taxes
Current income taxes are calculated based on estimated taxable income. Liabilities for current taxes are recognised in the balance sheet net of any advance taxation.

Tax payables and receivables for current taxes are measured at the amount expected to be paid /received to/from the tax authorities based on the nominal tax rates in effect at the balance sheet date, except for those directly recorded in shareholders' equity, in that such relate to adjustment of assets and liabilities recognised directly to equity. Other non-income taxes, such as taxes on property and capital, are included in the operating costs.
The Company is under the SIIQ tax regime. SIIQs are subject to neither corporate income tax (“**IRES**”) nor regional tax on productive activities (“**IRAP**”) on the business income deriving from letting real property and on other real estate related items of income. On the other hand, the earnings and profits corresponding to the exempt income are subject to taxation in the hands of the shareholders upon distribution.
Taxes are therefore calculated on the income produced by the non-exempt income.

Deferred tax
Deferred tax is recognized using the liability method on temporary differences.
It is calculated on the temporary differences between the carrying amounts of assets and liabilities recorded in the balance sheet and their tax value. The deferred tax assets on tax losses carried forward and on deductible temporary differences are recognized to the extent in which it is likely that future taxable profit will be available against which such can be recovered, considering the SIIQ status.

The tax assets and liabilities are measured using the tax rates expected to be applicable during the years when temporary differences will be reversed. Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The assets and current and deferred tax liabilities are offset when the income taxes are levied by the same taxation authority, when there is a legally enforceable right to offset, and when the expected repayment time is the same.

Earnings Per Share

Earnings Per Share - basic

Basic earnings per ordinary share is calculated by dividing the profit for the period attributable to ordinary shares and the weighted average number of ordinary shares outstanding during the year.

Earnings Per Share - diluted

Basic earnings per ordinary share diluted is calculated by dividing the profit for the period attributable to ordinary shares and the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued upon conversion into ordinary shares of all potential ordinary shares with dilution effects.

Use of estimates

The preparation of the financial statements and related notes requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statements.

Actual results could differ from these estimates due to the uncertainty surrounding the assumptions and conditions on which the estimates are based. Therefore, changes in the conditions underlying the opinions, assumptions and estimates adopted may have a significant impact on future results.

Estimates are used to determine the fair value of investment properties, of financial instruments and derivatives.

Estimates and assumptions are reviewed periodically by management and, when deemed necessary, are seconded by opinions and studies of independent external consultants of leading standing (for example, real estate appraisals), and the effects of any changes are reflected in the income statement.

The following are the most significant estimates related to the preparation of financial statements and annual accounting reports in that they entail many subjective opinions, assumptions and estimates:

- *Investment property*: is initially recognised at cost including incidental expenses and acquisition, consistent with IAS 40, and subsequently measured at fair value, recognising in the income statement the effects of changes in fair value of investment property in the year such occur. The fair value at the closing date of the period is determined by valuation of the real estate assets performed by independent experts; this valuation is subject to hypotheses. assumptions and estimates. Therefore, a valuation by different experts might not result in an identical opinion;
- *Financial assets available for sale*: after initial recognition, financial assets available for sale are measured at fair value and their unrealized gains and losses are recognized among the other comprehensive income in the reserve of assets available for sale. The fair value is determined by management based on the market quotations of the securities funds at the reference date;
- *Financial instrument*: financial instruments are initially valued at fair value, recording the effects deriving from the change in fair value in the period in which they occur in the income statement. Fair value is determined through estimates made by management, also through the support of independent experts; this valuation is subject to estimation processes, which implies the forecast of cash flows based on variables that depend on expectations of the performance of the real estate and financial markets as well as the general market conditions;
- *Taxes*: income taxes, related to the non-exempt income, are estimated based on the prediction of the

actual amount that will be paid to the Inland Revenue Office based on the income tax declaration; recognition of deferred tax assets is based on expectations of taxable income in future years, and pre-paid and deferred taxes are determined at the tax rates expected to be applied during the years in which temporary differences will be reversed;

1.4 New accounting standards, interpretations and amendments adopted by the Company

The accounting standards adopted in the preparation of the consolidated financial statements are consistent with those in effect at the balance sheet date inclusive of new standards, amendments and interpretations effective from June 30th, 2017. The Company has not adopted any new policy, interpretation or amendment issued but not yet effective.
The type and effects of these changes are described below. Although these new policies and amendments are applicable for the first time in 2017, such do not significantly impact the consolidated financial statements of the Company. The type and impact of any new policy/amendment are listed below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).
The Group has provided the information for both the current and the comparative period in note 26.

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Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12 apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.
As at December 31st, 2017 the Group has no wholly-owned subsidiaries as held for sale.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.
These amendments did not affect the Group's financial and income statements because the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

New accounting principles

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after January 1st, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9.
This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9 regarding the loss of value on loans, valuation of financial liabilities as better described below and finally it is considered that there will be changes to the classification of some financial instruments, as required by the principle.

Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9 infact, it expects to continue measuring at fair value all financial assets currently held at fair value. However, financial assets available for sale (AFS) with gains and losses recognized in the statement of the other comprehensive income statement, which are not significant, they will be valued at fair value reporting the effect to the income statement.

The AFS reserve relating to these assets, currently amounting of Euro 12 thousand, which is currently presented as accumulated OCI, following application of the new standard, will be reclassified to retained earnings.

As for equity investments, it should be noted that the Group does not currently hold investments in other companies, except for the assets referred to in the previous paragraph, in fact, the investments currently held in portfolio refer to non-listed subsidiaries and associated companies the cost criterion, subject to verification of any loss in value at each reporting date and not subject to the standard in question.
Loans, as well as trade receivables, are held until they are collected based on contractual deadlines. The Group analyzed the characteristics of the contractual cash flows of these instruments and concluded that they comply with the criteria for amortized cost valuation in accordance with IFRS 9. It is therefore expected that it will not be necessary to proceed to a reclassification of these financial instruments.

Impairment

IFRS 9 requires the Group to record expected credit losses on all items such as loans and trade receivables, regarding either a 12-month period or the entire duration of the instrument (e.g. lifetime expected loss). The Group will apply the simplified approach and therefore record the expected losses on all trade receivables based on their residual contractual duration. The Group, in assessing the impacts deriving from its own receivables in the portfolio, both commercial and financial, considering the characteristics of the same and the counterparties, and the collection times, believes that even if not all loans present a guarantee, the impact deriving from the possible allocation should not be of significant amount.

Hedge accounting

The Group uses the application of Hedge Accounting regarding the Interest Cap Rate instruments subscribed. The analysis carried out did not identify any change to the accounting treatment used for contracts signed also in application of IFRS 9.

Considering the foregoing, the Group has established that all existing hedging relationships that are currently designated as effective hedges will continue to qualify for hegde accounting in accordance with IFRS 9.

Other adjustments

IFRS 9 requires that if the cash flow forecasts generated by a financial liability are subject to revision / amendment, it is necessary to reflect the change by recalculating the amortized cost of the same and recognizing any differences in the Income Statement.
During the first half of 2017 the IFRIC and the IASB confirmed that this provision is applicable also in cases where the review of the expected cash flows from a liability is generated by a renegotiation of the contractual terms of the same that (prior exceeding the so-called '10% test') does not entail the accounting derecognition.
At the methodological level, the calculation of the effects to be recognized in the Income Statement in the event of a review of the future cash flows of the liability is determined as the difference between:

- The amortized cost of the original liability on the renegotiation date (pre-renegotiation contractual features);
- The Net Present Value (NPV) of the new expected contractual flows (post-renegotiation), excluding any new costs incurred in the renegotiation phase, discounted based on the original internal rate of return (IRR) (i.e. prior to renegotiation).

The carrying amount of the new liability is subsequently adjusted for any fees or costs incurred during the renegotiation (with consequent modification of the IRR).

If this accounting approach has not already been applied in accordance with IAS 39 (which effectively allowed the possibility of modifying the IRR because of the changes made to the contractual flows without immediate impacts on the Income Statement at the renegotiation date) IFRS 9 requires the retrospective application of the new provisions (with consequent adjustment of the book value of the renegotiated liabilities existing at the date of first application).
The value of the liabilities subject to renegotiation and in place at December 31st, 2017 will be recalculated in application of the new calculation approach defined by IFRS 9 and, when the balances are re-opened at January 1st, 2018, the difference compared to the carrying value ex. IAS 39 will be adjusted as a contra-item to Shareholders' equity.
Based on the simulations carried out, the expected impact on the opening Shareholders' Equity at January 1st, 2018 is positive (i.e. reduction in the value of the liabilities in question) for an amount equal to approximately Euro 0.7 million gross of the tax effect.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1st, 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2017.
The Group operates in the real estate sector, through the acquisition and management of real estate properties that generate rental income.

Leasing

The Group is characterized by investments in high quality real estate portfolios, concentrated mainly in primary Italian cities, with high-profile tenants and long-term leases, including adequate safeguard clauses and clauses that provide for the tenant to pay the costs and ordinary and extraordinary maintenance works. At present, the rental revenues deriving from property investments are recorded based on the international accounting standard IAS 17 (paragraph 50), the criterion representative of the temporal competence, based on the existing leases.
Considering the current contractual structure and the sector practices adopted by the main competitors, the Group has assessed that with the adoption of IFRS 15 there will be no effects on the financial results.

Presentation and information required

The provisions of IFRS 15 regarding presentation and required disclosure are more detailed than those of the current standards. The provisions relating to the presentation represent a significant change from the practice and significantly increase the volume of disclosure required in the Group's financial statements, however in consideration of the expected impacts from the application of the standard, these changes should not bring significant changes for the Group.

IFRS 16 Leases

From January 1st, 2019 will come into application IFRS 16 setting out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.
It should be note that the Company has leasing contracts for IT equipment, which do not fall within the scope of the principle, and a lease contract relative to the registered office. In fact, on July 21st, 2017 COIMA RES signed a lease contract for the new registered office in Piazza Gae Aulenti n.12. The agreement provides for a six-year term renewable twice with an annual rent of approximately Euro 94 thousand. In consideration of the fact that COIMA RES has invested a significant amount for the fitting out of the new premises, it is appropriate to consider the duration of the lease contract over twelve years.

The first year of adoption of IFRS 16 will entail the registration of an activity for the right of use (c.d. right of use) equal to Euro 715 thousand and a liability for leasing equal to Euro 688 thousand. In subsequent years, the Company will generally recognize the amount of the remeasurement of the lease liability as a correction of the right to use the asset and account for the effects on the income statement, separately recognizing the financial charges of the liability and amortization of the use.

In 2018, the Group will continue to define the potential effects of IFRS 16 on its consolidated financial statements.

Amendments to financial statements

The consolidated financial statements as at December 31st, 2017 show a consolidated statement of profit / (loss) for the year which separately represents the net profits deriving from the lease, the net revenues deriving from the disposal of the properties and the costs relating to the ordinary operations of the Company. This exposure, commonly adopted by companies operating in the real estate sector, makes it possible to better represent the profitability of investments based on the nature of the activities carried out. For this reason, it was considered appropriate to re-enter the comparative data relating to the profit / (loss) for the consolidated financial statements as of December 31st, 2016, in order to make the amount presented in the two reference periods comparable.
The main reclassifications made to the consolidated statement of profit / (loss) for the year ended December 31st, 2016 are shown below. It should be noted that the adoption of the new statement of profit / (loss) for the year has no resulted in changes or adjustments in the result of the previous year.

In order to illustrate the changes made below, the reconciliation table and the related tables are shown below:

Consolidated statement of profit published as at December 31st, 2016		Notes	Reclassified income statement item	December 31st, 2016
(in thousands of Euro)				
Revenues	16,569	(a)	Rents	15,534
			Net real estate operating expenses	985
			Income from disposal	50
Other revenues	10		Other revenues	10
Costs of raw material and services	(5,940)	(b)	Net real estate operating expenses	(1,148)
			General and administration expenses	(4,792)
Personnel costs	(955)	(c)	General and administration expenses	(955)
Other operating expenses	(2,101)	(d)	Net real estate operating expenses	(1,710)
			General and administration expenses	(71)
			Other operating expenses	(314)
			Financial expenses	(6)
Amortisation, depreciation and write-downs	(182)		Net depreciation	(182)
Adjustment to fair value of property	4,471		Net movement in fair value	4,471
Net operating income	**11,872**		**Net operating income**	**11,872**
Net income attributable to non-controlling interests	1,115		Net income attributable to non-controlling interests	1,115
Income/(losses)	1,977		Income/(losses)	1,977
of which non-recurring	*1,977*		*of which non-recurring*	*1,977*
Financial income	468		Financial income	468
Financial expenses	(2,803)		Financial expenses	(2,803)
Profit before tax	**12,629**		**Profit before tax**	**12,629**
Income tax	-		Income tax	-
Profit for the period	**12,629**		**Profit for the period**	**12,629**
Minority interest	(506)		Minority interest	(506)
Profit for the Group	**12,123**		**Profit for the Group**	**12,123**

(a) At December 31st, 2016, the item *revenues* includes Euro 15,534 thousand of rents, Euro 985 thousand in revenues from reversal of property management charges and Euro 50 thousand in revenues from the sale of properties. These amounts, in the new consolidated statement of profit / (loss) for the year, have been reclassified separately in the item *rents*, *net real estate operating expenses* and *income from disposal*;

(b) The item *costs for raw materials and services* includes Euro 1,148 thousand of management expenses of real estate assets (property management commissions, maintenance, utilities, insurance policies) and Euro 4,792 thousand related costs to the corporate structure (legal, administrative and business consultancy, governance and control functions, IT services, auditing, marketing). The first one have been reclassified in the item *net real estate operating expenses* and the residual amount in the item *general and administration expenses*;

(c) *Personnel costs,* amounting to Euro 955 thousand, have been totally reclassified in the item *general and administration expenses;*

(d) *Other operating expenses* include Euro 1,710 thousand for property taxes (IMU, TASI, stamp duties) relating to the real estate portfolio, Euro 71 thousand for costs relating to the Company's ordinary operations (membership fees, roadshow costs, other administration charges), Euro 314 thousand other management charges (including the fair value adjustment of the financial instrument) and Euro 6 thousand exchange losses and bank commissions. The amounts described above were reclassified respectively to the *net real estate operating expenses*, *general and administration expenses*, *other operating expenses* and *financial expenses*.

The different exposure of the original items of the consolidated statement of profit / (loss) for the year and the changes made led to the separation of management costs of the real estate portfolio, net of revenues from re-charges, and costs related to the corporate structure, in order to represent separately the profitability of investments and costs related to the Company's operating structure.

2. Operating Segments

In order to represent the Company's activity by sector, it was decided to represent it primarily based on the intended purpose of the buildings and secondarily, based on the geographic location.
Taking into consideration the investment strategy also outlined in the prospectus. the intended purpose of the buildings is divided into administrative buildings, bank branches and other real estate. Administrative buildings include all buildings intended for rental for office use, while other real estate includes all buildings intended for other tertiary type purposes such as, for example, commerce and logistics. The bank branches category is presented separately because it represents 16% of the total property portfolio (considering the disposal of 21 Deutsche Bank branches closed in January 2018).
An income statement showing information about the Company's revenue and results for the half-year ended December 31st, 2017 is given below:

(in thousands Euro)	Offices	Bank branches	Others	Unallocated amounts	Sector results
Rents	25,269	7,308	1,665	-	34,242
Income from disposal	-	30	-	-	30
Net movement in fair value	14,846	(1,140)	1,694	-	15,400
Net income attributable to non-controlling interests	-	-	-	132	132
Financial income	466	-	-	71	537
Total income	**40,581**	**6,198**	**3,359**	**203**	**50,341**
Net real estate operating expenses	(1,973)	(1,541)	(341)	-	(3,855)
G&A expenses	(5,869)	(2,330)	(526)	(12)	(8,737)
Other net operating expenses	(67)	30	(9)	(43)	(89)
Net income attributable to non-controlling interests	-	-	-	(83)	(83)
Net depreciation	(8)	(82)	(1)	-	(91)
Financial expenses	(4,638)	(1,899)	(229)	(20)	(6,786)
Income tax	-	-	-	(11)	(11)
Sector results	**28,026**	**376**	**2,253**	**34**	**30,689**

Segment income is divided into the most significant items under real estate or leasing instalments, operating expenses and other expenses recharged to the tenants.
The sector result is also represented, which also includes all other income such as, for example, financial income, operating expenses and other costs.
The column called *unallocated amounts* includes net income attributable to non-controlling interests, financial income, exchange losses and income taxes.

A balance sheet showing the distribution of the assets and liabilities based on the intended use of the real estate is listed below.

(in thousands Euro)	Offices	Bank branches	Others	Unallocated amounts	Sector results
Non-current assets	463,279	86,983	29,161	5,085	584,508
Current assets	21,302	23,631	2,151	292	47,376
Non-current assets held for sale	-	38,000	-	-	38,000
Total assets	**484,581**	**148,614**	**31,312**	**5,377**	**669,884**
Non-current liabilities	171,346	59,611	10,159	8	241,124
Current liabilities	3,750	29,492	128	64	33,434
Total liabilities	**175,096**	**89,103**	**10,287**	**72**	**274,558**

Assets and liabilities are divided based on the relationship with the real estate divided by the various categories. The column called *unallocated amounts* mainly includes:

- as for assets, long term financial assets, available for sale financial assets, the equity investment in CO – Investments 2 and MHREC Sàrl's cash;
- as for liabilities, deferred and current tax liabilities.

The Company's year results are also represented based on the geographic location of the real estate:

(in thousands Euro)	Milan	Rome	Others	Unallocated amounts	Sector results
Rents	22,498	5,502	6,242	-	34,242
Income from disposal	30	-	-	-	30
Net movement in fair value	14,136	3,324	(2,060)	-	15,400
Net income attributable to non-controlling interests	-	-	-	132	132
Financial income	466	-	-	71	537
Total income	**37,130**	**8,825**	**4,182**	**203**	**50,341**
Net real estate operating expenses	(1,954)	(525)	(1,375)	-	(3,855)
G&A expenses	(5,125)	(1,655)	(1,945)	(12)	(8,737)
Other net operating expenses	(37)	(32)	26	(46)	(89)
Net income attributable to non-controlling interests	-	-	-	(83)	(83)
Net depreciation	(27)	(2)	(62)	-	(91)
Financial expenses	(4,151)	(1,051)	(1,550)	(34)	(6,786)
Income tax	-	-	-	(11)	(11)
Sector results	**25,836**	**5,561**	**(725)**	**17**	**30,689**

The geographic breakdown has also been chosen with regard to the Company's investment strategy which is aimed primarily at the markets of Milan and Rome.

A balance sheet showing the distribution of the assets and liabilities based on the geographic location of the real estate is listed below.

(in thousands Euro)	Milan	Rome	Others	Unallocated amounts	Sector results
Non-current assets	419,399	93,002	70,613	1,494	584,508
Current assets	23,226	5,497	18,650	3	47,376
Non-current assets held for sale	-	-	38,000	-	38,000
Total assets	**442,625**	**98,499**	**127,263**	**1,497**	**669,884**
Non-current liabilities	144,532	47,555	49,029	8	241,124
Current liabilities	4,535	1,567	27,321	11	33,434
Total liabilities	**149,067**	**49,122**	**76,350**	**18**	**274,558**

The same methodology described for the division of assets and liabilities by intended use is also used for the breakdown by geographic location.
The column called *unallocated amounts* mainly includes available for sale financial assets and tax liabilities.

3. Rents

As of December 31st, 2017 rents amount to Euro 34,242 thousand and are detailed as follows:

(in thousands Euros)	Investments	December 31st, 2017	December 31st, 2016
Coima Res SIIQ	Vodafone	13,877	6,920
	Monte Rosa	677	-
Coima Core Fund IV	Deutsche Bank branches	7,308	5,156
MHREC Fund	Gioiaotto	3,863	1,307
	2331 Eurcenter	5,108	2,151
Coima Res SIINQ I	Deruta	3,409	-
Rents		**34,242**	**15,534**

It notes that the rents related to Deruta and Monte Rosa refer to a period of less than twelve months as the Company acquired these properties respectively on January 16th, 2017 and October 24th, 2017.

It is also recalled that the Company acquired the remaining part of the real estate portfolio in 2016, so the rents contributed to the previous operating results for a period of between five and seven months.

4. Net real estate operating expenses

The net real estate operating expenses amount to Euro 3,855 thousand as of December 31st, 2017 and are detailed as follows:

(in thousands Euros)	Vodafone Village	Monte Rosa	Deutsche Bank branches	Gioiaotto and 2331 Eurcenter	Deruta	December 31st, 2017	December 31st, 2016
Recovery of costs from tenants	1,275	159	38	768	19	2,259	985
Property management fee	(208)	(10)	(107)	(398)	(18)	(741)	(237)
Maintenance and service charges	(199)	(64)	(53)	(194)	(14)	(524)	(174)
Utilities	(962)	(50)	(2)	(226)	-	(1,240)	(659)
Insurance	(59)	(4)	(65)	(48)	(23)	(199)	(78)
Property tax (IMU)	(694)	(75)	(1,230)	(664)	(230)	(2,893)	(1,491)
Property tax (TASI)	(47)	(6)	(37)	(43)	(15)	(148)	(66)
Stamp duties	(139)	(5)	(79)	(75)	(35)	(333)	(128)
Other real estate costs	(2)	(1)	(7)	(26)	-	(36)	(25)
Net real estate operating expenses	**(1,035)**	**(56)**	**(1,542)**	**(906)**	**(316)**	**(3,855)**	**(1,873)**

The item *recovery of costs from tenants* refers to the reversal of ordinary property management charges to tenants.

Property management fee mainly relate to ordinary activities of the administration and maintenance of the buildings.

Maintenance and service charges concern the expenses incurred for the maintenance of the buildings (lifts, systems, office cleaning) and for the upkeep of the green spaces of the properties.

The item *utilities* refers to the cost of providing electricity, water and gas for the buildings.

The item *insurance costs* refers to the all-risk policies signed by the Company and Funds to protect the asset value and ownership of the buildings.

The items *IMU, TASI, stamp duties*, are related to the property taxes applied on the portfolio.

Other real estate costs mainly include the fees for the occupation of public areas and other expenses related to the operation of the buildings.

5. Income from disposal

Income from disposal amount to Euro 30 thousand (Euro 50 thousand as of December 31st, 2017) and are attributable to the sale of two Deutsche Bank branches (Casargo and Gravedona), sold at a higher price than the book value.

(in thousands Euro)	Exit date	Sale price	Net book value	Capital gains
Deutsche Bank branch - Gravedona	March 13th, 2017	345	(330)	15
Deutsche Bank branch - Casargo	July 19th, 2017	195	(180)	15
Income from disposal		**540**	**(510)**	**30**

During the year, the Company marks the completion of the original *non-core* disposal program through the sale of 21 Deutsche Bank branches for a total amount of Euro 38,000 thousand. For more details on the transaction, refer to paragraph 14 - Real estate investment.

6. General and administration expenses

General and administration expenses amount to Euro 8,737 thousand. The detailed summary table is attached below:

(in thousands Euro)	COIMARES	COIMA CORE FUND IV	MHREC Fund	MHREC Sarl	COIMARES SIINQ I	December 31st, 2017	December 31st, 2016
Asset management fee	(2,775)	(476)	(922)	-	-	(4,173)	(2,535)
Legal, administrative and technical consulting costs	(1,068)	(212)	(206)	(8)	(23)	(1,517)	(1,115)
Personnel costs	(1,478)	-	-	-	-	(1,478)	(955)
Governance and other control functions	(298)	(14)	-	-	(15)	(327)	(237)
Audit	(190)	(51)	(27)	(2)	(13)	(283)	(178)
Communication, marketing and PR	(301)	-	(1)	-	(1)	(303)	(289)
Independent property valuation	(28)	(137)	(12)	-	(6)	(183)	(124)
IT service	(141)	-	-	-	-	(141)	(183)
Other operating expenses	(331)	-	-	(1)	-	(332)	(202)
G&A expenses	**(6,610)**	**(890)**	**(1,168)**	**(11)**	**(58)**	**(8,737)**	**(5,818)**

Asset Management fees relate to the agreement signed by the Company and COIMA SGR for scouting activities for investment transactions and the management of the real estate portfolio, as well as for other activities provided by the asset management agreement. These fees are calculated quarterly, based on the Net Asset Value (NAV) recorded by the company in the previous three months. For more details refer to Chapter 2 “Management” - *Asset management.*

Legal, administrative and technical consulting costs relate mainly to support provided by consultants for ordinary management; in particular for:

- legal, tax and notarial consulting for corporate services;
- technical consulting on real estate properties.

Personnel costs amount to Euro 1,478 thousand and its breakdown is given in the table below:

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Wages and salaries	(642)	(503)
Social security contribution	(132)	(103)
Severance pay	(48)	(14)
Other personnel costs	(656)	(335)
Personnel costs	**(1,478)**	**(955)**

The item *wages and salaries* amounts to Euro 642 thousand and includes:
- wages of Euro 404 thousand;
- bonus to employees of Euro 169 thousand;
- vacation and annual supplementary payments of Euro 69 thousand.

The item *other personnel costs* amounts to Euro 656 thousand and includes:
- board of directors and key managers' fees of Euro 528 thousand;
- social security contributions of directors of Euro 88 thousand;
- training costs, health insurance policies, restaurant tickets and travel expenses of Euro 40 thousand.

Governance and other control functions costs amount to Euro 327 thousand and its breakdown is detailed in table below.

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Internal audit and compliance	(61)	(42)
Advisory Committee fee	(14)	(19)
Risk Management fee	(64)	(29)
Supervisory board fee	(28)	(7)
Board of statutory auditors fee	(124)	(117)
Professional directors fee	(36)	(23)
Governance and other control functions	**(327)**	**(237)**

Audit costs include the fees paid to the audit firms that have been appointed as auditors for COIMA RES and Funds.

Marketing and communication expenses relate mainly to costs for digital and media relations (Euro 158 thousand), for the organization of events (Euro 73 thousand) for website maintenance (Euro 30 thousand) and other marketing costs (Euro 42 thousand).

The expenses related to *independent property valuation* are mainly attributable to CBRE Valuation, who is in charge for preparing the evaluation reports.

IT services costs refer to technical assistance and IT management expenses.

Other operating expenses are mainly related to:
- corporate insurances of Euro 146 thousand;
- roadshows of Euro 63 thousand;
- costs related to the management of the Company's headquarter, including rents, of Euro 46 thousand;
- costs related to membership fees, company cars and Borsa Italiana's services of Euro 51 thousand;
- other administrative costs of Euro 26 thousand.

7. Other operating expenses

Other operating expenses, amounting to Euro 89 thousand (Euro 314 thousand as of December 31st, 2016), mainly include corporate taxes and fees of Euro 59 thousand, costs related to non-deductible VAT, of Euro 84 thousand, non-recurring liabilities of Euro 37 thousand and other operating costs of Euro 57 thousand. This item also includes the decrease of fair value of the financial instrument granted to some executive directors and key managers for an amount of Euro 148 thousand.
For more details, refer to the description in paragraph 30 - Trade and other non-current liabilities.

8. Net depreciation

Net depreciation amounts to Euro 91 thousand (Euro 182 thousand as of December 31st, 2016) and mainly refers to the write-down of the properties classified in the item *inventories*, based on the evaluation report prepared by the independent experts appointed by the Company and the Funds.
For more details on the write-down, please refer to note 22 - Inventories.

9. Net movement in fair value

The amount of the item is equal to Euro 15,400 thousand and refers to adjustments made to the value of real estate investments, based on the evaluation reports prepared by independent experts.
For more details, please refer to note 14 - Real estate investments.

10. Net income attributable to non-controlling interests

This item, amounting to Euro 49 thousand, includes the adjustment of the value of the equity investments in Porta Nuova Bonnet Fund and in Co - Investment 2SCS calculated using the equity method.

(in thousands Euro)	Equity as of December 31st 2017 (*)	% owned	Equity owned by COIMA RES as of December 31st 2017	Equity investment value before adjustment	Adjustment to equity value as of December 31st 2017	Adjustment to equity value as of December 31st 2016
Porta Nuova Bonnet Fund	41,764	35.7%	14,916	14,784	132	927
Co – Investment 2SCS	5,890	33.3%	1.963	2.046	(83)	188
Net income attributable to non-controlling interests					**49**	**1,115**

(*) *Equity of the entities has been calculated in accordance with international accounting standards.*

The equity investment in Porta Nuova Bonnet Fund is valued based on shareholders' equity as of December 31st, 2017, while the value of the equity investment in Co - Investment 2SCS has been calculated on the full corporate chain of MHREC Sàrl.
For more details on the equity investments, please refer to paragraph 16 - Investments accounted for using the equity method.

11. Financial income and expenses

The breakdown of financial income and expenses is shown below, which amount to Euro 537 thousand and Euro 6,786 thousand respectively.

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Interest income on bank account	69	252
Interest income on VAT refund	466	214
Exchange gains	2	2
Financial income	**537**	**468**

Interest income on bank account, amounting to Euro 69 thousand, mainly refer to the gross interest accrued on the Company's liquidity.

Interest income on VAT refund, amounting to Euro 466 thousand, refers to the interest accrued on the amount of VAT refund required to the Inland Revenue Agency, equal to Euro 38,000 thousand, and collected on October 20th, 2017.

(in thousands Euro)	COIMARES	COIMA CORE FUND IV	MHREC Fund	MHREC Sarl	COIMA RES SIINQ I	December 31st, 2017	December 31st, 2016
Financial costs of borrowings	(4,494)	-	(1,223)	-	(370)	(6,087)	(2,798)
Costs on bank accounts	(5)	(14)	(13)	(3)	(2)	(37)	(5)
Exchange losses	(12)	-	(1)	-	-	(13)	(4)
Other financial costs	(194)	-	(351)	-	(104)	(649)	(2)
Financial expenses	**(4,705)**	**(14)**	**(1,588)**	**(3)**	**(476)**	**(6,786)**	**(2,809)**

Financial costs of borrowings, amounting to Euro 6,087 thousand, are interests accrued on current loans. For more details, please refer to note 26 - Bank borrowings and other lenders.

Costs on bank accounts refer to expenses and commissions accrued on current accounts.

Other financial costs, amounting to Euro 649 thousand, include:

- agency fees related to the Company and MHREC Fund loans, for Euro 55 thousand;
- the impact of the adjustment to fair value of derivative financial instruments, for Euro 540 thousand;
- the closing cost of the derivative financial instruments of the MHREC Fund, for 54 thousand.

12. Income tax

In accordance with the SIIQ regulations, the Company calculates income taxes arising from non-exempt activities, using a tax rate of 24%.
At December 31st, 2017 current taxes mainly refer to the taxation of interest income on bank accounts accrued during the year.

13. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

There is no difference between diluted earnings per share and basic earnings per share.

The profit and the information about the shares used for the calculation of the basic earnings per share are illustrated below:

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Group profit for the period	28,889	12,123
Outstanding shares (weighted averange)	36,007	22,987
Earnings per share (in Euros)	**0.80**	**0.53**

There were no transactions involving ordinary shares between the reference date of the financial statements and the date of preparing the financial statements.

14. Real estate investments

The changes in property investments as at December 31st, 2017 are listed below:

(in thousands Euro)	Investments	December 31st, 2016	Acquisitions/ (disposal)	Reclassifications	Other charges	Revaluations/ (write-downs)	December 31st, 2017
Coima Res SIIQ	Vodafone	207,000	-	-	-	1,500	208,500
	Monte Rosa	-	57,000	-	1,556	1,844	60,400
Coima Core Fund IV	DB branches	126,400	(510)	(38,000)	-	(1,140)	86,750
MHREC Fund	Gioiaotto	66,800	-	-	(191)	5,461	72,070
	2331 Eurcenter	80,700	-	-	166	2,924	83,790
Coima Res SIINQ I	Deruta	-	46,000	-	1,089	4,811	51,900
Real estate investments		**480,900**	**102,490**	**(38,000)**	**2,620**	**15,400**	**563,410**

The item *acquisitions/(disposals)* refers to the operations carried out by the Company during the year, summarized below:

- on January 16th, 2017 acquisition of a property located in Milan, Via Deruta no. 19 for Euro 46,000 thousand, plus transfer taxes and other transaction costs of Euro 1,089 thousand;
- on October 24th, 2017 acquisition of a property located in Milan, Via Monte Rosa no. 93 for Euro 57,000 thousand, plus transfer taxes and other transaction costs of Euro 1,556 thousand;
- sale of two bank branches located in Gravedona (CO) and Casargo (LC) recorded at the book value of Euro 510 thousand and sold at a price higher than their book value, as better described in note 5 - Revenues from disposal.

The item *reclassification*s refers to the reclassification of 21 bank branches portfolio from the *real estate investments* category to the *non-current assets held for sale* category in accordance with international accounting standard IFRS 5, due to preliminary sale agreements and contractual addenda signed on November 14th, 2017 respectively and December 12th, 2017. This portfolio includes 2 branches located in Naples, in via Santa Brigida and various smaller branches located in Campania (10 branches), Abruzzo (1 branch) and Puglia (8 branches).
The transaction marks the completion of our original non-core disposal program two years in advance than expected and allows to remove all remaining exposure to the South of Italy from the portfolio.

Other charges mainly refer to transfer taxes, notarial and consulting costs related to the acquisition of the properties.

The item *revaluations/(write-downs)* refer to the changes in the value of the properties to allign them with the relative market value, in accordance with the international accounting standards, based on the evaluation reports issued by the Independent Experts appointed by the Company or by the Funds.

The evaluation reports are drawn up in accordance with to “RICS Valuation – Professional Standards”, in with applicable law and with recommendations given by ESMA European Securities and Markets Authority.

The table below gives the parameters used by the independent experts to make their valuations:

	Investment	Independent experts	Evaluation criteria	Discounted rate	Discounted rate retraining	Gross cap out rate	Inflation rate forecast	Year plan
Coima Res SIIQ	Vodafone	CBRE Valuation	Discounted cash flow	5.6%	6.6%	5.7%	1.4%	11
	Monte Rosa	CBRE Valuation	Discounted cash flow	5.4%	6.9%	5.6%	1.4%	13.5
Coima Core Fund IV	DB branches (rented n.88)	REAG	Discounted cash flow	m.6.2%	m.6.2%	m.4.3%	1.4%	12
	DB branches (vacant n.5)	REAG	Discounted cash flow	m.5.4%	m.6.7%	m.6.8%	1.4%	3 - 4
MHREC Fund	Gioiaotto (office)	CBRE Valuation	Discounted cash flow	6.5%	6.5%	4.5%	1.4%	15
	Gioiaotto (turism and leisure)	CBRE Valuation	Discounted cash flow	6.8%	8.2%	5.4%	1.4%	10
	2331 Eurcenter	CBRE Valuation	Discounted cash flow	6.3%	6.3%	4.9%	1.4%	15.5
Coima Res SIINQ I	Deruta	CBRE Valuation	Discounted cash flow	5.5%	7.7%	5.6%	1.4%	5

The valuation of the Vodafone real estate complex, shows an increase compared to the previous year's assessment for Euro 1,500 thousand. This change is due to the compression of returns that is evident on the reference real estate market and to the remodulation, based on the market research carried out by the independent expert, of the unit values linked to the amounts adopted to calculate the market fees.

The property located in Via Monte Rosa, purchased on October 24th, 2017, underwent a revaluation of Euro 1,844 thousand compared to the acquisition value, in part related to the compression of yields that can be seen on the real estate market and partly related to the purchase value at a value lower than that market.

As for the valuation of the Deutsche Bank portfolio, there were decreases of Euro 1,140 thousand, mainly due to branches classified as "*non-current assets held for sale*". The book value at December 31st, 2017 refers to the sale price agreed with the buyer and to which the transaction was concluded on January 11th and 12th, 2018. We also report a decrease of Euro 80 thousand for properties classified in the balance sheet item "Inventories".

The assessments relating to Gioiaotto and 2331 Eurcenter have undergone an increase of Euro 8,385 thousand compared to the valuations of the previous year. The change is mainly due to the compression of returns that can be seen on the reference real estate market and to some aspects of valorization linked to the hotel portion of the Gioiaotto building, contracted in December 2016.
Furthermore, Gioiaotto's assessment incorporates the strong demand for buildings in the Porta Nuova area in the face of a current shortage of finished products.

Lastly, the property located in Via Deruta presents a revaluation of Euro 4,811 thousand with respect to the acquisition value, in part related to the compression of yields that can be seen on the real estate market and partly related to the purchase value at a value lower than that market.

15. Other tangible assets and intangible assets

Other tangible assets, amounting to Euro 351 thousand, mainly include the plants, furniture and fixtures acquired by the Company during the year for the new headquarter. The movements in other tangible assets at December 31st, 2017 are shown below:

(in thousands Euro)	December 31st, 2016	Increase/(decrease)	December 31st, 2017
Furniture and fixtures	-	73	73
Installations	-	284	284
Other tangible assets	4	1	5
Original costs	**4**	**358**	**362**
Furniture and fixtures	-	(2)	(2)
Installations	-	(7)	(7)
Other tangible assets	(1)	(1)	(2)
Depreciation fund	**(1)**	**(10)**	**(11)**
Net book value	**3**	**348**	**351**

Other tangible fixed assets involve the purchase and the related depreciation of mobile phones of employees.

Intangible assets, amounting to Euro 24 thousand, refer to administrative and accounting software in implementation.

16. Investments accounted for using the equity method

This item, amounting to Euro 16,187 thousand, include the equity investment in Porta Nuova Bonnet Fund and Co – Investment 2 SCS, owned indirectly through MHREC Sàrl.

Porta Nuova Bonnet Fund holds a complex of two buildings subject to full redevelopment in Milan, in Porta Nuova district. The construction phase will start in the first half of 2018 and the whole project is expected to be completed at the beginning of 2020.

Co-Investment 2SCS is part of the corporate chain headed by MHREC Sàrl, established to manage with other investors a real estate development in Porta Nuova district, in Milan. After the sale of 58.63% units of Porta Nuova Varesine Fund from Le Varesine Sarl, the corporate chain does not own any real estate property and is not currently engaged in other activities.

The changes in equity investments as of December 31st, 2017 are detailed below:

(in thousands Euro)	% owned	December 31st, 2016	Recalls	Net income	December 31st, 2017
Porta Nuova Bonnet Fund	35.7%	14,141	643	132	14,916
Co – Investment 2 SCS	33.3%	2,046	-	(83)	1,963
Investments accounted for using the equity method		**16,187**	**643**	**49**	**16,879**

The item *recalls* refers to the amounts paid by the Company during the year in view of the costs to be incurred for the development of the project. In particular, the calls of the Fund were made on June 12th, 2017 for Euro 464 thousand and on November 24th, 2017 for Euro 179 thousand.

17. Available for sale financial assets

The increase in available for sale financial assets, amounting to Euro 1,492 thousand, relates to a temporary investment of part of our excess cash into certain investment funds through an investment mandate entrusted to the company Pictet.
The breakdown of the portfolio as of December 31st, 2017 is given below:

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Bond fund	606	-
Equity fund	138	-
Alternative fund	153	-
Other investments	595	-
Available for sale financial assets	**1.492**	**-**

The available for sale financial assets have been valued at fair value, in accordance with the international accouting standard IAS 39. It should be note that, at the date of these consolidated financial statements, all funds in the portfolio have a market price.

18. Non-current deferred tax assets

Non-current deferred tax assets, amounting to Euro 9 thousand as of December 31st, 2017 (Euro 6 thousand as of December 31st, 2016), mainly refer to prepaid tax receivables related to MHREC Sàrl.

19. Derivatives

Derivatives, amounting to Euro 723 thousand, refer to *interest rate cap* contracts to hedge the financial flows linked to existing loans.
The change in derivatives as of December 31st, 2017 is described below:

(in thousands Euro)	December 31st, 2016	Increase	Adjustment to fair value	Other movements	December 31st, 2017
Coima Res SIIQ	611	-	(234)	-	377
MHREC Fund	2	518	(273)	(2)	245
Coima Res SIINQ I	-	192	(91)	-	101
Derivatives	**613**	**710**	**(598)**	**(2)**	**723**

The column "*increase*" refers to the amounts paid by the Company for the subscription of new interest rate cap derivative contracts, summarized below:

- on March 3rd, 2017 Coima Res SIINQ I signed a three-month Euribor hedging contract on the loan stipulated with ING Bank N.V., with a strike of 50 bps;

- on August 16th, 2017, MHREC Fund closed the existing derivative contracts, amounting to Euro 2 thousand, and has signed three new hedging contracts on the three-month Euribor rate, with a strike of 100 bps.

In compliance with IAS 39 Financial Instruments: Recognition and Measurement, the fair value of derivatives has been separated into two components: the intrinsic value, as well the effective value of the derivative in the case of immediate exercise, and the time value (time value) or how much a buyer would be willing to pay beyond the intrinsic value. The Company has recorded in the income statement the change in fair value related to the temporal effect of derivatives, equal to Euro 540 thousand and to the valuation reserve their intrinsic value, amounting to Euro 58 thousand, for a total amount of Euro 598 thousand.

The hedging strategy adopted by the Company and Funds is to be an upper limit on the cost of financing for the part covered.
The Company recorded hedging transactions based on hedging accounting, verifying the effectiveness of the same. In order to test the effectiveness of derivatives, the hedged item is identified at the time of hedging, with a hypothetical derivative. This derivative must perfectly cover the risks caused by exposure in contractual and underlying terms (notional, indexing, etc.). Finally, the hypothetical signing must take place under market conditions at the start of the hedging relationship.
In order to verify the efficacy of the derivative, it was performed the prospective and retrospective test which are effective to 100%.
The valuation of derivatives at fair value considered some potential adjustments to be made as a result of the deterioration of the bank counterparties or of the Company itself, also taking into consideration any guarantees given by the Company to the Banks.

20. Long term financial assets

Non-current financial receivables, amounting to Euro 1,620 thousand (Euro 1,621 thousand as of December 31st, 2016), are related to loans granted by MHREC Sàrl to the associated company Co – Investment 2 SCS.

21. Trade and other non-current receivables

On October 20th, 2017, the Company collected Euro 38,000 thousand of VAT refund request on 2016 to the Inland Revenue Agency, resulting from the acquisition of Vodafone property.
The cash received by the Company, equal to Euro 38,000 thousand plus interest accrued at 2%, was used to fully repay the VAT loan.
For more details about the reimbursement, please refer to paragraph 26 – Bank borrowings and other lenders.

22. Inventories

Inventories, amounting to Euro 12,140 thousand, include the five properties in the Deutsche Bank portfolio that have not been leased and which will be disposed of by COIMA CORE FUND IV. The decrease of Euro 80 thousand compared to the previous year is related to the adjustment of the value recorded in the financial statements based on the evaluation report prepared by the Independent Expert as of December 31st, 2017.
For more details on the parameters used by the independent expert in the evaluation, refer to paragraph 14 – Real estate investments.

23. Trade receivables and other current receivables

The breakdown of trade and other current receivables as of December 31st, 2017 is given below.

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Receivables from tenants	1,901	851
Receivables from buyers	863	-
Trade receivables	**2,764**	**851**
Tax receivables	2,948	6,261
Advance payment	3	52
Other advance	-	1,000
Other current activities	243	194
Prepayments and accrued income	2,236	381
Other current receivables	**5,430**	**7,888**
Trade and other current receivables	**8,194**	**8,739**

The item *receivables from tenants* has an increase of Euro 1,050 thousand compared to the previous year, mainly due to the normalization of revenues carried out in accordance with the provisions of the international accounting standard IAS 17 (paragraph 50) and mainly referable to the MHREC Fund.

The item *receivables from buyers* refers to the pre-payment invoices issued by Coima Core Fund IV in relation to the sale of the Deutsche Bank branches.

The Company reasonably expects trade receivables will be collected within twelve months, as to date there are no expected losses for uncollectible accounts or other causes of non-realization of receivables from tenants.

Tax receivables consist mainly of receivables arising from the Company's VAT clearance. The decrease of Euro 3,313 thousand compared to the previous year is mainly due to the VAT receivable used to offset other taxes and the collection of interest accrued on the VAT requested for reimbursement.

The item *advances* shows a zero balance as at December 31st, 2017, as the amount of Euro 1,000 thousand in the previous year was referred to the down payment for the purchase of Deruta.

The item *other current activities* includes receivables due from directors and other advances to suppliers.

Prepayments and accrued income mainly include prepaid expenses relating to tenant contributions for improvements and enhancement of some buildings in progress that will be amortized over the contractual duration (land lord contribution).

24. Cash and cash equivalents

The Group's cash and cash equivalents are held at the following institutions:

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Banca Passadore	12,602	3,388
Intesa San Paolo	4,949	5,244
Banco Popolare	-	33,554
Banco Popolare - Time Deposit	-	55,000
Pictet	1,014	-
ING Bank N.V.	2,733	-
BNP Paribas	4,059	1,616
State Street Bank	1,396	4,690
Group Société Générale	289	6,305
Receipts from Coima Core Fund IV	-	3,305
Cash and cash equivalents	**27,042**	**113,102**

Banca Passadore mainly includes the available cash of the parent Company. It should be noted that the increase compared to the previous year is due to the collection of rents.

Intesa Sanpaolo includes three pledged current accounts and an unpledged account called distribution account which were opened following the signing of the loan agreement. The unpledged account includes the amounts that the Company may freely use after the quarterly review of the loan agreement covenants.

In November, the Company closed the current account held with *Banco Popolare* following the investment of available liquidity, used to complete the following transactions:

- acquisition of the building located in Milan, via Deruta 19;
- acquisition of the building located in Milan, via Monte Rosa 93.

The amount exposed to *Pictet* refers to a part of the liquidity of the parent company waiting to be invested.

ING Bank N.V. includes the available liquidity of COIMA RES SIINQ I, deriving from the collection of lease installments.

BNP Paribas includes the available liquidity of COIMA CORE FUND IV lodged in depository service.

The amount shown against *State Street* refers to the available liquidity on bank accounts held by MHREC Fund. The decrease compared to the 2016 balance is due to the income distributed the year.
It is noted that, among the various accounts with a positive balance, the balance of one account is pledged for the lending banks.

Group Société Générale includes the liquidity available in the company MHREC Sarl, significantly reduced compared to the previous year following the distribution of proceeds to the MHREC Fund, which took place during the first quarter.

25. Shareholders' equity

Shareholders' equity at December 31st, 2017 amounts to Euro 383,411 thousand (Euro 361,878 thousand as of December 31st, 2016) and its break down is illustrated in the Financial Statements.

The *capital stock* includes Euro 36,007,000 ordinary shares with no nominal value.

The *valuation reserve*, amounting to Euro 29 thousand, relates to the change in the fair value of the derivative contracts subscribed and to the change in fair value of the financial assets available for sale, in accordance with international accounting standard IAS 39.

The table below shows the reconciliation between individual and consolidated value of equity shareholders and profit at December 31st, 2017:

(in thousands Euro)	Profit for the year	Shareholders' equity
Coima Res SIIQ as of December 31st, 2017	**16,262**	**367,486**
Investments	1,194	(240,415)
Entities owned by COIMA RES	24,557	265,265
Dividends	(11,374)	-
Badwill from Coima Core Fund IV and MHREC's acquisitions	-	1,977
Adjustment in the value of investments accounted for using the equity method	49	1,013
Consolidated amount as of December 31st, 2017	**30,689**	**395,326**
Minorities	1,800	11,915
Consolidated Group amount as of December 31st, 2017	**28,889**	**383,411**

The item *investments* includes respectively the depreciation of Euro 1,194 thousand related to Coima Core Fund IV and the amount of Euro 240,415 thousand related to the total investments. Such amount is composed by:

- Euro 138,831 thousand related to COIMA CORE FUND IV;
- Euro 69,868 thousand related to MHREC Fund;
- Euro 27,750 thousand related to COIMA RES SIINQ I;
- Euro 3,966 thousand related to MHREC Sàrl, indirectly owned.

In the column "profit for the year", the item *entities owned by COIMA RES* includes principally the profit of the year of Coima Core Fund IV, (Euro 3,687 thousand), MHREC Fund (Euro 13,642 thousand), COIMA RES SIINQ I (Euro 7,285 thousand) and the loss of the year of MHREC Sarl (Euro 57 thousand), while the column "shareholders' equity" includes the elimination of capital stock, reserves and gains carrying forward related to subsidiaries, without considering the dividends.

The item *dividends* is related to the elimination of proceeds received from Coima Core Fund IV and MHREC Fund.

26. Bank borrowings and other lenders

Bank borrowings and other non-current lenders, amounting to Euro 240,420 thousand, include the financial loans contracted by the Company and by the controlled entities.

The changes in loans at December 31st, 2017, are shown below.

(in thousands Euro)	December 31st, 2016	Borrowings	Admortised costs	Reimbursements	Reclassifications	December 31st, 2017
COIMA RES SIIQ	211,973	-	844	(42,063)	(22,720)	148,034
MHREC Fund	78,000	-	(339)	(5,000)	-	72,661
COIMA RES SIINQ I	-	20,000	(275)	-	-	19,725
Bank borrowings	**289,973**	**20,000**	**230**	**(47,063)**	**(22,720)**	**240,420**

During the year COIMA RES SIIQ repaid part of the pool loan stipulated on June 29th, 2016 with Banca IMI (Agent Bank), Unicredit, BNP Paribas and ING Bank, originally divided into a Senior line of Euro 172,275 thousand and a VAT line of origin Euro 44,000 thousand. In particular, the latter was fully repaid following the receipt of the VAT amount received by the Inland Revenue Agency on October 20th, 2017.

The details of the repayments made from the date the loan was signed are summarized below:

(in thousands Euro)	Date	Amount paid
Original amount	June 29th, 2016	44,000
Reimbursement III quarter 2016	September 30th, 2016	(1,107)
Reimbursement IV quarter 2016	December 30th 2016	(830)
Outstanding debts as of December 31st, 2016		**42,063**
Reimbursement I quarter 2017	March 31st, 2017	(828)
Reimbursement II quarter 2017	June 30th, 2017	(827)
Reimbursement III quarter 2017	September 29th, 2017	(828)
Total reimbursement	October 27th, 2017	(39,580)
Outstanding debts as of December 31st, 2017		**-**

The loan described above was used as fund to purchase of the Vodafone Village property complex and indirectly to refinance the acquisition of the Deutsche Bank portfolio.

The column *reclassification* refers to the portion of financing allocated to the bank branches subject to disposal, reclassified to the "*bank borrowings and other current lenders*" item because the proceeds deriving from the sale transaction described in the paragraph 14 – Real estate investments, will be used to repay a portion of the outstanding loan.

On March 31st, 2017, MHREC Fund signed a refinancing agreement reducing the outstanding loan from Euro 78,000 thousand to Euro 73,000 thousand, with a repayment of Euro 5,000 thousand made on March 31st, 2017. The new loan, stipulated with Credite Agricole, ING Bank N.V. and UBI Banca, extends the original maturity by 3.7 years with a margin reduction of 25 bps.

On January 16th, 2017, COIMA RES SIINQ I signed a loan agreement with ING Bank for an original amount of Euro 20.000 thousand to acquire the building located in Milan, Via Deruta 19.

For more information about the loans, the table below summarises the financial details:

(in thousands Euro)	December 31st, 2017	Maturity	Rate	% hedge
COIMA RES SIIQ – Senior Line	170,754[3]	June 29th, 2021	Eur 3M + 180 bps	60%
MHREC Fund	72,661	March 31st, 2022	Eur 3M + 150 bps	80%
COIMA RES SIINQ I	19,725	January 16th, 2022	Eur 3M +160bps	81%

To hedge outstanding loans, the entities stipulated derivative hedging contracts in the form of an *Interest Rate Cap*. These transactions are used to hedge the financial flows of existing loans, falling within the scope of the so-called *hedge accounting*.
For more details on derivative financial instruments, please refer to paragraph 19 – Derivatives.

It should be noted that the verification of the financial covenants is on quarterly basis as contractually agreed. The following are the indicators for each entity as of December 31st, 2017:

(in thousands Euro)	Covenant	Limits	Test result as of December 31st, 2017
Coima Res SIIQ – Senior Line	Portfolio LTV	<60%	49.4%
	Consolidated LTV	<60%	42.8%
	Portfolio ICR	>1.80x	5.4x
	Consolidated ICR/DSCR	>1.40x	4.0x
MHREC Fund	LTV	<60%	46.9%
	ICR	>1.75x	5.9x
Coima Res SIINQ I	LTV	<55%	38%
	ICR-BL	>3.0x	5.9x
	ICR-FL	>3.0x	9.3x

The above indicator respect the covenant agreement.

About the guarantees granted by the entities to the financing banks, please refer to paragraph 35 - Risks, guarantees and commitments.

[3] COIMA RES's financial debt includes Euro 148,034 thousand classified in the items above and Euro 22,720 thousand, classified in the item called *bank borrowings and other current lenders*

27. Deferred tax liabilities

The item, equal to Euro 7 thousand as at December 31st, 2017, refers to taxes calculated on the on the change in fair value of financial assets available for sale.

28. Payables for post-employment benefits

The balance of payables for post-employment benefits as at December 31st, 2017, concerns amounts payable to some employees of the Company.

(in thousands Euro)	December 31st, 2016	Provisions	Others	December 31st, 2017
Payables for post-employment benefits	5	48	(33)	20

Changes in the fund result from the provision and the subsequent transfer to outside social security funds related to two directors of the Company.

29. Provisions for risks and charges

The provision for risks and charges of Euro 123 thousand (Euro 125 thousand at December 31st, 2016) includes the discounted value of the *Long-Term Incentive* granted to one employee. The incentive stipulates that the employee should be paid if he still employed in the company on December 31st, 2018.

30. Trade and other non-current payables

Trade payables and other non-current payables break down as follows:

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Financial instruments	243	391
Guarantee deposits and advance payments	311	186
Trade and other non-current payables	**554**	**577**

The financial instrument recorded at fair value was issued by the Company and acquired by the management for a nominal value of Euro 1 thousand. The instrument was revalued at Euro 243 thousand (Euro 391 thousand at December 31st, 2016) based on an evaluation report specifically prepared by an external consultant at December 31st, 2017.

The instrument issued by the company gives the right to owners to receive an annual return of 60% of minimum between:

- the sum of 10% of the *Shareholder Return Outperformance* if the *Shareholder Return* for such year exceeds 8%, and 20% of the *Shareholder Return Outperformance*, if the *Shareholder Return* for such year exceeds 10%;
- 20% of the excess of year-end EPRA NAV per ordinary share (adding back total dividends or other distributions paid per ordinary share in that *Accounting Period* and in any preceding accounting period since the end of the *Reference Period* and adjusted to exclude the effects of any issuance of ordinary shares during that period) over the Relevant *High Water Mark*.

The expert expressed its evaluation regarding the fair market value of the instrument issued by the Company in favour of certain managers on the basis of the regulations governing the instrument, of the fact that the Company is listed, and of the cash flows forecast in three different scenarios (*worst, mid and best*).
The valuation was conducted applying the financial criteria. This estimates the value of an asset as the sum of expected financial flows, discounted at a rate expressing the systematic risk of the investment. The valuation model was set as follows:

- the reference date is December 31st, 2017;
- the estimate was conducted primarily by taking the expected annual cash flows related to *Promote Fee*, in 2018-2020. In particular the average-weighted cash flows were considered in three distinct scenarios (c.d. *worst, mid and best*) respectively equal to 5%, al 5% e al 90%. These probabilities were developed based on knowledge of the business and the assumptions used, verifying the reasonableness of the balancing of scenarios;
- as for the estimation of annual cash flows attributable to the holders of the instrument, the average-weighted annual cash flows related to *Promote Fee* were considered equal to 60%, This was in keeping with the Financial Instruments Rules;
- as of December 31st, 2017 the average-weighted cash flows attributable to the holders of the instrument were discounted at a meaningful rate on average expected return on investments with a risk profile in line with the risk of instrument. This discount rate, amounted to 4.2%, was quantified using the CAPM ("*Capital Asset Pricing Model*") and is equal to the cost of capital of the Company, reflecting the systematic risk (non-diversifiable) associated to business activities from which cash flows depend, ultimately, those of the instrument.

The discount rate was estimated assuming the following parameters:

- risk-free rate of 0.53%. This figure is equal to the historical average of the returns (without considering taxes) as of December 31st, 2017, of the Italian public debt securities with a residual maturity of 5 years;
- Beta coefficient of 0.59. In particular, the Beta coefficient of the Company was determined: (i) assuming the average unlevered Beta (0.44) of a panel company carrying out activities comparable to those of COIMA RES; (ii) re-levering such Beta (using i,e, “Hamada” formula) in order to take into consideration the target financial structure of COIMA RES (i,e, ratio net funding position / equity amounted to 5%); (iii) ERP of 6.27%, This figure corresponds to most recent measure of forward looking ERP compared to the estimate date, deducted from empirical observations of the market (source: NYU Stern School of Business).

The item *guarantee deposits and advance payments* refers to deposits and down payment by tenants.

31. Trade payables and other current payables

The breakdown of trade payables and other current payables is given in the table below.

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Account payables	3,080	4,139
Deposits paid by buyers	4,363	-
Invoices to be received	1,200	1,711
Trade payables	**8,643**	**5,850**
Personnel payables	207	194
Security provider payables	54	78
Board of Directors payables	-	21
Tax payables	92	82
Other payables	75	-
Accruals and deferred income	1,582	1,488
Other liabilities	**2,010**	**1,863**
Trade payables and other current liabilities	**10,653**	**7,713**

Payables to suppliers are mainly made up of:

- payables to COIMA SGR of Euro 1,990 thousand relating to asset management services provided to the Company;
- payables relating to the maintenance and management of buildings for Euro 555 thousand;
- payables for property management services for Euro 57 thousand.

The item *deposits paid by buyers* refers to the advances paid in favor of Coima Core Fund IV for the sale of the branches described in paragraph 14 – Real estate investments.

Invoices to be received consist mainly of pro-forma received from consultants for legal, tax and administrative services, marketing and communication services, fees due to the audit firm.

Deferred income mainly relates to the deferral of the fees for the Vodafone Village property complex for Euro 1,425 thousand.

The remainder of the balance sheet item is mainly represented by payables for personnel for bonuses, payables to the Treasury and credit notes to be issued.

32. Current tax liabilities

This item, equal to Euro 61 thousand as at December 31st, 2017 (Euro 6 thousand as at December 31st, 2016), mainly refers to payables for taxes of MHREC Sàrl. As for COIMA RES, the current tax payables of Euro 11 thousand are related to the non-exempt income.

33. Information on transfers of financial asset portfolios

The Company has not made any transfers between financial asset portfolios in the year.

34. Information on fair value

IFRS 13 provides that:

- non-financial assets must be measured using the Highest and best use method i.e. taking into account the best use of the assets from the perspective of market participants;
- liabilities (financial and non-financial) and equity instruments (i.e. shares issued as consideration in a business combination) must be transferred to a market participant as at the measurement date. In the process of measuring the fair value of a liability it is necessary to identify the risk of default of the counterparty, which also includes credit risk.

The general rules for preparing fair value measurement techniques should be adjusted based on the circumstances, configured in order to maximize observable inputs and established pursuant to the measurement method used (multiples method, income method and cost method):

1) Adjusted based on the circumstances: measurement techniques must be applied consistently over time unless there are more representative alternative techniques for the measurement of fair value,
2) Maximise the observable inputs: inputs are divided into observable and unobservable, providing various examples of markets from which fair values can be calculated,
3) Measurement techniques of fair value are classified in three hierarchical levels according to the type of input used:
   - Level 1: inputs are quoted prices in active markets for identical assets or liabilities. In this case the prices are used without any adjustments.
   - Level 2: inputs are quoted prices or other information (interest rates, observable yield curves, credit spreads) for similar assets and liabilities in active and inactive markets. For this case price adjustments can be made based on specific factors of the assets and liabilities.
   - Level 3: in this case inputs are not observable. The standard provides that it is possible to use the latter technique only in this case. Inputs for this level include, for example, long-term currency swaps, interest rate swaps, decommissioning liabilities undertaken in a business combination, etc.

The arrangement of these levels follows a priority hierarchy: attributing the maximum importance to level 1 and minimum for level 3.

IFRS 13 provides that three different measurement methods can be used for the measurement of fair value:

- the market approach method is based on prices and other important information for market transactions involving identical or comparable assets and liabilities. The models used are the multiples method and the matrix price method;
- the income approach is achieved from the discounted sum of future amounts that will be generated by the asset. This method allows to obtain a fair value that reflects the current market expectation of such future amounts;
- the cost method reflects the amount that would be required as at the measurement date to substitute the capability of the service of the asset subject to measurement, Fair value will be equal to the cost that a market participant would incur to acquire or build an asset of rectified comparable use (taking into consideration the level of obsolescence of the asset in question), This method can be used only when the other methods cannot be used.

Measurement techniques are applied consistently over time unless there are alternative techniques that allow a more representative measurement of fair value, In the selection of measurement techniques, the assumptions used for the determination of the assets or liabilities are particularly important.

The comparison between the book value and the fair value of the Company's assets and liabilities as at December 31st, 2017 is given below.

(in thousands Euro)	December 31st, 2017		December 31st, 2016	
	Net book value	Fair Value	Net book value	Fair Value
Real estate investments	563,410	563,410	480,900	480,900
Other tangible assets	351	351	3	3
Intangible assets	24	24	-	-
Investments accounted for using the equity method	16,879	16,879	16,187	16,187
Available for sale financial assets	1,492	1,492	-	-
Non-current deferred tax assets	9	9	6	6
Derivatives	723	723	613	613
Long term financial assets	1,620	1,620	39,621	39,621
Inventories	12,140	12,140	12,220	12,220
Trade and other current receivables	8,194	8,194	8,739	8,739
Cash and cash equivalents	27,042	27,042	113,102	113,102
Non-current assets held for sale	38,000	38,000	-	-
Assets	**669,884**	**669,884**	**671,391**	**671,391**
Bank borrowings and other non-current lenders	240,420	243,842	289,973	292,263
Other liabilities	11,175	11,175	8,035	8,035
Financial instruments	243	243	391	391
Bank borrowings and other non-current lenders	22,720	22,916	-	-
Liabilities	**274,558**	**278,176**	**298,399**	**300,689**

The Company does not own capital instruments valued at cost.

The summary table below shows the hierarchy in the measurement of the fair value as at December 31st, 2017.

(in thousands Euro)	December 31st, 2017			
	Total amount	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	563,410	-	-	563,410
Other tangible assets	351	-	-	351
Intangible assets	24	-	-	24
Investments accounted for using the equity method	16,879	-	-	16,879
Available for sale financial assets	1,492	1,492	-	-
Non-current deferred tax assets	9	-	-	9
Derivatives	723	-	723	-
Long term financial assets	1,620	-	-	1,620
Inventories	12,140	-	-	12,140
Trade and other current receivables	8,194	-	-	8,194
Cash and cash equivalents	27,042	-	-	27,042
Non-current assets held for sale	38,000	38,000	-	-
Assets	**669,884**	**39,492**	**723**	**629,669**
Bank borrowings and other non-current lenders	243,842	-	243,842	-
Other liabilities	11,175	-	-	11,175
Financial instruments	243	-	243	-
Bank borrowings and other non-current lenders	22,916	-	22,916	-
Liabilities	**278,176**		**267,001**	**11,175**

The summary table below shows the hierarchy in the measurement of the fair value as at December 31st, 2016.

(in thousands Euro)	December 31st, 2016			
	Total amount	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	480,900	-	-	480,900
Other tangible assets	3	-	-	3
Investiments accounted for using the equity method	16,187	-	-	16,187
Non-current deferred tax assets	6	-	-	6
Derivatives	613	-	613	-
Long term financial assets	39,621	-	-	39,621
Inventories	12,220	-	-	12,220
Trade and other current receivables	8,739	-	-	8,739
Cash and cash equivalents	113,102	-	-	113,102
Assets	**671,391**		**613**	**670,778**
Bank borrowings	292,263	-	292,263	-
Other liabilities	8,035	-	-	8,035
Financial instruments	391	-	391	-
Liabilities	**300,689**		**292,654**	**8,035**

35. Risks, guarantees and commitments

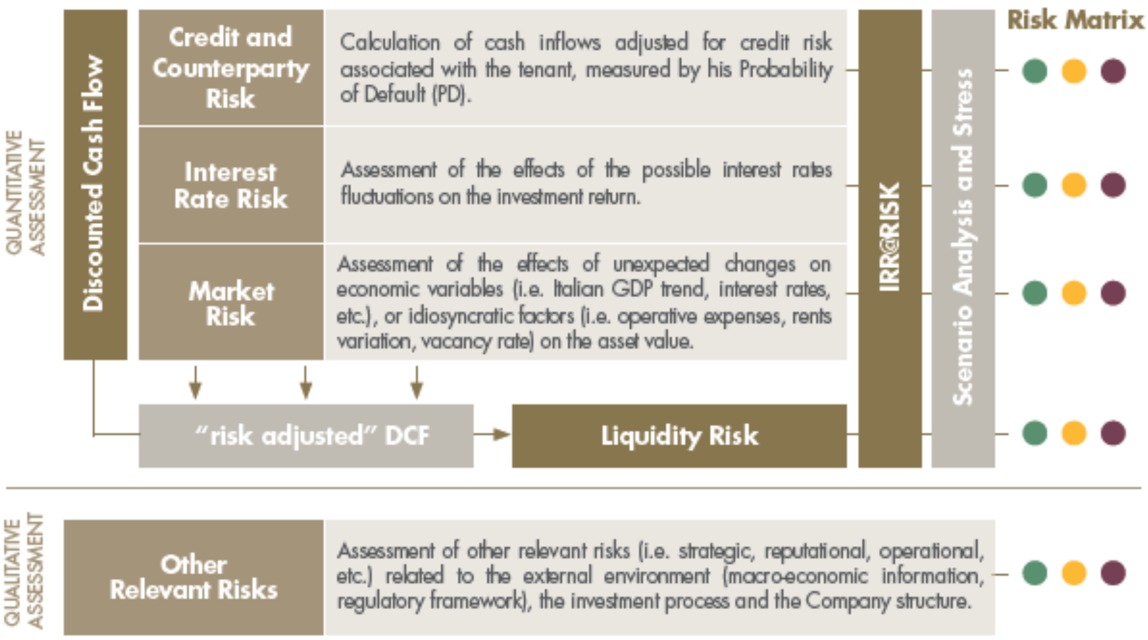
Risks

The table below summarizes the main risks and the mitigating measures of the Company:

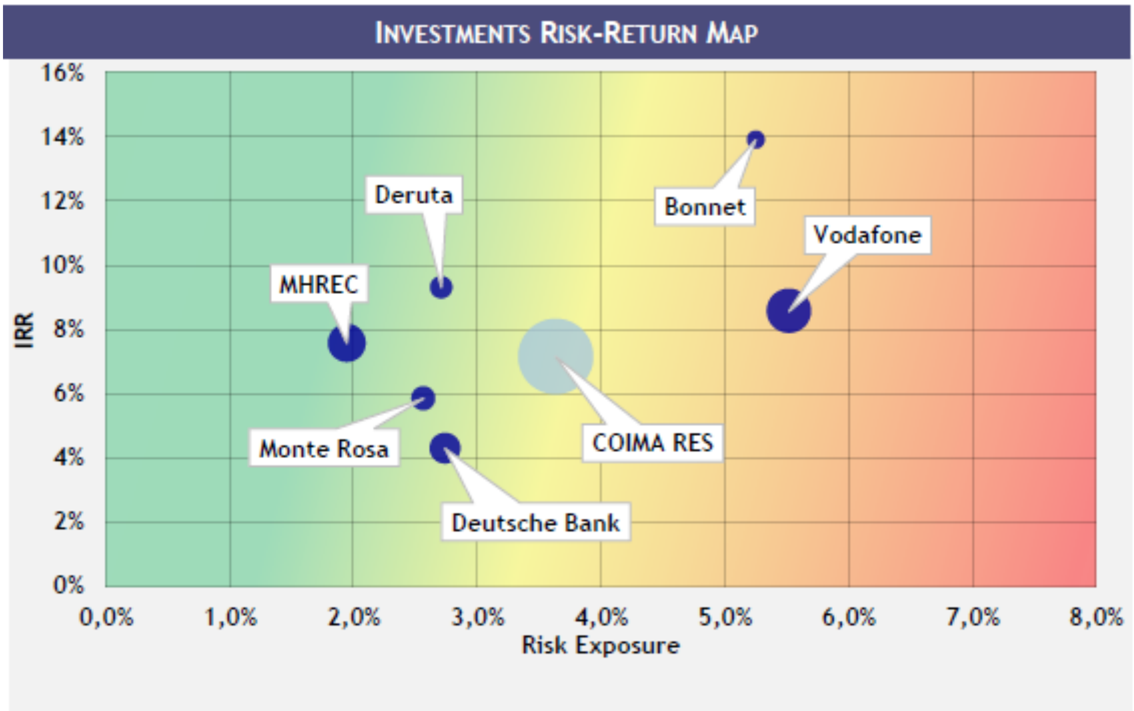
	Risks	COIMA RES mitigation
1	**Market risk** - the risk of losses related to the fluctuation in the prices of properties in the portfolio resulting from adverse changes of macroeconomic variables, the property market and/or the specific characteristics of the properties owned by the Company. This risk also includes the effects resulting from properties in the portfolio that are vacant (vacancy risk) and potential losses associated with investment in "value-added" projects, in particular relating to restructuring or refurbishment works of certain real estate projects.	The Company's investment strategy is focused on high-quality assets (real estate or fund units) in large urban areas, specifically in Milan, which have demonstrated high income capacities and good resilience during negative market cycles, partly due to a less volatile level of demand compared with smaller assets located in secondary cities. Regarding vacancy risk, the Company deals with long-term rental agreements with adequate protection clauses. Tenant-specific asset management initiatives are designed in order to understand the situation and needs of each tenant, and to identify and address potential problems proactively. Furthermore, the high quality of the Company's real estate assets mitigates the vacancy risk.
2	**Credit and counterparty risk** - the risk of losses resulting from the non-compliance of counterparties due to the deterioration of their creditworthiness, with them defaulting in extreme cases with reference to: - tenants; - counterparties in real estate development operations (manufacturer, operator); - counterparties in real estate transactions.	During the on-boarding phase, the Company analyses and continuously monitors the risks of non-compliance of tenants and other significant counterparties (e.g. solvency and creditworthiness analyses, analysis of the financial situation, references, prejudicial and negative information, etc.), also resorting to external databases. In this regard, the Company's investment strategy favours reputable and well-capitalized counterparties and those belonging to large international groups.
3	**Concentration risk** - the risk resulting from properties leased to individual counterparties or groups of legally connected counterparties, counterparties from the same economic sector or which carry out the same activity, or are located in the same geographical area.	The Company analyses and monitors this risk regularly and has also defined the limits in its Articles of Association with regard to concentration of individual properties/tenants. The Company's strategy involves increasing the number of tenants and the number of industrial sectors in which our tenants are active, in order to mitigate the risks associated with excessive concentration.
4	**Interest rate risk** - the risk related to adverse changes in the rate curve that change the current value of assets, liabilities and their net value (ALM), and cash flows (assets and liabilities) based on changes in interest expense (assets and liabilities).	The Company purchases hedging instruments or otherwise contractually fixes an adequate amount of its floating rate exposure in order to reduce the impact of adverse changes in interest rates.
5	**Liquidity risk** - the risk of not being able to meet one's payment obligations due to: - the inability to obtain funds in the market (funding liquidity risk); - the inability to monetise one's assets (market liquidity risk).	The Company continuously monitors the level of its liquidity based on detailed cash-flow analyses and projections as well as through cash flow and ALM risk management activities, utilizing among other tools scenario analyses and stress tests. From the perspective of optimising the financial and capital structure, the Company limits financial leverage to 45% of the total value of assets.
6	**Other financial risks** - other financial risks not associated with real estate assets such as, for example, counterparty risks and/or other market risks on any financial instruments in the portfolio.	The strategy currently adopted by the Company involves a limited investment in assets other than real estate assets except for treasury bills and instruments needed to hedge interest rate risk; this also takes into account statutory restrictions related to the SIIQ status to which we are subject. Exposure to any financial risks, not connected with real estate assets, is subject to periodic monitoring and is also mitigated through our use of reputable and well-capitalized banking counterparties.

7	**Operating risk** - the risk of suffering losses resulting from the inadequacy or malfunction of procedures, human resources and internal systems or external events. This risk includes the risk of outsourcing, i.e. the operating losses arising from the performance of the outsourced activities.	Operating risks are addressed by adopting adequate internal procedures and the structuring of the internal control system on three levels: - Level One: Scheduled checks carried out by the business units and staff functions; - Level Two: Checks carried out by the Legal, Compliance and Risk Management functions; - Level Three: Checks carried out by the internal audit function based on the Audit Plan.
8	**Legal and compliance risk** - the risk of changes in performance due to changes in the legislative framework.	The Company continuously monitors the risk of non-compliance with current legislation and compliance requirements. Our compliance checks include asset and profit tests to ensure that legal requirements, necessary to maintain the SIIQ status are met now and in the future, as indicated in the Articles of Association.
9	**Reputational risk** - the current or future risk of a fall in profits or capital, resulting from a negative perception of the Company's image by customers, counterparties, shareholders, investors or the Regulatory Authorities.	Reputational risk, like operating risk, is mitigated by adopting an adequate organizational and control structure, consistent with international best-practices. We also mitigate reputational risk by putting in place stringent and specific procedures such as supervising external communication, overseeing interaction with stakeholders (e.g. governmental authorities) and monitoring contact with investors (e.g. complaint management).
10	**Strategic risk** - Pure risk and business risk; this consists of the current or prospective risk of a fall in profits or capital, resulting from changes in the operating environment or from incorrect corporate decisions, inadequate implementation of decisions, poor reaction to changes in the competitive environment, customer behaviour or technological developments.	In addition to a comprehensive strategic planning and evaluation process for analysis of investments, strategic risk is mitigated by the high level of experience and professionalism of Company management, with regard to the real estate market, operational/financial management, and internal controls.

The Company adopts an advanced Risk Management Model that combines quantitative analysis of interest rates, credit, and markets and qualitative analysis for other risks (operational, reputational and strategic risks), and considers the use of scenario analysis and stress testing in order to assess the degree of exposure to the main risks under adverse conditions, and to determine the IRR @ Risk.



The last survey on the Company's portfolio, based on the model described above, outlined the risk profile shown in the chart below:



Guarantees and commitments

Regarding bank loans taken on by COIMA RES, the Company has agreed with the lending banks on the following *security package*:

- first mortgage of Euro 432,550 thousand;
- pledge on the COIMA CORE FUND IV units;
- pledge on operating bank accounts linked to the loan agreement, with the exception of the account to which any amounts distributed as dividends will be paid;
- disposal of receivables related to Vodafone Village rents, insurance claims and any other receivables arising from disputes against consultants engaged for the due diligence on Vodafone Village.

As for the lease agreement signed on July 21st, 2017 with COIMA RES and Porta Nuova Garibaldi, managed by COIMA SGR S.p.A., the Company has granted a guarantee to the landlord amounting to ca. Euro 25 thousand.

Regarding the VAT reimbursement, COIMA RES has granted a guarantee to the Italian Inland Revenue Agency amounting to Euro 41,187 thousand.

The Company has a commitment of Euro 25,000 thousand to the Porta Nuova Bonnet Fund. Note that as of December 31st, 2017 the Porta Nuova Bonnet Fund drew Euro 13,857 thousand and therefore has a residual claim of Euro 11,143 thousand on the Company.

Regarding the loan of our 100% owned subsidiary COIMA RES SIINQ I, the Company has agreed with the lending banks on the following *security package*:

- first mortgage of Euro 40,000 thousand;
- pledge on the subsidiary shares;
- pledge on operating bank accounts linked to the loan agreement, with the exception of the ordinary account;
- disposal of receivables related to Deruta rents, insurance claims and any other receivables arising from disputes against consultants engaged for the due diligence on the building.

MHREC Fund has granted the following guarantees to banks in relation to the loan it has taken on:

- pledge on bank accounts held at State Street Bank;
- disposal of receivables, in favour of the bank, related to rents, insurance contracts and warranties issued to the fund, to guarantee the proper fulfilment of obligations of tenants.

Mortgage debt encumbering real estate is as follows:

Date	Amount	Grade	Bank
June 24th, 2016	146,000,000	I	UBI Bank

Furthermore, MHREC Fund will contribute Euro 1,400 thousand for the modernisation and redevelopment works on Gioiaotto carried out by NH Hotel.

36. Related party transactions

Related party transactions are listed below:

(in thousands Euro)	Receivables	Liabilities	Income	Costs
Coima SGR S.p.A.	-	1,990	-	4,198
Coima S.r.l.	-	40	-	143
Coima Image S.r.l.	-	2	-	-
Porta Nuova Garibaldi Fund	-	120	-	44
Co - Investment 2 SCS	1,620	-	-	-
Managers	-	30	-	243
Directors	46	243	-	444
Board of Statutory Auditors	-	124	-	124
Others	-	-	-	69

Also note that the Company has signed the following service agreements with related parties in line with market standards:

- Asset Management Agreement with COIMA SGR S.p.A.;
- Agreement with COIMA S.r.l. for the supply, by the latter, of development and project management services, as well as property and facility management services;
- Lease agreement related to the new headquarter of the Company signed on July 21st, 2017, with Porta Nuova Garibaldi Fund, managed by COIMA SGR S.p.A..

Publication of the audit fees pursuant to art. 149-duodecies of Consob Regulation on May 14th, 1999, n.11971

This table contains details of the fees paid to the independent auditors appointed to conduct the audit pursuant to Legislative Decree no. 39 of January 27th, 2010, and to other entities in the network to which the independent auditor belongs:

(in thousands Euro)	Audit firm	Fee
Auditing (*)	EY S.p.A.	190
Auditing (**)	EY S.p.A.	13
Total		**203**

(*) The fees refer to the Legal Audit of consolidated, interim condensed consolidated and separate financial statements of COIMA RES SIIQ and to the limited review on the interim financial statements as of September 30th, 2017, due for the purpose of obtaining the audit report for the interim dividend of COIMA RES SIIQ pursuant to article 2433 bis of Italian Civil Code. Please note that such amount includes the fees, amounting to Euro 170 thousand, the expenses and the CONSOB contribution, amounting to Euro 20 thousand.

(**) The fees refer to the Legal Audit of COIMA RES SIINQ I financial statements. Please note that such amount includes the fees, amounting to Euro 12 thousand and the expenses, amounting to Euro 1 thousand.

CONSOB RECOMMENDATIONS N. DEM/9017965. FEB. 26TH. 2009

1. Representation of the property portfolio

Category	Net book value as of December 31st, 2017	Accounting criteria	Fair value as of December 31st, 2017	Last evaluation report date
Real estate investments				
- Vodafone Village	208,500	IAS 40 Fair Value	208,500	December 31st, 2017
- Monte Rosa	60,400	IAS 40 Fair Value	60,400	December 31st, 2017
- Deutsche Bank branches	86,750	IAS 40 Fair Value	86,750	December 31st, 2017
- Gioiaotto	72,070	IAS 40 Fair Value	72,070	December 31st, 2017
- 2331 Eurcenter	83,790	IAS 40 Fair Value	83,790	December 31st, 2017
- Deruta	51,900	IAS 40 Fair Value	51,900	December 31st, 2017
Total	**563,410**		**563,410**	
Inventories				
- Deutsche Bank branches	12,140	IAS 2	12,140	December 31st, 2017
Total	**12,140**		**12,140**	
Non-current assets held for sale				
- Deutsche Bank branches	38,000	IFRS 5	38,000	December 31st, 2017
Total	**38,000**		**38,000**	

2. Overall debt financial situation of the group

Real estate properties	Net book value	Loan	Type of loan	Maturity date	Significant agreemnts terms
Vodafone Village	208,500	102,091	Bullet loan – Senior Line	June 29th, 2021	Financial covenants - Note 26
Deutsche Bank branches	136,890	68,663 [4]	Bullet loan – Senior Line	June 29th, 2021	Financial covenants - Note 26
Gioiaotto	72,070	32,908	Bullet loan	March 31st, 2022	Financial covenants - Note 26
2331 Eurcenter	83,790	39,753	Bullet loan	March 31st, 2022	Financial covenants - Note 26
Deruta	51,900	19,725	Bullet loan	January 16th, 2022	Financial covenants - Note 26

[4] Including Euro 22,720 thousand reclassified in the item *Bank borrowings and other current lenders*

CERTIFICATION BY THE CEO AND BY THE MANAGING DIRECTOR RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE ACCOUNTING DOCUMENTS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31ST, 2017

pursuant to article 154-bis. para. 5. of Legislative decree no. 58 of February 24th, 1998 and article 81-ter of Consob regulation no. 11971 of May 14th, 1999

1. We, the undersigned. Manfredi Catella, as Chief Executive Officer, and Fulvio Di Gilio, as Manager responsible for preparing the financial reports of COIMA RES S.p.A. SIIQ, having also taken into account the provisions of art. 154-*bis*. paragraphs 3 and 4, of the Legislative Decree No. 58 of February 24th, 1998, hereby certify:
   - the adequacy, with regard to the nature of the Company; and
   - the effective application of the administrative and accounting procedures adopted in preparing the consolidated financial statements.
2. In this regard, we also note that:
   - the adequacy of the administrative and accounting procedures adopted in preparing the consolidated financial statements has been verified by means of the evaluation of the internal control system on the financial information.
   - no material aspects have been detected from the evaluation of the internal control system on the financial information.
3. We also certify that:

   The consolidated financial statements:
   - have been prepared in accordance with the international financial reporting standards recognized in the European Union under the EC Regulation 1606/2002 of the European Parliament and of the Council of July 19th, 2002;
   - are consistent with the entries in the accounting books and records;
   - are capable of providing a true and fair representation of the assets and liabilities. profits and losses and financial position of the issuer and the group of companies included in the consolidation.

   The report on operations provides a reliable analysis of performance and results of operations. and the company's situation, as well as a description of the main risks and uncertainties which the company is exposed.

The report on operations also includes a reliable analysis on the information regarding the relevant transactions with related parties.

Milan, February 21st, 2018

Chief Executive Officer	Manager responsible for preparing the Company's financial reports
Manfredi Catella	Fulvio Di Gilio

[*This certification has been translated from the original which was issued in accordance with Italian legislation*]

INDEPENDENT AUDITORS' REPORT

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EY S.p.A.
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Independent auditor's report in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014

(Translation from the original Italian text)

To the Shareholders of
COIMA RES S.p.A. SIIQ

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of COIMA RES Group ("the Group"), which comprise the consolidated statement of financial position as at December 31st 2017, and the consolidated statement of profit/(loss) for the year, the consolidated statement of other items in the comprehensive income statement, consolidated statement of changes in shareholders' equity and consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31st 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of the Company in accordance with the ethical and independence requirements applicable in Italy to audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
We have identified the following key audit matter.

EY S.p.A.
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Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 3.100.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Key Audit Matter	Audit Response
Valuation of real estate portfolio	
Investment properties are stated at fair value in accordance with International Financial Reporting Standards IAS 40 Investment properties, recognizing the effects of changes of fair values in the income statement. Management has estimated fair value based on the reports prepared by independent experts. The fair value estimate involve the use of fair value models which require forecasting future costs and revenues of each property and the use of assumptions about the occupancy rate of properties, the markets trends of real estate and financial markets as well as the general economic conditions that affect the rent and the reliability of the tenants. Considering the relevance of the investment properties stated at fair value and of changes in fair value between accounting periods, as well as the judgment required by Management in assessing the above mentioned assumptions used in the fair value models, we have considered this item as a key audit matter. The paragraph 1.3 "Main balance sheet items" of the notes to the financial statements, describes the process adopted to select the independent experts and the fair value models.	Our audit procedures in response to this key audit matter relate to, amongst others, the analysis of the company's procedure related to the selection of the independent expert appointed in order to prepare a fair value estimate, the tracing of these amounts with the balance sheet figures, the critical review and discussion with Group Management and independent experts of the main market assumptions and, also with the support of our real estate experts, detail testing of the reports prepared by the independent experts. Finally, we have examined the disclosures provided in the notes to the financial statements.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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The Audit Committee is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. We have also:

- identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to evaluate that circumstance while forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Other information pursuant to article 10 of EU Regulation n. 537/14

We were initially engaged by the shareholder of COIMA RES S.p.A. SIIQ on February 1st 2016 to perform the audits of the consolidated financial statements of each fiscal year starting from December 31, 2016 to December 31, 2024.

We declare that we did not provide prohibited non audit service, referred to article 5, par. 1, of EU Regulation 537/2014, and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report, prepared in accordance with article 11 of the EU Regulation n. 537/2014, submitted to the audit committee.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, par. 2, subpar. e), of D. Lgs. 39/10 and of article 123-bis, par. 4, of D. Lgs. 58/98

The Directors of COIMA RES S.p.A. SIIQ are responsible for the preparation of the Report on Operation and of the Report on Corporate Governance and Ownership Structure of COIMA RES Group as at December 31st 2017, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of COIMA RES Group as at December 31st 2017 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of COIMA RES Group as at December 31st 2017 and are compliant with the applicable laws and regulations.

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With reference to the assessment pursuant to art. 14, par. 2, subpar. e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, March 12, 2018

EY S.p.A.

Signed by: Aldo Alberto Amorese, Partner

This report has been translated into the English language solely for the convenience of international readers.

SEPARATE FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2017

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE YEAR

During 2017, the Company focused its attention on pursuing its investment strategy and consolidating its corporate structure. On January 16th, 2017, COIMA RES concluded the agreement for the purchase of the building in Via Deruta in Milan for Euro 46.0 million plus taxes and transaction costs. A feasibility study was conducted in order to evaluate: (i) the increase in receptivity of the complex and (ii) the optimization of energy performance.

On January 23rd, 2017, the MH Real Estate Crescita Fund ("MHREC"), 86.7% owned by COIMA RES, renewed and extended the lease with NH Hotel. The new lease signed with the NH Hotel (in force from January 1st, 2017), will run for nine years (no possibility to withdraw) plus a renewal option for further six years. The stabilised minimum rent is Euro 1.5 million (120% above the previous rent) with a potential increase based on the hotel's annual turnover. NH Hotel Group undertook to perform renovation works for Euro 4.0 million by the end of 2018 (MHREC will contribute Euro 1.4 million to this amount).

On April 12th, 2017, COIMA RES announced that MHREC refinanced Euro 73.0 million of debt on two office buildings: Gioiaotto in Milan and Eurcenter in Rome. The refinancing extended by 3.7 years the previous maturity to 2022. A margin reduction of 25 bps was achieved.

On April 26th, 2017, the Board of Directors appointed two new independent directors of high international standing and long experience in managing listed real estate companies: Luciano Gabriel and Olivier Elamine. The two new directors are also members respectively of the Control and Risk Committee and the Remuneration Committee. In addition, the Board of Directors has decided to propose to the next shareholders' meeting the annual appointment of all Board members.

On October 20th, 2017, COIMA RES has received a reimbursement payment from the Italian Inland Revenue Agency of Euro 38.7 million related to the VAT incurred by COIMA RES at the time of the acquisition of the Vodafone Village (June 2016). The cash received will be used for the full repayment of the related VAT Line, thus simplifying the COIMA RES capital structure. The reimbursement has been made by the Italian Inland Revenue Agency c. 8 months in advance of COIMA RES initial expectations.

On October 24th, 2017, COIMA RES has purchased "off-market" an office complex in Via Monte Rosa 93, Milan ("Monte Rosa") for Euro 57.0 million (plus Euro 1.55 million in transfer tax and due diligence costs). Gross passing rent is Euro 3.5 million per year and gross stabilised rent is Euro 3.6 million per year (excluding the vacant portion of the property). The seller of the property is TEUR S.p.A., the Italian sub-holding of the Techint Group.

On October 25th, 2017, COIMA RES announced that it has accepted, through COIMA CORE FUND IV, a binding offer for the sale of a portfolio of 21 Deutsche Bank branches for a price of Euro 38 million essentially in line with the book value. The portfolio represents 11,416 sqm and includes the branch in Naples on Via Santa Brigida (4,600 sqm) and several smaller branches in the regions of Campania (10 branches), Abruzzo (1 branch) and Puglia (8 branches). The transaction marks the completion of our original non-core disposal program 2 years in advance and removes all remaining exposure to the South of Italy from the portfolio.

On October 5th, 2017, the relevant authorities approved the massing design for the Bonnet project. The environmental clean-up was completed in October 2017, the strip-out and demolition works and excavations began in November 2017. The final approval for the construction works is expected by the first months of 2018. The construction phase will start in H1 2018 with completion of the overall project planned for the beginning of 2020.

As for trasparency, COIMA RES has been assigned by the European Public Real Estate Association ("EPRA") two Gold Awards for its 2016 Annual Report and its 2016 Sustainability Report which relate to the Company first year of operations. EPRA is the major association for the listed real estate sector in Europe, and its objective is to establish best practices in accounting, reporting and corporate governance, to provide high-quality information to investors and to create a framework for debate and decision-making on the issues that determine the future of the sector.

OVERVIEW OF THE FINANCIAL RESULTS

The table below summarises the Income Statement for 2017 which shows net profit of Euro 16.6 million, increased by Euro 7.5 million compared to 2016 net profit.

(in million Euro)	December 31st, 2017	December 31st, 2016
Rents	14.6	6.9
Net real estate operating expenses	(1.1)	(0.6)
Net rents	**13.5**	**6.3**
Other revenues	0.0	0.0
G&A expenses	(5.9)	(3.5)
Other expenses	0.1	(0.4)
Non-recurring general expenses	(0.7)	(1.0)
EBITDA	**7.0**	**1.4**
Net depreciation	(1.2)	(4.5)
Net movement in fair value	3.3	2.7
EBIT	**9.1**	**(0.4)**
Financial income	0.5	0.5
Income from investments	11.4	10.9
Financial expenses	(4.7)	(2.2)
Profit before taxation	**16.3**	**8.8**
Income tax	(0.0)	0.0
Profit	**16.3**	**8.8**

Net Operating Income (hereinafter also "**NOI**") amounts to Euro 13.5 million (Euro 6.3 million as of December 31st, 2016) or 93% of total rents.

NOI includes rents accrued on the Vodafone Village and the building located in Milan, Via Monte Rosa 93 from October 24th, 2017.
Net real estate operating costs, amounting to Euro 1.1 million, are mainly related to property taxes, property management fee and the net maintenance and operating costs. Such expenses increased by Euro 0.5 million compared to December 31st, 2016 due to the longer period of operations of the Company.

G&A expenses, amounting to Euro 5.9 million, include the management fee, employee expenses, corporate governance and control function expenses and advisory, audit, IT, marketing, communication and other costs. The increase of Euro 2.4 million compared to December 31st, 2016 is mainly due to the Company's longer operating period in 2017 and the increase in the number of employees.

Non-recurring general expenses, amounting to Euro 0.7 million (Euro 1.0 million as December 31st, 2016) mainly include the costs incurred for the consolidation of the Company, as it has not yet been stabilized in 2017.

Net depreciation, amounting to Euro 1.2 million (Euro 4.5 million at December 31st, 2016), are almost entirely made up of the impairment test carried out on COIMA CORE FUND IV for the distribution of income during the year 2017.

Net movement in fair value of the real estate portfolio, amounting to Euro 3.3 million, increased by Euro 0.6 million compared to December 31st, 2016 and refers to the revaluations of the Vodafone Village and of the building located in Milan, via Monte Rosa 93. These values are based on the appraisals issued in January 2018 by CBRE Valuation S.p.A, as Independent Expert.

Financial income, amounting to Euro 0.5 million, relates to bank deposits remunerated at a rate of around 18 bps per year up to September 2017. Furthermore, financial income includes interest income accrued on the amount of VAT receivable, amounting to Euro 38,000 thousand, reimbursed by the Inland Revenue Agency in October 2017.

Income from investments, amounting to Euro 11.4 million, increased by Euro 0.5 million and consisted of income distributed during 2017 by COIMA CORE FUND IV and the MHREC Fund.

Financial expenses amounting to Euro 4.7 million (Euro 2.2 million as of December 31st, 2016), refer to loans outstanding at the date of these financial statements, remunerated at an all-in cost of 197 bps, including hedging costs.

Based on the results indicated above, the Company's Board of Directors has decided to propose to the Shareholders' Meeting the distribution of a unit dividend of Euro 0.27 per share. It should be noted that in November 2017 an interim dividend of Euro 0.09 per share was paid.

The table below shows the Balance Sheet at December 31st, 2017:

(in million Euro)	**December 31st, 2017**	**December 31st, 2016**
Assets		
Real estate investments	268.9	207.0
Investiments in subsidiaries	250.3	223.4
Other non-current assets	2.2	38.6
Total non-current assets	**521.5**	**469.0**
Receivables	3.9	10.7
Cash and cash equivalents	18.5	96.9
Total current assets	**22.4**	**107.6**
Total assets	**543.9**	**576.6**

Liabilities		
Shareholders' equity	**367.5**	**358.6**
Bank borrowings	148.1	212.0
Other non-current liabilities	0.4	0.5
Total non-current liabilities	**148.5**	**212.5**
Bank borrowings	22.7	
Trade payables and other current liabilities	5.3	5.5
Total current liabilities	**28.0**	**5.5**
Total liabilities	**176.4**	**218.0**
Total liabilities and shareholders' equity	**543.9**	**576.6**

Real estate investments amounting to Euro 268.9 million as at December 31st, 2017, increased by Euro 61.9 million for the acquisition of the building located in Milan, Via Monte Rosa 93, at a price of Euro 58.6 million and revaluation of Euro 3.3 million.
Investments in subsidiaries and associated companies, amounting to Euro 250.3 million, increased by Euro 26.9 million due to the payment of Euro 27.5 million to the future capital increase of COIMA RES SIINQ I for the acquisition of the property located in Milan, via Deruta 19, as a result of the recalls effected by Bonnet Fund, for Euro 0.6 million, net of the value adjustment of the investment in COIMA CORE FUND IV for Euro 1.2 million.

Other non-current assets, amounting to Euro 2.2 million, decreased by Euro 36.4 million mainly due to the VAT refund, relating to the second quarter of 2016, of Euro 38 million plus interests received from the Inland Revenue Agency in October 2017. Other non-current assets also include:

- hedging derivatives, amounting to Euro 0.4 million, that the Company has concluded to hedge the interest rate risk deriving from existing loans;
- assets available for sale, amounting to Euro 1.5 million, which refer to investments in open listed funds;
- fixed assets, amounting to Euro 0.4 million.

Trade receivables and other current receivables, amounting to Euro 3.9 million, decreased by Euro 6.8 million, mainly due to the collection of Euro 3 million in receivables for proceeds approved by the COIMA CORE FUND IV in December 2016, the restitution by COIMA RES SIINQ I of the deposit of Euro 1.0 million paid by the Company in order to conclude the preliminary contract for the acquisition of the property complex located in Milan, via Deruta n. 19 and due to the reduction of VAT receivables which amounted to Euro 2.9 million as of December 31st, 2017 (Euro 5.7 million as of December 31st, 2016).

The Company's net financial debt amounts to Euro 152 million as of December 31st, 2017 and decreases by Euro 37 million due to the combined effect of the reduction in liquidity and the request for new finance from the Company.

The Company has the following outstanding loans:

(in thousands Euro)	December 31st, 2017	Maturity	Rate	% coverage
COIMA RES SIIQ – Senior Line	170,754	June 29th, 2021	Eur 3M + 180 bps	60%

Non-current payables, amounting to Euro 0.4 million, (Euro 0.5 million as at December 31st, 2016) refer to the financial instrument issued by the Company and acquired by management and the current value, amounting to Euro 0.1 million, of long-term incentive granted to an employee.

Trade payables and other current payables, amounting to Euro 5.3 million, are down by Euro 0.2 million compared to December 31st, 2016 and mainly include deferred income for an amount equal to Euro 1.4 million (Euro 1.3 million at December 31st, 2016) and payables to suppliers and invoices to be received for an amount of Euro 3.5 million (Euro 3.9 million at December 31st, 2016).

The Company's shareholders' equity amounts to Euro 367.5 million and increased by Euro 8.9 million because of the profit for the year of Euro 16.3 million, net of dividends paid of Euro 4.1 million, and of the interim dividends paid in November 2017 of Euro 3.2 million.

The table below shows the Company's net financial debt at December 31st, 2017, in accordance with the ESMA/2013/319 recommendation.

(in million Euro)	**December 31st, 2017**	**December 31st, 2016**
(A) Cash	18,506	96,943
(B) Cash equivalents	-	-
(C) Trading securities	-	-
(D) Liquidity (A)+(B)+ (C)	**18,506**	**96,943**
(E) Current financial receivables		
(F) Current bank borrowings	-	-
(G) Current portion of non-current bank borrowings	(22,720)	-
(H) Other current financial debt	-	-
(I) Current financial debt (F)+(G)+(H)	**(22,720)**	
(J) Net current liquidity (I)+(E)+(D)	**(4,214)**	**96,943**
(K) Non-current bank borrowings	(148,034)	(211,973)
(L) Bonds issued	-	-
(M) Other non-current financial debt	-	-
(N) Non-current financial indebtedness (K)+(L)+(M)	**(148,034)**	**(211,973)**
O) Net liquidity (J)+(N)	**(152,248)**	**(115,030)**

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

Pursuant to Article 123-bis, para. 3, of Legislative Decree no. 58 of February 24th, 1998, the "Report on Corporate Governance and Ownership Structures" is available on the "Governance" section of the COIMA RES S.p.A. SIIQ website (www.coimares.com).

REMUNERATION REPORT

Pursuant to Article 84-quarter, para. 1, of the Issuers' Regulations, implementing Legislative Decree no. 58 of February 24th, 1998, the Remuneration Report is available on COIMA RES S.p.A. SIIQ website (www.coimares.com).

ORGANISATIONAL MODEL AND CODE OF ETHICS

On July 27th, 2016, the Board of Directors approved the code of ethics and the organisational model as provided for by Legislative Decree no. 231/2001, dated September 29th, 2016, established the supervisory body and appointed as members Marco Lori, as Chairman, Michele Luigi Giordano in substitution of Arturo Sanguinetti and Mario Ippolito, from the Carnelutti law firm.

RESEARCH AND DEVELOPMENT

COIMA RES S.p.A. SIIQ did not conduct any research and development activities during 2017.

TREASURY SHARES AND SHARES OR UNITS OF PARENT COMPANIES

At December 31st, 2017, the Company did not hold any treasury shares or shares in parent companies.

RELATIONS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

With reference to the nature of the relationships between Group companies and related parties please refer to the description in the Notes, paragraph 68.

SUBSEQUENT EVENTS

On January 12th, 2018, the COIMA CORE FUND IV concluded the sale of 21 branches of Deutsche Bank, six months in advance of the original plan, for a total amount of Euro 38 million.

On January 25th, 2018, the Company set up a consortium for the management of the common parts of the Lorenteggio Village building complex, in which the property owned by the Company whose owner is Vodafone insists. At the same time, a contractual addendum was signed in which the contractual relations emerging from the establishment of the consortium are regulated.

On February 1st, 2018, the Company signed a new lease with PwC in the building located in Milan Via Monte Rosa n. 93 with a total rent of Euro 154 thousand and three months of free rent.

BUSINESS OUTLOOK

The year ended December 31st, 2017 coincided with the first full year of operations of the Company even if the same cannot yet be defined as a fully operational entity. The year 2017 was a year of consolidation of the organizational structure and a year in which new investments were made and the sale of a significant portfolio of bank branches through the COIMA CORE FUND IV.

The result for the financial statements as at December 31st, 2017 amounted to Euro 16,262 thousand, an increase of Euro 7,426 thousand (+ 84%) compared to the profit for the previous year. Considering the positive performance of operations, the Company's Board of Directors had the opportunity to propose to the Shareholders' Meeting a dividend of Euro 9,722 thousand (Euro 0.27 per share), of which Euro 3,240 thousand (Euro 0.09 per share) paid in advance in November 2017.
The Company expects that the portfolio composed and described in the previous pages, including also the investment in via Monte Rosa 93 carried out in the last quarter of 2017, can generate revenues that have a positive result for the year 2018 and the possibility of distributing further dividends to shareholders. In addition, the Company still has approximately 80,000 thousand of financial resources to invest in additional properties that may possibly contribute to improving the profile of the Company's portfolio also in terms of additional income.
Based on the foregoing, the Directors have prepared these financial statements with a view to the continuation of the activity as they consider that all the elements that confirm the Company's ability to continue to operate as an operating entity continue to exist.

SIIQ REGIME

Application of SIIQ regime is subordinated to the condition which companies engage primarily the property leasing activities.

The prevalence shall be tested according to two parameters:

a) Financial: land and buildings held as property or other real right for rental activities represent at least 80% of the assets - "*asset test*".
b) Economic: in each financial year. revenues from rental activities representing at least 80% of the positive components of the income statement - "*profit test*" (ratio of exempt income and total proceeds).

At the date of these financial statements, the Company complies with both two parameters.

OTHER INFORMATIONS

Option to derogate (OPT OUT) the obligation to publish a document in the event of significant transactions

Company's Board of Directors on September 14th, 2015 resolved to make use of the derogation provided for in Articles. 70, paragraph 8 and 71, paragraph 1-bis of Consob Regulation no. 11971/99.

Definition of SMEs

With reference to the definition of SMEs, set out in Article 1, paragraph 1, letter w-quarter.1) of the Consolidated Finance Act, we report that, at the date of these financial statements, the Company falls that definition because it has a lower turnover of Euro 300 million and a market capitalization less than Euro 500 million.

PROPOSAL OF APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR AS AT DECEMBER 31st, 2017 AND DISTRIBUTION OF DIVIDEND

The Financial Statements as at December 31st, 2017, closed with a net profit of Euro 16,261,816.
It proposes:

- to allocate Euro 3,344,345 to Valuation Reserve
- to allocate Euro 1,161,129 to Legal Reserve
- to allocate Euro 2,034,452 to Retained Earnings
- to distribute to Shareholders a dividend of Euro 0.27, of which Euro 0.09 for share paid in advance on November 15th, 2017, for every ordinary share outstanding at the time of dividend payment date. The total amount of dividend is Euro 9,721,890 based on outstanding shares.

Milan, February 21st, 2018

FINANCIAL STATEMENTS

STATEMENT OF PROFIT/(LOSS) FOR THE YEAR

(Euro)	Notes	December 31st, 2017	*of which related parties*	December 31st, 2016	*of which related parties*
Income statements					
Rents	38	14,554,064	-	6,919,915	-
Net real estate operating expenses	39	(1,090,675)	(9,726)	(529,808)	-
Net rents		**13,463,389**	**(9,726)**	**6,390,107**	**-**
Other revenues		-	-	9,898	9,898
G&A expenses	40	(6,609,618)	(3,832,958)	(4,590,869)	(2,627,765)
Other operating expenses	41	73,824	148,000	(301,214)	(291,000)
Gross operating income		**6,927,595**	**(3,694,684)**	**1,507,922**	**(2,908,867)**
Net depreciation	42	(1,204,879)	-	(4,475,435)	-
Net movement in fair value	43	3,344,345	-	2,718,140	-
Net operating income		**9,067,061**	**(3,694,684)**	**(249,373)**	**(2,908,867)**
Income from investments	44	11,373,571	11,373,571	10,853,242	10,853,242
Financial income	45	536,631	-	466,471	-
Financial expenses	45	(4,704,528)	-	(2,234,378)	-
Profit before tax		**16,272,735**	**7,678,887**	**8,835,962**	**7,944,375**
Income tax	46	(10,919)	-	-	-
Profit		**16,261,816**	**7,678,887**	**8,835,962**	**7,944,375**

OTHER COMPREHENSIVE INCOME STATEMENT

(Euro)	Notes	December 31st, 2017	December 31st, 2016
Profit for the year		**16,261,816**	**8,835,962**
Other comprehensive income to be reclassified to profit of the period in subsequent periods	57	(56,342)	73,126
Other comprehensive income not to be reclassified to profit of the period in subsequent periods		-	(10,069,725)
Other comprehensive income		**16,205,474**	**(1,160,637)**

STATEMENT OF FINANCIAL POSITION

(Euro)	Notes	December 31st, 2017	*of which related parties*	December 31st, 2016	*of which related parties*
Assets					
Real estate investments	47	268,900,000	-	207,000,000	-
Other tangible assets	48	350,718	-	2,810	-
Other intangible assets	48	24,229	-	-	-
Investments in subsidiaries	49	236,448,645	-	210,142,826	-
Investments in associated companies	50	13,857,143	-	13,214,286	-
Available for sale financial assets	51	1,491,992	-	-	-
Non-current deferred tax assets	52	2,621	-	-	-
Derivatives	53	377,145	-	610,626	-
Trade and other non-current receivables	54	-	-	38,000,000	-
Total non-current assets		**521,452,493**	**-**	**468,970,548**	**-**
Trade and other current receivables	55	3,926,914	46,495	10,689,418	3,419,380
Cash and cash equivalents	56	18,506,200		96,943,192	-
Total current assets		**22,433,114**	**46,495**	**107,632,610**	**3,419,380**
Total assets		**543,885,607**	**46,495**	**576,603,158**	**3,419,380**
Liabilities					
Capital stock		14,450,800	-	14,450,800	-
Share premium reserve		335,549,475	-	335,549,475	-
Valuation reserve		16,784	-	73,126	-
Interim dividend		(3,240,193)	-	-	-
Other reserves		4,447,171	-	-	-
Profit / (loss) carried forward		-	-	(320,439)	-
Profit / (loss) for the period		16,261,816	-	8,835,962	-
Shareholders' equity	**57**	**367,485,853**	**-**	**358,588,924**	**-**
Bank borrowings and other non-current lenders	58	148,033,817	-	211,973,080	-
Deferred tax liabilities	59	6,711	-	-	-
Payables for post-employment benefits	60	19,781	-	4,999	-
Provisions for risks and charges	61	122,526	-	125,443	-
Trade payables and other non-current liabilities	62	243,000	243,000	391,000	391,000
Total non-current liabilities		**148,425,835**	**243,000**	**212,494,522**	**391,000**
Bank borrowings and other current lenders	58	22,719,802	-	-	-
Trade payables and other current liabilities	63	5,243,198	2,014,571	5,519,712	3,128,250
Current tax payables	64	10,919	-	-	-
Total current liabilities		**27,973,919**	**2,014,571**	**5,519,712**	**3,128,250**
Total liabilities		**176,399,754**	**2,257,571**	**218,014,234**	**3,519,250**
Total liabilities and shareholders' equity		**543,885,607**	**2,257,571**	**576,603,158**	**3,519,250**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Euro)	Capital stock	Share premium reserve	Valuation reserve	Other reserves (Interm dividend)	Profit / (loss) carried forward	Profit / (loss) for the year	Total Shareholders' equity
Balance as of January 1st, 2016	**70,800**	**499,200**	**-**	**-**	**-**	**(320,439)**	**249,561**
Loss carried forward	-	-	-	-	(320,439)	320,439	-
Capital increase May 11th, 2016	5,780,000	138,720,000	-	-	-	-	144,500,000
Capital increase May 13th, 2016	8,600,000	206,400,000	-	-	-	-	215,000,000
IPO costs	-	(10,069,725)	-	-	-	-	(10,069,725)
Cash flow hedge reserve	-	-	73,126	-	-	-	73,126
Profit / (loss) for the period	-	-	-	-	-	8,835,962	8,835,962
Balance as of December 31st, 2016	**14,450,800**	**335,549,475**	**73,126**	**-**	**(320,439)**	**8,835,962**	**358,588,924**
Profit carried forward	-	-	-	4,447,171	320,439	(4,767,610)	-
Dividend distribution on 2016 results	-	-	-	-	-	(4,068,352)	(4,068,352)
Interim dividend on 2017 results	-	-	-	(3,240,193)	-	-	(3,240,193)
Cash flow hedge reserve	-	-	(69,295)	-	-	-	(69,295)
Available for sale reserve	-	-	12,953	-	-	-	12,953
Profit / (loss) for the period	-	-	-	-	-	16,261,816	16,261,816
Balance as of December 31st, 2017	**14,450,800**	**335,549,475**	**16,784**	**1,206,978**	**-**	**16,261,816**	**367,491,853**

CASH FLOW STATEMENT

(Euro)	Notes	2017	2016
Profit for the period before tax	57	16,272,735	8,835,962
Adjustments to reconcile the profit to net cash flow:			
Net depreciation	42	1,204,879	4,475,435
Severance pay	60	45,448	130,442
Net movement in fair value property	43	(3,344,345)	(2,718,140)
Financial income	45	(17,763)	(214,466)
Financial expenses	45	1,017,716	320,773
Net movement in fair value of financial instruments	62	(148,000)	291,000
Changes in working capital:			
(Increase) / decrease in trade and other current receivables	55	6,780,266	(9,893,853)
Increase / (decrease) in trade payables and other current liabilities	63	(310,098)	4,898,433
Net cash flows generated (absorbed) from operating activities		**21,500,838**	**6,125,587**
Investment activities			
(Acquisition) / disposal of real estate property	47	(58,555,655)	(204,281,860)
(Acquisition) / disposal of other tangible and intangible assets	48	(382,835)	(3,381)
(Acquisition) / disposal of other non-current receivables	54	38,000,000	(38,000,000)
(Increase) / decrease in financial activities	51	(1,485,325)	
Purchase of subsidiaries	49	(27,500,000)	(70,117,690)
Purchase of associated companies	50	(642,857)	(13,214,286)
Net cash flow generated (absorbed) from investment activities		**(50,556,672)**	**(325,617,217)**
Financing activities			
Shareholders' contribution / (dividends paid)	57	(7,308,545)	204,930,275
(Acquisition) / closing of derivatives		-	(537,500)
Increase / (decrease) in bank borrowings and other non-current lenders		-	213,589,693
Repayment of borrowings	58	(42,062,613)	(1,937,387)
Net cash flows generated (absorbed) from financing activities		**(49,371,158)**	**416,045,081**
Net increase / (decrease) in cash and cash equivalents		(78,436,992)	96,553,452
Cash and cash equivalents at the beginning of the period	56	96,943,192	389,740
Cash and cash equivalents at the end of the period		**18,506,200**	**96,943,192**

NOTES TO THE FINANCIAL STATEMENTS

Principles of preparation and changes in accounting standards

Principles of preparation

The financial statements at December 31st, 2017, have been prepared in accordance with the IAS/IFRS accounting standards set forth by the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission as established by Community Regulation no. 1606 of July 19th, 2002.

The financial statements have been prepared under the historical cost principle, except for investment properties, financial and derivative financial instruments, contingent consideration and liabilities for non-cash distributions that are recognised at fair value. The carrying value of assets and liabilities that are subject to hedging transactions at fair value and would otherwise be carried at amortised cost, has been adjusted to take account of changes in fair value attributable to the hedged risks.

The financial statements include the statement of financial position, the statement of profit for the year, the statement of other comprehensive income, the Statement of Changes in Equity, the Cash Flow Statement and the Notes to the financial statements.

In accordance with art.5, paragraph 2 of Legislative Decree no.38 of February 28th, 2005 the financial statements were prepared in Euro. Unless otherwise specified, all amounts of the separate financial statements are in Euro. Rounding of the data in the notes to the financial statements is intended to ensure consistency with the figure reported in the balance sheet and income statements.

The financial statements give information about the amounts reported last year and they have been prepared on a going concern basis, in accordance with the principle of accrual, principle of relevance and significance of information and the prevalence of substance over form.

Assets and liabilities and revenues and expenses are offset only if required or permitted by an accounting standard or its interpretation.

The accounts adopted are consistent with those established by IAS 1 - "Presentation of Financial Statements". In particular:

- the statement of assets has been prepared by classifying assets and liabilities according to the "current / non-current" criterion;
- the income statement and comprehensive income statement have been prepared by classifying operating expenses by nature;
- the financial statements have been prepared using the "indirect method".

The statement used, as specified above, are those that best represent the economic standing and financial position of the Company.

Main balance sheet items

Real estate investments

Investment property is represented by property held to earn rental income and/or for capital appreciation and not for use in the production or supply of goods or services or for administrative purposes.

Investment property is initially recognized at cost including incidental expenses and acquisition. consistent with IAS 40, and subsequently measured at fair value. recognizing in the income statement the effects of changes in fair value of investment property in the year such occur.

The costs incurred relating to subsequent interventions are capitalized on the carrying value of the investment property when it is probable that they will generate future economic benefits and their cost can be measured reliably. Other maintenance and repair costs are expensed as incurred.

The *fair value* of the investment property does not reflect future capital investments that will improve or enhance the properties and does not reflect future benefits from this expenditure.

Investment property is derecognized when sold or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses arising from the retirement or disposal of an investment property are recognized in the income statement in the year of the withdrawal or disposal.

IFRS 13 defines the fair value as the price (*exit price)* that would be received for the sale of an asset. or that would be paid for transfer of a liability in a regular transaction between market participants at the valuation date.

In particular, in measuring the *fair value* of investment property, as required by IFRS 13, the company must ensure that the fair value reflects, among others, rental income from current leases, and other reasonable and supportable assumptions that market participants would use to price real estate properties under current conditions.

In accordance with IFRS 13, the fair value valuation of a non-financial asset considers the ability of a market operator to generate economic benefits from using the asset at its *highest and best use,* or selling it to another market participant that would employ such at its highest and best use.

According to IFRS 13, an entity must employ valuation techniques appropriate to the circumstances and for which sufficient data are available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value is measured based on observable transactions in an active market, adjusted if necessary, depending on the specific characteristics of each investment property. If such information is not available, so as to determine the fair value for measurement of the investment property, the company uses the discounted cash flow method (for a period that varies according to the duration of existing contracts) related to future net income from leasing of property, and it is assumed that the property is sold at the end of this period.

Investment property is valued with the support of an external independent valuation company, duly recognized in terms of professional qualification and recent experience in the leasing and characteristics of the property evaluated.

The Board of Directors of the Company, decided to appoint as independent expert CBRE Valuation S.p.A. The independent expert has the task of defining, every six months, the market value of Vodafone Village, Monte Rosa and any further real estate properties that the Company should acquire. Valuations are prepared in compliance with the standard "*RICS Valuation - Professional Standards*" and in compliance with applicable regulations and the recommendations provided by ESMA European Securities and Markets Authority. For more details, please refer to note 47.
The Company has adopted an internal procedure for the selection and appointment of independent experts as well as for the valuation of investment properties. On the selection and appointment of the independent experts, the procedure requires specific operational binding instructions to verify, through appropriate written statements or acquiring specific certifications, the duration of the appointment (four-year and not renewable), the independence

and incompatibility requirements of experts.
The procedure gives also guidelines for the determination of the remuneration to the independent expert so as not to undermine the independence of the same. The remuneration provided for assessments at December 31st, 2017 has been preliminarily defined as a fixed amount based on the size of the individual investment property.
The process by which the Company determines the fair value of its real estate investments, however, falls within the estimation processes, which implies the forecast of costs and revenues related to each investment and the formulation of assumptions on variables of calculation models that depend on expectations the performance of real estate and financial markets as well as the general economic conditions that affect rent levels and the reliability of tenants, and that, in consideration of the uncertainty connected to the realization of any future event, are able to determine variations, even significant and in the short term, the conclusions of the experts and therefore of the results of the financial statements, albeit in constant evaluation models.
The evaluations are also analyzed by the Company in order to verify the correctness and consistency of the assumptions used by the independent expert.
As for the use of estimates regarding real estate investments, refer to paragraph 47.

Assets and financial liabilities

Assets and financial liabilities are accounted in accordance with IAS 39 - Financial Instruments: Recognition and Measurement. and IAS 32 - Financial instruments: presentation and supplementary information.

Loans and receivables that the Company does not hold for trading (loans and receivables originated during operational activities), securities held with the intention of keeping such in the portfolio until maturity, and all financial assets not listed in an active market and whose fair value cannot be determined reliably, are measured, if featuring a fixed term, at amortised cost using the real interest rate calculation method. When financial assets have no fixed maturity, such are valued at acquisition cost.

Receivables due beyond one year. non-interest bearing or which bear interest below market are discounted using market rates. Valuations are carried out regularly as to whether there is objective evidence that a financial asset or a group of assets may have suffered an impairment loss. If any such evidence exists. the impairment loss is recognized as an expense in the income statement for the period.

Financial liabilities are initially recognized at fair value and subsequently carried at amortized cost method using the real interest rate calculation method.

Available for sale financial assets

Available for sale financial assets include fund units (equity, bonds and others). Assets classified as available for sale are those that have not been classified as held for trading or designated at fair value through profit or loss. In this category, debt securities held for an indefinite period and those that could be sold in response to liquidity needs or changes in market conditions are classified.
After initial recognition, available for sale securities are measured at fair value and their unrealised gains and losses are recognised among the other components of the comprehensive income statement in the reserve for available for sale assets up to the elimination of the investment - when the accumulated profit or loss is recognized among other operating income or expense - or up to the moment when a loss is denominated - when the cumulative loss is reversed from the reserve and reclassified to the profit/(loss) from financial expenses. Interest received during the period in which the financial assets available for sale are held are recognized as financial income using the effective interest.

Derivatives

Derivatives, including separated embedded derivatives, are assets and liabilities recorded at *fair value*. Derivatives are designed as hedging instruments when the relation between derivative and the covered instrument is formally documented and the hedge effectiveness, verified periodically, is high. When hedging instruments cover the risk of fair value changes of covered instruments (fair value hedge; es. cover the change in fair value of assets/liabilities at a fixed rate), derivatives are recorded at fair value through profit and loss; consistently, the covered instruments are adjusted to reflect in the income statement the fair value changes related to covered risk. regardless of different criteria valuation forecast. When derivatives cover the risk of cash flow variations of covered instruments (cash flow hedge; es. hedging the cash flow variation of assets/liabilities due to exchange rates movements), the portion of fair value considered effective are initially recognized in OCI in the cash flow hedge reserve and subsequently recognized in the statement of profit or loss. consistently with the economic effects of the hedged. Any ineffective portion is recognized immediately in the statement of profit or loss.

Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as are placement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Plant, machinery and equipment	12 years
Office properties	12 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Investments in associated and joint venture

In accordance with IFRS 10 will have control over a subsidiary if and only if, simultaneously:

(i) it has the power over the subsidiary, qualified in possession of valid rights on its relevant activities, that is, those activities that have a significant impact on its profitability;

(ii) it has the actual ability to exercise such power over the subsidiary so as to affect the profitability of the same;

(iii) the profitability (positive or negative) of its investment changes in relation to the entity's subsidiary profitability.

In accordance with IFRS 11, a joint venture is a company over which the Group exercises control in a shared with third parties. Joint control of a company is qualified as sharing, contractually agreed, the control thereof, and may exist when the relevant decisions are made with the unanimous control of joint ventures.
In accordance with IAS 28, a related entity is a company in which the Group has significant influence, described as the power to participate in financial and operating strategic decisions despite of not having control.

Investments in subsidiaries, joint ventures and associates are initially recognized at the cost incurred for the acquisition or establishment, represented by the fair value at the exchange date and all other charges.

Investments in subsidiaries to joint ventures and associates are reviewed annually, or more frequently if necessary, to check for any impairment. Where there is evidence that these investments have suffered a loss in value, the impairment is recognized in the income statement as depreciation. If the company's share of the losses of the subsidiary exceeds the carrying value of the investment, and the company is obliged to or wishes to respond, we are reduced to zero the value of the investment and the share of further losses is recognized as a provision. If, subsequently, the impairment is reversed or reduced, it is recognized in the income statement as a value restoration of the cost limits.

Dividends paid by subsidiaries, joint ventures and associates are recognized in the income statement, while respecting the principle of competence, at the time when the right to credit (generally coincides with the distribution resolution adopted by the Assembly of the subsidiaries).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits. in the latter case with a term of less than three months. Cash and cash equivalents are stated at their nominal value and the spot rate at year-end, if in foreign currency.

Net Equity

Capital stock

The capital stock represents the nominal value of payments and contributions made in this regard by shareholders.

Valuation reserve

When derivatives cover the risk of cash flow variations of covered instruments (cash flow hedge; es. hedging the cash flow variation of assets/liabilities due to exchange rates movements), the portion of fair value considered effective are initially recognized in OCI in the cash flow hedge reserve, and subsequently recognized in the statement of profit or loss, consistently with the economic effects of the hedged.

Financial assets available for sale, after initial recognition, are valued at fair value with the posting of changes in equity, in the valuation reserve of assets available for sale.

Cash dividend and Interim dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As for the corporate laws in Europe, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Severance pay

Severance pay fund (TFR) is considered as a defined benefit plan. The benefits promised to employees are recognized monthly with the maturation and are paid upon termination of employment. The severance pay is accrued based on the seniority reached at the end of each individual employee in accordance with the laws and labor contracts in force at the reporting date. The provision reflects the liability towards employees, on the basis of experience and seniority wages paid, recalculated on the basis of its actuarial value. The adopted actuarial assessments are the best estimates of the variables that determine the final cost of the subsequent performance at the end of the employment relationship.

Provision for risks and charges

The provisions for risks and charges are recognized when the Company has a present obligation (legal or constructive) as a result of a past event. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate. the risks specific to the liability. When discounting is used. the increase in the provision due to the passage of time is recognized as a finance cost.

Valuation of the financial instruments

The financial instruments are incentives granted to management in relation to their significant contribution at start-up and development of the Company. They will be entitled to payment of a yield related to changes in Net Asset Value (NAV) to be performed including remuneration in shares of the Company. The financial instruments are recognized initially at fair value recording the related cost in the income statement, and by subsequently evaluating at each balance sheet date the effects of the change in the fair value recognized in the income statement during the period in which such occur. The fair value at the closing date of the period is determined by estimates made by management. including through the support of independent experts. The estimates are subject to hypotheses and assumptions that could be different from initial estimate.

Recording of revenues, income and expenses in the income statement

Revenues

Revenue is recognized to the extent in which it is likely that economic benefits will be obtained by the company and the revenue can be measured reliably. Revenue is measured at fair value of the amount received, excluding discounts, rebates and other sales taxes.

The following specific recognition criteria of revenues must always be considered before recognition in the income statement:

- *Rental income*: rental income from the investment property owned by the Company is recognised on an accrual basis. conforming to extant lease contracts
- *Sale of properties*: revenues from sale of properties is recognized in the income statement and are recognized when the Company has transferred all significant risks and rewards of ownership of the property.

Costs

The costs and other operating expenses are recognized as components of the fiscal year result when incurred on an accrual basis, and when such cannot be recognized as assets in the balance sheet.

Financial income and charges

Financial income and expenses are recognized on an accrual basis according to the interest accrued on the net value of the related financial assets and liabilities using the effective interest method.
Borrowing costs directly attributable to the acquisition and construction of investment property are capitalised in the carrying amount of the pertinent property. Capitalisation of interest is carried out on condition that the increase in the carrying value of the asset does not ascribe to the same value higher than its fair value.

Taxes

Current taxes

As for the non-exempt income, current income taxes are calculated based on estimated taxable income. Liabilities for current taxes are recognised in the balance sheet net of any advance taxation.

Tax payables and receivables for current taxes are measured at the amount expected to be paid /received to/from the tax authorities on the basis of the nominal tax rates in effect at the balance sheet date. except for those directly recorded in shareholders' equity. in that such relate to adjustment of assets and liabilities recognised directly to equity. Other non-income taxes. such as taxes on property and capital. are included in the operating costs.
The Company is under the SIIQ tax regime. SIIQs are subject to neither corporate income tax (“**IRES**”) nor regional tax on productive activities (“**IRAP**”) on the business income deriving from letting real property and on other real estate related items of income. On the other hand, the earnings and profits corresponding to the exempt income are subject to taxation in the hands of the shareholders upon distribution.
Taxes are therefore calculated on the income produced by the non-exempt income.

Deferred tax

Pre-paid tax is recognized using the liability method on temporary differences.
It is calculated on the temporary differences between the carrying amounts of assets and liabilities recorded in the balance sheet and their tax value. The deferred tax assets on tax losses carried forward and on deductible temporary differences are recognized to the extent in which it is likely that future taxable profit will be available against which such can be recovered, considering the SIIQ status.

The tax assets and liabilities are measured using the tax rates expected to be applicable during the years when temporary differences will be reversed. Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The assets and current and deferred tax liabilities are offset when the income taxes are levied by the same taxation authority, when there is a legally enforceable right to offset, and when the expected repayment time is the same.

Earnings Per Share

Earnings Per Share - basic

Basic earnings per ordinary share is calculated by dividing the profit for the period attributable to ordinary shares and the weighted average number of ordinary shares outstanding during the year.

Earnings Per Share - diluted

Basic earnings per ordinary share diluted is calculated by dividing the profit for the period attributable to ordinary shares and the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued upon conversion into ordinary shares of all potential ordinary shares with dilution effects.

Use of estimates

The preparation of the financial statements and related notes requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statements.

Actual results could differ from these estimates due to the uncertainty surrounding the assumptions and conditions on which the estimates are based. Therefore, changes in the conditions underlying the opinions, assumptions and estimates adopted may have a significant impact on future results.

Estimates are used to determine the fair value of investment properties, of financial instruments and derivatives.

Estimates and assumptions are reviewed periodically by management and, when deemed necessary, are seconded by opinions and studies of independent external consultants of leading standing (for example, real estate appraisals), and the effects of any changes are reflected in the income statement.

The following are the most significant estimates related to the preparation of financial statements and annual accounting reports in that they entail many subjective opinions, assumptions and estimates:

- *Investment property*: is initially recognised at cost including incidental expenses and acquisition, consistent with IAS 40, and subsequently measured at fair value, recognising in the income statement the effects of changes in fair value of investment property in the year such occur. The fair value at the closing date of the period is determined by valuation of the real estate assets performed by independent experts; this valuation is subject to hypotheses, assumptions and estimates. Therefore, a valuation by different experts might not result in an identical opinion;
- *Financial assets available for sale*: after initial recognition, financial assets available for sale are measured at fair value and their unrealized gains and losses are recognized among the other comprehensive income in the reserve of assets available for sale. The fair value is determined by management based on the market quotations of the securities funds at the reference date;
- *Financial instrument*: financial instruments are initially valued at fair value, recording the effects deriving from the change in fair value in the period in which they occur in the income statement. Fair value is determined through estimates made by management, also through the support of independent experts; this valuation is subject to estimation processes, which implies the forecast of cash flows based on variables that depend on expectations of the performance of the real estate and financial markets as well as the general market conditions;
- *Taxes*: income taxes, related to the non-exempt income, are estimated based on the prediction of the actual amount that will be paid to the Inland Revenue Office based on the income tax declaration; recognition of deferred tax assets is based on expectations of taxable income in future years, and pre-paid and deferred taxes are determined at the tax rates expected to be applied during the years in which temporary differences will be reversed.

New accounting standards, interpretations and amendments adopted by the Company

The accounting standards adopted in the preparation of the financial statements are consistent with those in effect at the balance sheet date inclusive of new standards, amendments and interpretations effective from June 30th, 2017. The Company has not adopted any new policy, interpretation or amendment issued but not yet effective.
The type and effects of these changes are described below. Although these new policies and amendments are applicable for the first time in 2017, such do not significantly impact the financial statements of the Company. The type and impact of any new policy/amendment are listed below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).
The Company has provided the information for both the current and the comparative period in note 58.

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Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12 apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.
As at December 31st, 2017 the Company has no wholly-owned subsidiaries as held for sale.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.
These amendments did not affect the Company's financial and income statements because the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

New accounting principles

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after January 1st, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Company has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Company will adopt IFRS 9. Overall, the Company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9 regarding the loss of value on loans, valuation of financial liabilities as better described below and finally it is considered that there will be changes to the classification of some financial instruments, as required by the principle.

Classification and measurement

The Company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9 infact, it expects to continue measuring at fair value all financial assets currently held at fair value. However, financial assets available for sale (AFS) with gains and losses recognized in the statement of the other comprehensive income statement, which are not significant, they will be valued at fair value reporting the effect to the income statement.

The AFS reserve relating to these assets, currently amounting of Euro 12 thousand, which is currently presented as accumulated OCI, following application of the new standard, will be reclassified to retained earnings.

As for equity investments, it should be noted that the Company does not currently hold investments in other companies, except for the assets referred to in the previous paragraph, in fact, the investments currently held in portfolio refer to non-listed subsidiaries and associated companies the cost criterion, subject to verification of any loss in value at each reporting date and not subject to the standard in question.

Loans, as well as trade receivables, are held until they are collected based on contractual deadlines. The Company analyzed the characteristics of the contractual cash flows of these instruments and concluded that they comply with the criteria for amortized cost valuation in accordance with IFRS 9. It is therefore expected that it will not be necessary to proceed to a reclassification of these financial instruments.

Impairment

IFRS 9 requires the Company to record expected credit losses on all items such as loans and trade receivables, regarding either a 12-month period or the entire duration of the instrument (e.g. lifetime expected loss). The Company will apply the simplified approach and therefore record the expected losses on all trade receivables based on their residual contractual duration. The Company, in assessing the impacts deriving from its own receivables in the portfolio, both commercial and financial, considering the characteristics of the same and the counterparties, and the collection times, believes that even if not all loans present a guarantee, the impact deriving from the possible allocation should not be of significant amount.

Hedge accounting

The Company uses the application of Hedge Accounting regarding the Interest Cap Rate instruments subscribed. The analysis carried out did not identify any change to the accounting treatment used for contracts signed also in application of IFRS 9.

Considering the foregoing, the Company has established that all existing hedging relationships that are currently designated as effective hedges will continue to qualify for hedge accounting in accordance with IFRS 9.

Other adjustments

IFRS 9 requires that if the cash flow forecasts generated by a financial liability are subject to revision / amendment, it is necessary to reflect the change by recalculating the amortized cost of the same and recognizing any differences in the Income Statement.

During the first half of 2017 the IFRIC and the IASB confirmed that this provision is applicable also in cases where the review of the expected cash flows from a liability is generated by a renegotiation of the contractual terms of the same that (prior exceeding the so-called '10% test') does not entail the accounting derecognition.

At the methodological level, the calculation of the effects to be recognized in the Income Statement in the event of a review of the future cash flows of the liability is determined as the difference between:

- The amortized cost of the original liability on the renegotiation date (pre-renegotiation contractual features);
- The Net Present Value (NPV) of the new expected contractual flows (post-renegotiation), excluding any new costs incurred in the renegotiation phase, discounted based on the original internal rate of return (IRR) (i.e. prior to renegotiation).

The carrying amount of the new liability is subsequently adjusted for any fees or costs incurred during the renegotiation (with consequent modification of the IRR).

If this accounting approach has not already been applied in accordance with IAS 39 (which effectively allowed the possibility of modifying the IRR because of the changes made to the contractual flows without immediate impacts on the Income Statement at the renegotiation date) IFRS 9 requires the retrospective application of the new provisions (with consequent adjustment of the book value of the renegotiated liabilities existing at the date of first application).

The value of the liabilities subject to renegotiation and in place at December 31st, 2017 will be recalculated in application of the new calculation approach defined by IFRS 9 and, when the balances are re-opened at January 1st, 2018, the difference compared to the carrying value ex. IAS 39 will be adjusted as a contra-item to Shareholders' equity.

Based on the simulations carried out, the Company will not have expected significant impact on the opening Shareholders' Equity at January 1st, 2018.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1st, 2018. Early adoption is permitted.
The Company plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Company performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2017.
The Company operates in the real estate sector, through the acquisition and management of real estate properties that generate rental income.

Leasing

The Company is characterized by investments in high quality real estate portfolios, concentrated mainly in primary Italian cities, with high-profile tenants and long-term leases, including adequate safeguard clauses and clauses that provide for the tenant to pay the costs and ordinary and extraordinary maintenance works. At present, the rental revenues deriving from property investments are recorded based on the international accounting standard IAS 17 (paragraph 50), the criterion representative of the temporal competence, based on the existing leases.
Considering the current contractual structure and the sector practices adopted by the main competitors, the Company has assessed that with the adoption of IFRS 15 there will be no significant effects on the financial results.

Presentation and information required

The provisions of IFRS 15 regarding presentation and required disclosure are more detailed than those of the current standards. The provisions relating to the presentation represent a significant change from the practice and significantly increase the volume of disclosure required in the Company's financial statements, however in consideration of the expected impacts from the application of the standard, these changes should not bring significant changes for the Company.

IFRS 16 Leases

From January 1st, 2019, will come into application IFRS 16 setting out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will

continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.
It should be note that the Company has leasing contracts for IT equipment, which do not fall within the scope of the principle, and a lease contract relative to the registered office. In fact, on July 21st, 2017, COIMA RES signed a lease contract for the new registered office in Piazza Gae Aulenti no.12. The agreement provides for a six-year term renewable twice with an annual rent of approximately Euro 94 thousand. In consideration of the fact that COIMA RES has invested a significant amount for the fitting out of the new premises, it is appropriate to consider the duration of the lease contract over twelve years.

The first year of adoption of IFRS 16 will entail the registration of an activity for the right of use (c.d. right of use) equal to Euro 715 thousand and a liability for leasing equal to Euro 688 thousand. In subsequent years, the Company will generally recognize the amount of the remeasurement of the lease liability as a correction of the right to use the asset and account for the effects on the income statement, separately recognizing the financial charges of the liability and amortization of the use.

In 2018, the Company will continue to define the potential effects of IFRS 16 on its financial statements.

Amendments to financial statements

The financial statements as at December 31st, 2017, show a statement of profit / (loss) for the year which separately represents the net profits deriving from the lease, the net revenues deriving from the disposal of the properties and the costs relating to the ordinary operations of the Company. This exposure, commonly adopted by companies operating in the real estate sector, makes it possible to better represent the profitability of investments based on the nature of the activities carried out. For this reason, it was considered appropriate to re-enter the comparative data relating to the profit / (loss) for the financial statements as of December 31st, 2016, in order to make the amount presented in the two reference periods comparable.
The main reclassifications made to the statement of profit / (loss) for the year ended December 31st, 2016 are shown below. It should be noted that the adoption of the new statement of profit / (loss) for the year has no resulted in changes or adjustments in the result of the previous year.

In order to illustrate the changes made below, the reconciliation table and the related tables are shown below:

Consolidated statement of profit published as at December 31st, 2016		Notes	Reclassified income statement item	December 31st, 2016
(in Euro)				
Revenues	7,541,395	(a)	Rents	6,919,915
			Net real estate operating expenses	621,480
Other revenues	9,898		Other revenues	9,898
Costs of raw material and services	(4,309,404)	(b)	Net real estate operating expenses	(739,686)
			General and administration expenses	(3,569,718)
Personnel costs	(954,618)	(c)	General and administration expenses	(954,618)
Other operating expenses	(785,336)	(d)	Net real estate operating expenses	(411,602)
			General and administration expenses	(66,533)
			Other operating expenses	(301,214)
			Financial expenses	(5,987)
Amortisation, depreciation and write-downs	(4,475,435)		Net depreciation	(4,475,435)
Adjustment to fair value of property	2,718,140		Adjustment to fair value of property	2,718,140
Net operating income	**(255,360)**		**Net operating income**	**(255,360)**
Income/(losses) from subsidiaries	10,853,242		Income/(losses) from subsidiaries	10,853,242
Financial income	466,471		Financial income	466,471
Financial expenses	(2,228,391)		Financial expenses	(2,228,391)
Profit before tax	**8,835,962**		**Profit before tax**	**8,835,962**
Income tax	-		Income tax	-
Profit for the period	**8,835,962**		**Profit for the period**	**8,835,962**

(a) At December 31st, 2016, the item *revenues* includes Euro 6,920 thousand of rents and Euro 621 thousand in revenues from reversal of property management charges. These amounts, in the new statement of profit / (loss) for the year, have been reclassified separately in the item *rents* and *net real estate operating expenses*;
(b) The item *costs for raw materials and services* includes Euro 740 thousand of management expenses of real estate assets (property management commissions, maintenance, utilities, insurance policies) and Euro 3,570 thousand related costs to the corporate structure (legal, administrative and business consultancy, governance and control functions, IT services, auditing, marketing). The first one have been reclassified in the item *net real estate operating expenses* and the residual amount in the item

general and administration expenses;

(c) *Personnel costs,* amounting to Euro 955 thousand, have been totally reclassified in the item *general and administration expenses;*

(d) *Other operating expenses* include Euro 412 thousand for property taxes (IMU, TASI, stamp duties) relating to the real estate portfolio, Euro 67 thousand for costs relating to the Company's ordinary operations (membership fees, roadshow costs, other administration charges), Euro 301 thousand other management charges (including the fair value adjustment of the financial instrument) and Euro 6 thousand exchange losses and bank commissions. The amounts described above were reclassified respectively to the *net real estate operating expenses*, *general and administration expenses*, *other operating expenses* and *financial expenses*.

The different exposure of the original items of the statement of profit / (loss) for the year and the changes made led to the separation of management costs of the real estate portfolio, net of revenues from re-charges, and costs related to the corporate structure, in order to represent separately the profitability of investments and costs related to the Company's operating structure.

37. Operating segment

In this section breakdown by operating segment and by geographical area is not exposed because at December 31st, 2017, the Company owns two properties (Vodafone Village and Monte Rosa) located in Milan and leased for office use.

38. Rents

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Vodafone Village	13,877	6,920
Monte Rosa	677	-
Rents	**14,554**	**6,920**

The item *rents* increased by Euro 7,634 thousand compared to the previous year. This increase is mainly attributable to the acquisition of Monte Rosa 93, completed on October 24th, 2017, and to the rents of Vodafone Village, acquired on June 30th, 2016.

39. Net real estate operating expenses

The net real estate operating expenses amount to Euro 1,091 thousand and are detailed as follows:

(in thousands Euro)	Vodafone Village	Monte Rosa 93	December 31st, 2017	December 31st, 2016
Recovery of costs from tenants	1,275	159	1,434	621
Property management fee	(208)	(10)	(218)	(104)
Maintenance and service charges	(199)	(64)	(264)	(70)
Utilities	(962)	(50)	(1,012)	(539)
Insurance	(59)	(4)	(63)	(26)
Property tax (IMU)	(694)	(75)	(769)	(347)
Property tax (TASI)	(47)	(6)	(53)	(23)
Stamp duties	(139)	(5)	(144)	(41)
Other real estate costs	(2)	(1)	(3)	(1)
Net real estate operating expenses	**(1,035)**	**(56)**	**(1,091)**	**(530)**

These costs, net of the recovery of expenses from tenants, show an increase of Euro 561 thousand compared to the previous year, mainly due to the effect on annual basis of maintenance costs, operating costs and taxes on the ownership of Vodafone Village.
The costs relating to Monte Rosa contributed to a minimal extent as the property was acquired by the company in the fourth quarter of 2017.

40. General and administration expenses

The table below shows the general and administration expenses as at December 31st, 2017.

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Asset management fee	(2,775)	(1,831)
Legal, administrative and technical consulting costs	(1,478)	(955)
Personnel costs	(1,068)	(768)
Governance and other control functions	(190)	(142)
Audit	(298)	(207)
Communication, marketing and PR	(28)	(18)
Independent property valuation	(141)	(183)
IT service	(301)	(289)
Other operating expenses	(331)	(198)
General and administration expenses	**(6,610)**	**(4,591)**

This item includes costs relating to the normal operations of the Company, including personnel costs, expenses relating to governance, fees of the independent auditors and external consultants, marketing expenses and IT assistance.

The increase of Euro 2,019 thousand compared to the previous year is mainly due to:

- higher asset management fees, calculated on the consolidated NAV net of management fees that COIMA SGR accrues for the management of the Funds;
- the increase in personnel costs, following the hiring of new employees;
- higher consultancy costs for corporate services, including corporate broking, legal function, specialist;
- other costs related to office management and corporate insurance.

41. Other operating expenses

Other operating expenses, amounting to Euro 74 thousand (Euro 301 thousand at December 31st, 2016), mainly include corporate taxes, contingent liabilities, postal expenses and other administrative costs.

This item also includes the decrease of the fair value of the financial instrument granted to some executive directors and key managers for an amount of Euro 148 thousand.

42. Net depreciations

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Amortisations and write-downs of other fixed assets	(11)	(1)
Depreciations of COIMA CORE FUND IV	(1,194)	(4,475)
Net depreciations	**(1,205)**	**(4,475)**

The amount of Euro 1,205 thousand mainly refers to the value adjustment of the equity investment in the COIMA CORE FUND IV. This adjustment was made on the basis of the impairment test carried out on December 31st, 2017, taking into consideration future cash flows and earnings recorded in previous financial years.

In particular, the net assets of the Fund were compared at December 31st, 2017, calculated in accordance with international accounting standards, with the book value of the investment. The principal assets of the Fund are the Deutsche Bank branches, which were valued at fair value on the basis of the evaluation report issued by the independent expert Duff & Phelps REAG, and by cash. The Fund's liabilities consist of short-term trade payables and therefore no considerations have been made. The fair value of the Fund's net assets as of December 31st, 2017, calculated in accordance with international accounting standards, was therefore equal to Euro 138,831 thousand, while the book value of the investment was Euro 140,025 thousand. The comparison of these two values caused an adjustment of Euro 1,194 thousand. It should be noted that the reduction in value is essentially due to the adjustment of the fair value of the properties and the distribution of profits relating to previous years, made by the Fund during the last quarter of the 2017 financial year.

43. Net movement in fair value

The amount of Euro 3,344 thousand (Euro 2,718 thousand as at December 31st, 2016), refers to adjustments of Euro 1,500 thousand on Vodafone Village and Euro 1,844 thousand on Monte Rosa. The value of such properties is based on the evaluation reports prepared by the independent expert CBRE. For more details on the parameters used by the independent expert to make their evaluations, please refer to note 47 - Real estate investments.

44. Income from investments

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Income from Coima Core Fund IV	4,881	8,979
Income from MHREC Fund	3,459	1,874
Redemption of MHREC Fund's units	3,033	-
Income from investments	**11,373**	**10,853**

Income from subsidiaries amounts to Euro 11,373 thousand and relates to the dividends distributed by the Funds during 2017, as listed below:

- Euro 2,072 thousand on August 14th, 2017, from MHREC Fund;
- Euro 2,721 thousand on August 17th, 2017, from COIMA CORE FUND IV;
- Euro 1,387 thousand on December 18th, 2017, from MHREC Fund;
- Euro 2,160 thousand on December 29th, 2017, from COIMA CORE FUND IV.

It should also be noted that on January 17th, 2017, MHREC Fund repaid a portion of capital for a total of Euro 3,500 thousand, of which Euro 3,033 thousand for the Company.

45. Financial income and expenses

The breakdown of financial income and expenses is described below, which amount to Euro 537 thousand (Euro 466 thousand as of December 31st, 2016) and Euro 4,705 thousand respectively (Euro 2,234 thousand as of December 31st, 2016).

Financial income mainly refers to interest accrued on the value of the VAT credit requested for reimbursement, equal to Euro 466 thousand, and to the gross active interest accrued on liquidity, equal to Euro 68 thousand.

Financial expenses, amounting to Euro 4,705 thousand, mainly include interest expense accrued on the current loan of Euro 4,494 thousand, the agency fee of Euro 30 thousand and the effect deriving from the fair value adjustment of the instruments financial derivatives of Euro 164 thousand.

46. Current taxes

In accordance with the SIIQ regulations, the Company calculates income taxes arising from non-exempt activities, using a tax rate of 24%.
As at December 31st, 2017, current taxes mainly refer to the taxation of interest income on bank accounts accrued during the year.

47. Real estate investments

The changes in property investments as at December 31st, 2017, are listed below

(in thousands Euro)	December 31st, 2016	Acquisitions	Other charges	Revaluations	December 31st, 2017
Vodafone Village	207,000	-	-	1,500	208,500
Monte Rosa	-	57,000	1,556	1,844	60,400
Real estate investments	**207,000**	**57,000**	**1,556**	**3,344**	**268,900**

The Monte Rosa property was purchased on October 24th, 2017, at a price of Euro 57,000 thousand plus taxes and other accessory charges for the purchase of Euro 1,556 thousand.

The column *revaluations* refers to the evaluation reports made in accordance with to "RICS Valuation – Professional Standards", in with applicable law and with recommendations given by ESMA European Securities and Markets Authority.

The table below gives the parameters used by the independent experts to make their valuations:

Investment	Independent experts	Evaluation criteria	Discounted rate	Discounted rate retraining	Gross cap out rate	Inflation rate forecast	Year plan
Vodafone	CBRE Valuation	Discounted cash flow	5.6%	6.6%	5.7%	1.4%	11
Monte Rosa	CBRE Valuation	Discounted cash flow	5.4%	6.9%	5.6%	1.4%	13.5

The valuation of the Vodafone real estate complex, shows an increase compared to the previous year's assessment for Euro 1,500 thousand. This change is due to the compression of returns that is evident on the reference real estate market and to the remodulation, based on the market research carried out by the independent expert, of the unit values linked to the amounts adopted to calculate the market fees.

The property located in Via Monte Rosa, purchased on October 24th, 2017, underwent a revaluation of Euro 1,844 thousand compared to the acquisition value, in part inputable to the compression of yields that can be seen on the real estate market and partly attributable to the purchase value at a value lower than that market.

48. Other tangible and intangible assets

Other tangible assets, amounting to Euro 351 thousand, mainly include the plants, furniture and fixtures acquired by the Company during the year for the new headquarter.

The movements in other tangible assets at December 31st, 2017, are shown below:

(in thousands Euro)	December 31st, 2016	Increase/(decrease)	December 31st, 2017
Furniture and fixtures	-	73	73
Installations	-	284	284
Other tangible assets	4	1	5
Original costs	**4**	**358**	**362**
Furniture and fixtures	-	(2)	(2)
Installations	-	(7)	(7)
Other tangible assets	(1)	(1)	(2)
Depreciation fund	**(1)**	**(10)**	**(11)**
Net book value	**3**	**348**	**351**

Other intangible assets, amounting to Euro 24 thousand, refer to administrative and accounting software in implementation.

49. Investments in subsidiaries

The table below shows the movements in subsidiaries as December 31st, 2017.

(in thousands Euro)	December 31st, 2016	Increase	Revaluations / (Depreciations)	December 31st, 2017
Coima Core Fund IV	140,025	-	(1,194)	138,831
MHREC Fund	69,868	-	-	69,868
Coima Res SIINQ I	250	27,500	-	27,750
Investments in subsidiaries	**210,143**	**27,500**	**(1,194)**	**236,449**

Investments in subsidiaries amount to Euro 236,449 thousand, specifically:

- COIMA CORE FUND IV contributed by Qatar Holding before the IPO;
- MHREC Fund acquired on July 27th, 2016, for a holding of 86.67%;
- COIMA RES SIINQ I, vehicle established on September 29th, 2016.

The column called *increase* relates to the payment on the future capital increase account carried out by the Company on January 13th, 2017, for COIMA RES SIINQ I.

The value adjustment of COIMA CORE FUND IV is due to the impairment test carried out on the investment, already described in the previous paragraphs.

The main data relating to subsidiaries are shown below:

(in thousands Euro)	% owned	Capital stock as at December 31st, 2017	Total asset as at December 31st, 2017	Shareholders' equity as at December 31st, 2017 (*)
Coima Core Fund IV (**)	100%	134,000	143,495	138,831
MHREC Fund (**)	86.7%	66,457	163,171	89,506
COIMA RES SIINQ I	100%	250	54,817	35,033

(*) *The amounts include 2017 results.*
(**) *The amounts reported are calculated in accordance with International Accounting Standards.*

50. Investments in associated companies

The item investments in associates relates exclusively to the investment in the Porta Nuova Bonnet Fund, described below.

(in thousands Euro)	December 31st, 2016	Recalls	December 31st, 2017
Porta Nuova Bonnet Fund	13,214	643	13,857
Investments in associated companies	**13,214**	**643**	**13,857**

The item *recalls* refers to the amounts paid by the Company during the year in view of the costs to be incurred for the development of the project. In particular, the recalls of the Fund were made on June 12th, 2017 for Euro 464 thousand and on November 24th, 2017 for Euro 179 thousand.

51. Available for sale financial assets

The increase in available for sale financial assets, amounting to Euro 1,492 thousand, relates to a temporary investment of part of our excess cash into certain investment funds through an investment mandate entrusted to the company Pictet. The available for sale financial assets have been valued at fair value, in accordance with IAS 39.
At the date of these financial statements, all funds in the portfolio have a market price.

52. Non-current deferred tax assets

Non-current deferred tax assets, amounting to Euro 3 thousand as of December 31st, 2017, mainly refer to change in fair value of available for sale financial assets.

53. Derivatives

The amount of Euro 377 thousand (Euro 611 thousand as at December 31st, 2016) relates to the four existing derivatives contracts signed to hedge the financial flows relating to the mortgage funding. The hedging involves 60% of the Senior Line.

The fair value adjustment of derivatives, amounting to Euro 234 thousand, was accounted for the intrinsic component in equity, in the related negative valuation reserve (Euro 70 thousand) and for the time component in the income statement under the item "financial expenses" (Euro 164 thousand) in compliance with the accounting standard IAS 39 Financial Instruments: Recognition and Measurement.

The hedging strategy adopted by the Company is to be an upper limit on the cost of financing for the part covered.
The Company recorded hedging transactions based on *hedging accounting* verifying the effectiveness of the same. In order to test the effectiveness of derivatives, the *hedged item* is identified at the time of hedging, with a *hypothetical derivative*. This derivative must perfectly cover the risks caused by exposure in contractual and underlying terms (notional. indexing. etc.). Finally, the hypothetical signing must take place under market conditions at the start of the hedging relationship. In order to verify the efficacy of the derivative, it was performed the prospective and retrospective test, which are effective to 100%.
The valuation of derivatives at fair value considered some potential adjustments to be made as a result of the deterioration of the bank counterparties or of the Company itself, also taking into consideration any guarantees given by the Company to the Banks.

54. Trade and other non-current receivables

On October 20th, 2017, the Company collected Euro 38,000 thousand of VAT refund request on 2016 to the Inland Revenue Agency, resulting from the acquisition of Vodafone property.
The cash received by the Company, equal to Euro 38,000 thousand plus interest accrued at 2%, was used to fully repay the VAT loan.

55. Trade and other current receivables

The breakdown of trade and other current receivables as of December 31st, 2017 is given below:

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Receivables from tenants	158	6
Trade receivables	**158**	**6**
Tax receivables	2,948	5,916
Advance payment	-	52
Other advance	-	1.000
Other current activities	237	3.445
Prepayments and accrued income	584	270
Other current receivables	**3,769**	**10,683**
Trade and other current receivables	**3,927**	**10,689**

This item mainly includes receivables deriving from the Company's VAT payment of Euro 2,930 thousand, prepayments relating to insurance of Euro 487 thousand and other receivables related to advances to suppliers, of Euro 237 thousand.
The decrease of Euro 6,762 thousand compared to the previous year is due to the VAT receivable, used to offset other taxes and duties, the collection of the proceeds from COIMA CORE FUND IV of Euro 3,305 thousand and the repayment of Euro 1,000 thousand in respect of the down payment for the purchase of Deruta.

56. Cash and cash equivalents

Cash and cash equivalents, amounting to Euro 18,506 thousand, are held at the following institutions:

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Banca Passadore	12,543	3,145
Intesa San Paolo	4,949	5,244
Banco Popolare	-	33,554
Banco Popolare - Time Deposit	-	55,000
Pictet	1,014	-
Cash and cash equivalents	**18,506**	**96,943**

Intesa Sanpaolo includes three pledged current accounts and an unpledged account called distribution account which were opened following the signing of the loan agreement. The unpledged account includes the amounts that the Company may freely use after the quarterly review of the loan agreement covenants.

In November, the Company closed the current account held with *Banco Popolare* following the investment of available cash, used to conclude the acquisition of the building located in Milan, via Monte Rosa 93. It should be noted that the time deposits had been originally stipulated for an amount of Euro 200,000 thousand. This amount has gradually been exhausted because of subsequent investments made by the Company.

The amount exposed to Pictet refers to a part of the liquidity waiting to be invested.

57. Shareholders’ equity

Shareholders' equity at December 31st, 2017, amounts to Euro 367,486 thousand (Euro 358,589 thousand as at December 31st, 2016) and its breakdown is shown in statement of changes in shareholders’ equity.
The capital stock comprises 36,007,000 ordinary shares with no nominal value.
The legal reserve includes the part of profits that, according to the provisions of art. 2430 of the Italian Civil Code, cannot be distributed as dividends. The reserve has not yet reached the amount required by law.
The valuation reserve, amounting to Euro 17 thousand, relates to the change in the fair value of the derivative contracts signed to hedge the cash flows of the current loan and the financial assets available for sale.
The interim dividend of Euro 3,240 thousand refers to the 2017 interim dividend payment of Euro 0.09 for each outstanding share on the ex-dividend date, resolved on October 25th, 2017, by the Board of Directors pursuant to art. 2433-bis, paragraph 5, of the Italian Civil Code and paid on November 15th, 2017, with an ex-coupon date set for November 13th, 2017.

The table below shows the availability and distribution of the equity reserves at December 31st, 2017:

(in thousands Euro)	Amount	Possibility to use	Available amount	Dividends	Amount used in the three previous years	
					To cover losses	For other reason
Capital stock	14.451					
Share premium reserve	335,549	A, B	335,549			
Legal reserve	1,729	B				
Interim dividend	(3,240)			(3,240)		
Valuation reserve	17					
Other reserves	2,718			(4,068)	(320)	
Profit / (loss) carried forward	-					
Profit / (loss) for the period	16,262					
Total shareholders' equity	**367,486**		**335,549**	**(7,308)**	**(320)**	**-**
Amount unavailable for distribution			335,549			
Amount available for distribution						

Legend:
- A: for capital increase
- B: to cover losses
- C: for distribution

58. Bank borrowings and other lenders

(in thousands Euro)	December 31st, 2016	Admortised costs	Reimbursements	Reclassifications	December 31st, 2017
Financial loan	211,973	844	(42,063)	(22,720)	148,034
Bank borrowings	**211,973**	**844**	**(42,063)**	**(22,720)**	**148,034**

On June 29th, 2016, the Company signed a syndicated loan agreement for a total of Euro 216,275 thousand with the following banks: Banca IMI (**Agent Bank**), Unicredit, BNP Paribas and ING Bank, all with a 25% participation in the total loan.
Originally the scope of the loan was to purchase of Vodafone Village and indirectly to refinance the acquisition of the Deutsche Bank portfolio.

During the year, the Company repaid part of the loan originally divided into a Senior line of Euro 172,275 thousand and a VAT line of Euro 44,000 thousand. The latter was repaid for Euro 1,937 thousand in 2016 and for Euro 42,063 thousand during the year, following the collection of the VAT amount received by the Inland Revenue Agency on October 20th, 2017.

The column *reclassification* refers to the portion of financing allocated to the bank branches subject to disposal, reclassified to the item *bank borrowings and other current lenders* because of the proceeds deriving from the sale transaction described in the paragraph 14 – Real estate investments, will be used to repay a portion of the outstanding loan.

The LTV as at December 31st, 2017, is 48.2% of value of the real estate portfolio.

The table below summarises the financial details of the loan:

(in thousands Euro)	December 31st, 2017	Maturity	Rate	Arrangement fee	Agency fee	% hedge
COIMA RES – Senior Line	170,754(*)	June 29th, 2021	Eur 3M +180bps	90 bps	30	60%

(*) *The amount includes Euro 22,720 thousand, which is the portion of loan reclassified in the item bank borrowings and other current lenders*

Based on the terms of loan agreement, the Company signed four derivatives hedging contracts for 60% of the total amount of the loan in the form of *interest rate cap* with 50 bps.
This transaction is a cash flow hedge and comes within the ambit of *hedge accounting*.

Note that the verification date of the financial covenants is on a quarterly basis, as contractually agreed. As at December 31st, 2017 the indicators at that date are listed below:

Covenant	Limits	Test results as at December 31st, 2017
LTV Portfolio	<60%	49.4%
LTV Consolidated	<60%	42.8%
ICR Portfolio	>1.80x	5.4x
ICR/DSCR Consolidated	>1.40x	4.1x

The above indicator respect the covenant agreement.

59. Deferred tax liabilities

Deferred tax liabilities, equal to Euro 7 thousand as at December 31st, 2017, refer to taxes calculated on the change in fair value of financial assets available for sale.

60. Payables for post-employment benefits

Payables for post-employment benefits, equal to Euro 20 thousand (Euro 5 thousand as at December 31st, 2016) concerns three employees of the Company.

61. Provisions for risks and charges

The provision for risks and charges of Euro 123 thousand (Euro 125 thousand at December 31st, 2016) includes the discounted value of the *Long-Term Incentive* granted to one employee. The incentive stipulates that the employee should be paid if he still employed in the company on December 31st, 2018.

62. Trade and other non-current payables

Trade and other non-current payables include the fair value of the financial instrument granted to executive directors and key managers. The instrument was issued by the Company and acquired by management for a nominal value of Euro 1 thousand. As at December 31st, 2017 the instrument was revalued at Euro 243 thousand (Euro 391 thousand as at December 31st, 2016) based on the evaluation report specifically prepared by an external consultant.

The expert expressed its opinion regarding the *fair market value* of the financial instrument issued by the Company for certain managers and directors based on the instrument regulations, of the fact that the Company is listed and of the cash flows forecast in three different scenarios (*worst, mid and base*).

The valuation was made applying the financial criterion. This estimates the value of an asset as the sum of expected financial flows, discounted at a rate expressing the systematic investment risk. The valuation model was set as follows:

- the reference date was December 31st, 2017;
- the estimate was made first of all by assuming the expected annual cash flows from the Promote Fee over the period 2018-2020. Average-weighted cash flows were considered in three separate scenarios (*worst, mid and base*) prepared by the Company's management. For estimating the expected cash flows, the flows of the three scenarios were weighted respectively by 5%, 5% and 90%. These probabilities have been elaborated based on the knowledge of the business and of the hypotheses underlying the scenarios in question;
- for estimating the annual cash flows of the holders of the instrument, the average-weighted annual flows deriving from the Promote Fee were 60%. This is in line with what is indicated above and provided for in the instrument regulations;
- the average-weighted cash flows of the holders of the instrument have been discounted, at December 31st, 2017, at a discount rate expressing the average return expected on investments having a risk profile comparable to that of the investment in the instrument. This discount rate, equal to 4.2%, was quantified according to the CAPM ("*Capital Asset Pricing Model*") approach and is equal to the cost of the Company's own capital, expressing the systematic (non-diversifiable) risk associated with the business activities from which cash flows depend, in the last instance, those of the instrument.

The discount rate was estimated assuming the following parameters:

- *risk-free* rate of 0.53%. This figure is equal to the historical average of the returns (without considering taxes) as of December 31st, 2017, of the Italian public debt securities with a residual maturity of 5 years;
- Beta coefficient of 0.59. In particular, the Beta coefficient of the Company was determined: (i) assuming the average unlevered Beta (0.44) of a panel company carrying out activities comparable to those of COIMA RES; (ii) re-levering such Beta (using i.e. “Hamada” formula) in order to consider the target financial structure of COIMA RES, as presented by the management (i.e. ratio net funding position / equity amounted to 45%);
- ERP of 6.27%. This figure corresponds to most recent measure of forward looking ERP compared to the estimate date, deducted from empirical observations of the market.

63. Trade and other current payables

The breakdown of trade payables and other current payables is given in the table below.

(in thousands Euro)	December 31st, 2017	December 31st, 2016
Account payables	2,702	3,173
Invoices to be received	799	755
Trade payables	**3,501**	**3,928**
Personnel payables	207	194
Security provider payables	54	78
Board of Directors payables	-	20
Tax payables	54	29
Other payables	2	-
Accruals and deferred income	1,425	1,270
Other liabilities	**1,742**	**1,591**
Trade and other current liabilities	**5,243**	**5,519**

Account payables mainly include payables to COIMA SGR for asset management services provided during the year, equal to Euro 1,744 thousand, and payables for the management and maintenance of buildings for Euro 526 thousand.

The *invoices to be received* are mainly made up of the pro-forma received by the consultants of the Company for legal, tax and administrative advice (Euro 368 thousand), fees to the Board of Statutory Auditors, audit firm and other control functions (Euro 218 thousand) and marketing and communication (Euro 48 thousand).

Deferred income relates mainly to the deferred rental for the Vodafone Village complex of Euro 1,273 thousand.

The remainder of the balance sheet item is mainly represented by payables to personnel for bonuses, to the tax authorities and social security institutions for employee contributions.

64. Trade and other current payables

The amount of Euro 11 thousand mainly refers to payables for taxes produced by the non-exempt income.

65. Information on transfers of financial asset portfolios

The Company has not made any transfers between financial asset portfolios in 2017.

66. Information on fair value

IFRS 13 provides that:

- non-financial assets must be measured using the highest and best use method i.e. considering the best use of the assets from the perspective of market participants;

- liabilities (financial and non-financial) and equity instruments (i.e. shares issued as consideration in a business combination) must be transferred to a market participant as at the measurement date. In the process of measuring the fair value of a liability it is necessary to identify the risk of default of the counterparty, which also includes credit risk.

The general rules for preparing fair value measurement techniques should be adjusted based on the circumstances, configured to maximize observable inputs and established pursuant to the measurement method used (multiples method, income method and cost method):

1) Adjusted based on the circumstances: measurement techniques must be applied consistently over time unless there are more representative alternative techniques for the measurement of fair value
2) Maximise the observable inputs: inputs are divided into observable and unobservable, providing various examples of markets from which fair values can be calculated
3) Measurement techniques of fair value are classified in three hierarchical levels according to the type of input used:
   - Level 1: inputs are quoted prices in active markets for identical assets or liabilities. In this case the prices are used without any adjustments.
   - Level 2: inputs are quoted prices or other information (interest rates, observable yield curves, credit spreads) for similar assets and liabilities in active and inactive markets. For this case price adjustments can be made based on specific factors of the assets and liabilities.
   - Level 3: in this case inputs are not observable. The standard provides that it is possible to use the latter technique only in this case. Inputs for this level include, for example, long-term currency swaps, interest rate swaps, decommissioning liabilities undertaken in a business combination, etc.

The arrangement of these levels follows a priority hierarchy: attributing the maximum importance to level 1 and minimum for level 3.

IFRS 13 provides that three different measurement methods can be used for the measurement of fair value:

- the market approach method is based on prices and other important information for market transactions involving identical or comparable assets and liabilities. The models used are the multiples method and the matrix price method;
- the income approach is achieved from the discounted sum of future amounts that will be generated by the asset. This method allows to obtain a fair value that reflects the current market expectation of such future amounts;
- the cost method reflects the amount that would be required as at the measurement date to substitute the capability of the service of the asset subject to measurement. Fair value will be equal to the cost that a market participant would incur to acquire or build an asset of rectified comparable use (taking into consideration the level of obsolescence of the asset in question). This method can be used only when the other methods cannot be used.

Measurement techniques are applied consistently over time unless there are alternative techniques that allow a more representative measurement of fair value. In the selection of measurement techniques, the assumptions used for the determination of the assets or liabilities are particularly important.

The comparison between the book value and the fair value of the Company's assets and liabilities as at December 31st, 2017 is given below.

(in thousands Euro)	December 31st, 2017		December 31st, 2016	
	Net book value	Fair Value	Net book value	Fair Value
Real estate investments	268,900	268,900	207,000	207,000
Other tangible assets	351	351	3	3
Other intangible assets	24	24	-	-
Investments in subsidiaries	236,449	236,449	210,143	210,143
Investments in associated companies	13,857	13,857	13,214	13,214
Available for sale financial assets	1,492	1,492	-	-
Non-current deferred tax assets	3	3	-	-
Derivatives	377	377	611	611
Trade and other non-current receivables	-	-	38,000	38,000
Trade and other current receivables	3,927	3,927	10,689	10,689
Cash and cash equivalents	18,506	18,506	96,943	96,943
Assets	**543,886**	**543,886**	**576,603**	**576,603**
Financial debts	170,754	173,736	211,973	214,369
Other liabilities	5,403	5,403	5,650	5,650
Financial instruments	243	243	391	391
Liabilities	**176,400**	**179,382**	**218,014**	**220,410**

The Company does not own capital instruments valued at cost.

The summary table below shows the hierarchy in the measurement of the fair value as at December 31st, 2017 and December 31st, 2016.

(in thousands Euro)	December 31st, 2017			
	Total	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	268,900	-	-	268,900
Other tangible assets	351	-	-	351
Other intangible assets	24	-	-	24
Investments in subsidiaries	236,449	-	-	236,449
Investments in associated companies	13,857	-	-	13,857
Available for sale financial assets	1,492	1,492	-	-
Non-current deferred tax assets	3	-	-	3
Derivatives	377	-	377	-
Trade and other current receivables	3,927	-	-	3,927
Cash and cash equivalents	18,506	-	-	18,506
Assets	**543,886**	**1,492**	**377**	**542,016**
Financial debts	173,736	-	173,736	-
Other liabilities	5,403	-	-	5,403
Financial instruments	243	-	243	
Liabilities	**179,382**	**-**	**173,979**	**5,403**

(in thousands Euro)	December 31st, 2016			
	Total	Quoted prices in active markets (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)
Real estate investments	207,000	-	-	207,000
Other tangible assets	3	-	-	3
Investments in subsidiaries	210,143	-	-	210,143
Investments in associated companies	13,214	-	-	13,214
Derivatives	611	-	611	-
Trade and other non-current receivables	38,000	-	-	38,000
Trade and other current receivables	10,689	-	-	10,689
Cash and cash equivalents	96,943	-	-	96,943
Assets	**576,603**		**611**	**575,992**
Financial debts	214,369	-	214,369	-
Other liabilities	5,650	-	-	5,650
Financial instruments	391	-	391	-
Liabilities	**220,410**		**214,760**	**5,650**

67. Risks, guarantees and commitments

The risks which the company is subject and the relative mitigation are reported in the chapter 4 “Governance” - *How we manage the risks.*
Regarding bank loans taken on by COIMA RES, the Company has agreed with the lending banks on the following *security package*:

- first mortgage of Euro 432,550 thousand;
- pledge on the COIMA CORE FUND IV units;
- pledge on operating bank accounts linked to the loan agreement, with the exception of the account to which any amounts distributed as dividends will be paid;
- disposal of receivables related to Vodafone Village rents, insurance claims and any other receivables arising from disputes against consultants engaged for the due diligence on Vodafone Village.

As for the lease agreement signed on July 21st, 2017, with COIMA RES and Porta Nuova Garibaldi, managed by COIMA SGR S.p.A., the Company has granted a guarantee to the landlord amounting to ca. Euro 25 thousand.

Regarding the VAT reimbursement, COIMA RES has granted a guarantee to the Italian Inland Revenue Agency amounting to Euro 41,187 thousand.

The Company has a commitment of Euro 25,000 thousand to the Porta Nuova Bonnet Fund. Note that as of December 31st, 2017, the Porta Nuova Bonnet Fund drew Euro 13,857 thousand and therefore has a residual claim of Euro 11,143 thousand on the Company.

68. Related party transactions

Related party transactions are listed below:

Related party	Receivables	Liabilities	Income	Costs
Coima SGR S.p.A.	-	1,744	-	2,775
Coima S.r.l.	-	10	-	10
Coima Image S.r.l.	-	2	-	-
Porta Nuova Garibaldi Fund	-	120	-	44
Managers	-	30	-	243
Directors	46	243	-	445
Board of Statutory Auditors	-	109	-	109
Others	-	-	-	69
Coima Core Fund IV	-	-	4,881	-
MHREC Fund	-	-	6,492	-

Also note that the Company has signed the following service agreements with related parties in line with market standards:

- Asset Management Agreement with COIMA SGR S.p.A.;
- Agreement with COIMA S.r.l. for the supply, by the latter, of development and project management services, as well as property and facility management services;
- Lease agreement related to the new headquarter of the Company signed on July 21st, 2017, with Porta Nuova Garibaldi Fund, managed by COIMA SGR S.p.A..

Publication of the audit fees pursuant to art. 149-duodecies of Consob Regulation on May 14th, 1999, n.11971

This table contains details of the fees paid to the independent auditors appointed to conduct the audit pursuant to Legislative Decree no. 39 of January 27th, 2010, and to other entities in the network to which the independent auditor belongs:

(in thousands Euro)	Audit firm	Fee
Auditing (*)	EY S.p.A.	190
Total		**190**

(*) The fees refer to the Legal Audit of consolidated, interim condensed consolidated and separate financial statements of COIMA RES SIIQ and to the limited review on the interim financial statements as of September 30th, 2017, due for the purpose of obtaining the audit report for the interim dividend of COIMA RES SIIQ pursuant to article 2433 bis of Italian Civil Code. Please note that such amount includes the fees, amounting to Euro 170 thousand, the expenses and the CONSOB contribution, amounting to Euro 20 thousand.

CERTIFICATION BY THE CEO AND BY THE MANAGING DIRECTOR RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE ACCOUNTING DOCUMENTS RELATING TO THE FINANCIAL STATEMENTS AT DECEMBER 31ST, 2017

pursuant to Article 154-bis, para. 5, of Legislative Decree no. 58 of February 24th, 1998 and Article 81-ter of Consob Regulation no. 11971 of May 14th, 1999

1) We, the undersigned, Manfredi Catella, as Chief Executive Officer, and Fulvio Di Gilio, as Manager responsible for preparing the financial reports of COIMA RES S.p.A. SIIQ, having also considered the provisions of art, 154-*bis*, paragraphs 3 and 4, of the Legislative Decree No. 58 of February 24th, 1998, hereby certify:
   - the adequacy, with regard to the nature of the Company; and
   - the effective application of the administrative and accounting procedures adopted in preparing the financial statements,
2) In this regard, we also note that:
   - the adequacy of the administrative and accounting procedures adopted in preparing the financial statements has been verified by means of the evaluation of the internal control system on the financial information,
   - no material aspects have been detected from the evaluation of the internal control system on the financial information,
3) We also certify that:
   The financial statements:
   - have been prepared in accordance with the international financial reporting standards recognized in the European Union under the EC Regulation 1606/2002 of the European Parliament and of the Council of July 19th, 2002;
   - are consistent with the entries in the accounting books and records;
   - are capable of providing a true and fair representation of the assets and liabilities, profits and losses and financial position of the issuer,

   The report on operations provides a reliable analysis of performance and results of operations, and the company's situation, as well as a description of the main risks and uncertainties which the company is exposed,

The report on operations also includes a reliable analysis on the information regarding the relevant transactions with related parties,

Milan, February 21st, 2018

Chief Executive Officer

Manfredi Catella

Manager responsible for preparing the Company's financial reports

Fulvio Di Gilio

[*This certification has been translated from the original which was issued in accordance with Italian legislation*]

INDEPENDENT AUDITORS' REPORT

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EY S.p.A.
Via Meravigli, 12
20123 Milano

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ey.com

Independent auditor's report in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
COIMA RES S.p.A. SIIQ

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of COIMA RES S.p.A SIIQ (the "Company"), which comprise the statement of financial position as at December 31st 2017, and the statement of profit/(loss) for the year, the statement of other items in the comprehensive income statement, statement of changes in shareholders' equity and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31st 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.
We are independent of the Company in accordance with the ethical and independence requirements applicable in Italy to audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
We have identified the following key audit matter.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 3.100.000,00 i.v.
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Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Key Audit Matter	Audit Response
Valuation of real estate portfolio	
Investment properties are stated at fair value in accordance with International Financial Reporting Standards IAS 40 Investment properties, recognizing the effects of changes of fair values in the income statement. Management has estimated fair value based on the reports prepared by independent experts. The fair value estimate involve the use of fair value models which require forecasting future costs and revenues of each property and the use of assumptions about the occupancy rate of properties, the markets trends of real estate and financial markets as well as the general economic conditions that affect the rent and the reliability of the tenants. Considering the relevance of the investment properties stated at fair value and of changes in fair value between accounting periods, as well as the judgment required by Management in assessing the above mentioned assumptions used in the fair value models, we have considered this item as a key audit matter. The paragraph "Main balance sheet items" of the notes to the financial statements, describes the process adopted to select the independent experts and the fair value models.	Our audit procedures in response to this key audit matter relate to, amongst others, the analysis of the company's procedure related to the selection of the independent expert appointed in order to prepare a fair value estimate, the tracing of these amounts with the balance sheet figures, the critical review and discussion with Management and independent experts of the main market assumptions and, also with the support of our real estate experts, detail testing of the reports prepared by the independent experts. Finally, we have examined the disclosures provided in the notes to the financial statements.

Responsibilities of Directors and Audit Committee for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separated financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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The Audit Committee is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. We have also:

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to evaluate that circumstance while forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Other information pursuant to article 10 of EU Regulation n. 537/14

We were initially engaged by the shareholders of COIMA RES S.p.A. SIIQ on February 1st 2016 to perform the audits of the financial statements of each fiscal year from December 31, 2016 to December 31, 2024.

We declare that we did not provide prohibited non audit service, referred to article 5, par. 1, of EU Regulation 537/2014, and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report, prepared in accordance with article 11 of the EU Regulation n. 537/2014, submitted to the audit committee.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, par. 2, subpar. e), of D. Lgs. 39/10 and of article 123-bis, par. 4, of D. Lgs. 58/98

The Directors of COIMA RES S.p.A. SIIQ are responsible for the preparation of the Report on Operation and of the Report on Corporate Governance and Ownership Structure of COIMA RES S.p.A SIIQ as at December 31st 2017, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the separated financial statements of COIMA RES S.p.A SIIQ as at December 31st 2017 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of COIMA RES S.p.A SIIQ as at December 31st 2017 and are compliant with the applicable laws and regulations.

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With reference to the assessment pursuant to art. 14, par. 2, subpar. e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, March 12, 2018

EY S.p.A.
Signed by: Aldo Alberto Amorese, Partner

This report has been translated into the English language solely for the convenience of international readers.

BOARD OF STATUTORY AUDITORS' REPORT

COIMA RES S.p.A. SIIQ

STATUTORY AUDITORS' REPORT

TO SHAREHOLDERS' MEETING OF COIMA RES S.P.A. SIIQ

pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429 of Italian Civil Code

Dear Shareholders,

the Board of Statutory Auditors of COIMA RES S.p.A. SIIQ ("**COIMA RES**" or "the **Company**") is required to report to the Shareholders Meeting, called to approve the financial statements for the year ended December 31st, 2017, regarding the audit conducted during the year pursuant to art. 153 of Legislative Decree 58/98 and art. 2429 et seq. of Italian Civil Code.

We noted that, in compliance with Legislative Decree n.58 of 1998, the supervisory activities on the regular bookkeeping and of consolidated and separate financial statements have been tasked by the auditing firm EY S.p.A., appointed by Shareholders' Meeting of February 1st, 2016, whose reports - which contain no qualifications or emphasis of matter - we refer you.

During the year ended December 31st, 2017 the Board of Statutory Auditors of COIMA RES S.p.A. SIIQ carried out the supervisory activities required by existing law, in accordance with Supervisory Authorities recommendations and in particular according to the key required to CONSOB with Communications n. 1025564 of April 6th, 2001 and subsequent supplements of 2003 and 2006, and also in accordance with the code of good practice for listed entities for the Board of Statutory Auditors suggested by the Italian National Association of Professional Accountants.

Pursuant to Legislative Decree n.39 of January 27th, 2010 for the public interest entities, which is your Company, the Internal Control and Auditing Committee identifies with the Board of Statutory Auditors and therefore, during the period, were carried out the supervisory activities mandated to the same, pursuant to art. 19 of the aforementioned Decree.

In this regard, we inform that, with effect from January 1st, 2017, the regulatory provisions introduced by Decree no. 135/2016 as well as by EU Regulation 537/2014, which entailed strengthening the interaction between the auditors and

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the Board of Statutory Auditors, identified as "Internal Control and Audit Committee" (also "CCIRC") at the time introduced into the regulation by Decree n. 39/2010 and to which new tasks and responsibilities are assigned.

In particular, the amendments to the rules governing the statutory audit of the separate and consolidated financial statements, aimed at strengthening the quality of the audit and the independence of statutory auditors and independent auditors assign new tasks and new responsibilities to the Board of Statutory Auditors - also as regards the tasks assigned to the statutory auditor, not specifically related to the auditing activity - as well as a different formulation of the independent auditors' report on the financial statements for the year.

The Board of Statutory Auditors has verified the independence requirements of its members and the auditing firm, as well as the proper procedures for establishing the independence of Board of Directors with this qualification.

We report the following:

- We attended, with limited absences by some of its members, all meetings of the Board of Directors during the year and obtained periodically information from Directors as for activities and on the most significant transactions performed by the Company. We also attended regular meeting of Committees established in accordance with the Code of Conduct, and in particular the Control and Risk Committee, also as Related-Parties Committee, and Remuneration Committee.
- We supervised the activities of the Company entrusted to us by Art. 149 of Single Act of Finance, through specific audits, regular meetings with business leaders, with the Internal Control Committee, with the Supervisory Board, with the heads of corporate functions, including control, as well as through the information sharing with representatives of the auditing firm.
- We assessed and supervised, as for our competence, the adequacy of the internal control and the account administration system, as well as the performance of detection and control system.
- We verified, through information collected by the auditing firm and the executive responsible for the preparation of the accounting documents, the compliance with legal regulation related to the preparation and setting of consolidated and separate financial statements, as well as the Management

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Report, exercising the functions entrusted to us pursuant to art. 19 of the Legislative Decree 39/10.

Our participation in Board of Directors' meetings, the meetings with Control Functions and with the manager of various business Functions, as well as the examination of information flows provided by the same Functions, have enable to us to obtain, in different segments, necessary and useful information on the general business performance and on the outlook for operations, organization and internal control system, risk management, and accounting system in order to evaluate its suitability compared to business needs and operational reliability.

Thanks to the meeting with the internal control functions, we have received adequate information on the internal control system and risk management.

The contacts with the Manager responsible for preparing Company's financial reports allowed a feedback on the activities carried out to verify the adequacy and effectiveness of the control procedures relating to the administrative and accounting system, on which it is confirmed that no such critical issues have emerged to be brought to the attention of the Board of Directors.

As for the ways in which institutional tasks assigned were carried out to the Board of Auditors, we inform you and give you act:

- to have acquired necessary knowledge to carry out audit activities for aspects of its competence, on the adequacy of the Company's organizational structure, including links with subsidiaries, through direct surveys, information gathering by managers of the Functions concerned, exchanges of data and information with auditing firm;
- to have supervised the operation of internal control and accounts administration system, in order to evaluate the adequacy to business needs, as well as its reliability in providing an accurate picture of Company operations, through direct surveys on business records, obtaining information by managers of the Functions concerned, analysis of the results of the work carried out by the auditing firm.

In compliance with the recommendations provided by CONSOB as for the content of Board of Auditors' Report, we report the following:

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1. Considerations on the events and transactions carried out by the Company that had significant impact on assets, financing and operating result, and their compliance with By-laws and regulations

The Separate Financial Statement of COIMA RES S.p.A. SIIQ for the year 2017 recorded a profit of Euro 12,262 thousand, whose formation is described in detail by the Board of Directors in its report, to which we refer you.

During the year 2017, the Company further focused its investment strategy and strengthening the corporate governance. In particular, as for the significant events of the year and as for their relevance, as fully described in the directors' report, the Board reports the following.

- *Investments*
  - (i) On January 16th, 2017, COIMA RES concluded the agreement for the purchase of the property in Milan, Via Deruta for an amount of Euro 46.0 million, including transaction costs of Euro 1.09 million. The gross rent is approximately Euro 3.6 million a year.
  - (ii) On October 24th, 2017, the Company purchased "off-market" an office complex in Milan, Via Monte Rosa 93 for an amount of Euro 57.0 million, including transaction cost for Euro 1.55 million. The gross rent is approximately Euro 3.5 million a year.

- *Disposals*

On October 25th, 2017, COIMA RES has accepted, through COIMA CORE FUND IV, a binding offer for the sale of a portfolio of 21 Deutsche Bank branches mainly located in Campania, Puglia e Abruzzo for a price of Euro 38.0 million substantially in line with the book value.

- *Loan agreements*

On April 12th, 2017, COIMA RES announced that MH Real Estate Crescita Fund ("MHREC"), 86.7% owned by COIMA RES, refinanced Euro 73.0 million of debt on two office buildings - Gioiaotto in Milan and Eurcenter in Rome. The refinancing extended the previous maturity by 3.7 years, to 2022. A margin reduction of 25 bps was achieved.

About loans contracted at the consolidated level, the Board of Statutory Auditors reports that on January 16th, 2017, the wholly-owned company COIMA RES S.p.A. SIINQ I, has concluded a loan agreement for a total amount of Euro 20,000,000, with ING BANK N.V. - Milan Branch, for a period of 5 years, to finance the acquisition of the real estate complex "Deruta", with an annual interest rate equal to 3M Euribor plus a spread of 1.6% for a year.

- *Lease agreements*

On January 23rd, 2017, COIMA RES has reported that "MHREC" Fund extended the lease with NH Hotel Group. The new lease, in force from January 1st, 2017, will run for nine years with no possibility to withdraw and renewal option for further six years. The annual stabilized rent is approximately Euro 1.5 million, with a potential increase based on the tenant's annual turnover.

- *Reimbursement*

On October 20th, 2017, the Italian Inland Revenue Agency reimbursed to the Company Euro 38.7 million related to the VAT receivables incurred at the time of the acquisition of the so called "Vodafone Village" in June 2016. The cash received was deployed for the full repayment of the related VAT Line requested at the time of the acquisition of the building.

- *Governance*

As for the *Governance*, the Board of Statutory Auditors deems it appropriate to point out that the Board of Directors, in the meeting held on April 26th, 2017, appointed two new independent directors - Luciano Gabriel e Olivier Elamine - to replace two executive directors. The two new directors are also members of the Control and Risk Committee and the Remuneration Committee, respectively.

Therefore, the Board of Directors is composed, at the date of the preparation of this report, of seven independent directors, one non-executive director and one executive director, in the person of the Chief Executive Officer.

Furthermore, the management has decided to propose annual appointment to the Board of Directors at the next shareholders' meeting, rather than the current three years.

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- *SIIQ Regime*

The company takes advantage of the benefit for the application of the SIIQ tax regime, subject to the condition that the company carried out via prevalent real estate lease activity, starting from the year ended December 31st, 2016. The special taxation regime provides that the income derived from the business of real estate lease is exempt from corporate income tax (IRES) and the regional tax on productive activities (IRAP) and the part of statutory profit corresponding to it is subject to taxation for shareholders in the distribution in the form of dividends, which may not be less than 70% of net profit.

***

The Board of Statutory Auditors, on the on the basis of the information acquired and in the light of verifications carried out, has no comments or comments to report on the specific point, in relation to compliance with the Law and Article of Association of the operations carried out by the Company.

2. Atypical and unusual intercompany, third and related parties transactions

During our supervisory activities, we do not encounter atypical or unusual transactions carried out between your Company and third parties.

2.1 Atypical and unusual related parties transactions

During our supervisory activities we did not notice atypical or unusual transactions carried out with related parties.

2.2 Atypical and unusual third and related parties transactions

During our supervisory activities we did not notice atypical or unusual transactions carried out with third and related parties.

2.3 Ordinary intercompany and related parties transactions

On May 13rd, 2016, the Company, in accordance with Related Parties Regulation n. 17221 approved by Consob of March 12th, 2010, as subsequently amended, as well as according to directions and guidelines mentioned in Consob Communications n. DEM/10078683 of September 24th, 2010, adopted the "Related Parties Transactions Procedure" for the management, review, approval and market disclosure of transactions carried out with related parties.

The Board of Directors provided information in the Notes of Financial Statements, as for the ordinary transactions carried out with related parties, which reference is made.

We report that these transactions are related to ordinary business operations involving: i) COIMA SGR S.p.A. for providing services included in the Asset Management Agreement and for the lease agreement related to the headquarter of the Company; ii) COIMA S.r.l. for providing services included in the development & project management agreement, as well as provision property & facility management.

We also report that have been entered into transactions with related parties that have generated interest income relating to dividends paid by funds invested by the Company during the year 2017.

The Board of Statutory Auditors considers the procedures in compliance with the principles set out in the Consob Regulation and has attended, during the year 2017, all control and risk Committees' meeting in which the operations were reviewed, ensuring compliance with the procedure adopted by the Company.

3. Comments about any emphasis of matter of Independent Auditors

On March 12th, 2018, the auditing firm EY S.p.A. has issued its Reports unqualified and without emphasis of matter, pursuant to Art. 14 and 16 of Legislative Decree n.39/2010 concerning the Separate Financial Statements and Consolidated Financial Statements.

4. Complaints ex art. 2408 of the Civil Code.

During the year 2017, and up to the date of the Report, no complaints according to art. 2408 of the Civil Code are occurred.

5. Presentation of claims

During the year 2017, and up to the date of the Report, no exposed to be reported to Shareholders' meeting are occurred.

6. Supervisory and control activities performed by the Board of Statutory Auditors in relation to the tasks assigned to it as "Internal Control and Auditing Committee"

The Board of Statutory Auditors, identified as the "Internal Control and Auditing Committee" (also "CCIRC"), took note of the deep evolution that characterized the audit activity, through the Reform of the statutory audit of the separate and consolidated financial statements of the companies, implemented in accordance with EU Regulation n. 537/2014 (with Legislative Decree No. 135/2016) and the Directive n. 2014/56, whose amendments mainly include:

- a new audit report, on both form and content;
- the substantial amendment in the Internal Control and Auditing Committee Report;
- the expression of an opinion on the compliance with the law of the management report, and the declaration on any significant mistakes (as from the financial year ended December 31st, 2017).

Therefore, in relation to the new and different tasks assigned to the Board of Statutory Auditors, in its capacity as CCIRC, independent assessments of the organizational controls were carried out, aimed at fully implementing the new regulatory provisions, aimed at strengthening the quality of the audit and the independence of independent auditors and audit firms, in order to improve market and investor confidence in financial information.

The regulatory amendments have involved, with particular reference to the EIP, as COIMA RES, a strengthening of the interaction between auditors and the CCIRC, with particular emphasis on maintaining the independence requirement, also through constant monitoring of the activities carried out by the independent auditor, distinguishing between audit services (Audit Service) and other services (Non Audit Service) and, among the latter, distinguishing between services admitted and services considered prohibited by art. 5 of the aforementioned Regulation, where it is expressly provided that any task entrusted to the Independent Auditor, which falls within the "Non Audit Service", must be previously subject to the assessments and the expression of an opinion by the CCIRC.

During the year 2017, the Board of Statutory Auditors, in particular regarding the adequacy of the provision of services different from auditing of the entity, in accordance with art. 5 of the EU Regulation, constantly verified and monitored the independence of the Auditor, issuing appropriate and specific opinions for any assignment entrusted and other than the auditing of the financial statements.

However, as for the audit activity, the Board of Statutory Auditors, during the many meetings held with the independent auditor EY:

a) has acquired information on the audits carried out by the auditing firm, on the regular keeping of the company accounts and on the correct reporting of operating events in the accounting records;

b) received from the Independent Auditor, pursuant to art. 11 of EU Regulation no. 537/2014, the additional report for the Internal Control and Auditing Committee, from which: i) there are no significant deficiencies in the internal control system in relation to the financial reporting process and / or accounting system, such as to be considered sufficiently relevant to deserve to be brought to the attention of the CCIRC; ii) no significant issues have been identified regarding situations of actual or presumed non-compliance with laws and regulations or with statutory provisions; iii) there has been no limitation to the process of obtaining audit evidence; iv) no audit difference has been identified; v) no significant aspects related to transactions with the related parties of the company have emerged, such as to be communicated to the heads of governance activities.

c) received from the same company, pursuant to art. 6, paragraph 2, letter a) of EU Regulation 537/2014 and pursuant to paragraph 17 of ISA Italia 260, its independence confirmation, reporting the total amount of fees charged to the Company and its subsidiary.

Furthermore, the Board of Statutory Auditors examined the reports prepared by the Independent auditor EY S.p.A. and issued on March 12th, 2018, whose activity integrates the general framework of the control functions established by the law with reference to the financial reporting process.
As anticipated, the text of the Audit Report, following the amendments of the Audit Reform, has been deeply reviewed in terms of form and content, both as for the certifications and the information, especially with regard to the so called "Key Matter" of the audit, or those aspects considered most significant in the context of the audit of the financial statements and the consolidated financial statements.

As for the opinions and attestations, the Independent Auditors, in the Report on the financial statements, have:

- issued an opinion stating that the financial statements of COIMA RES give a true and fair view of the financial position of the Company as at December 31st, 2017, of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union, as well as with the provisions issued pursuant to art. 9 of Legislative Decree no. 38/05 and of the art. 43 of Legislative Decree 136/15;
- issued an opinion on the consistency, which shows that the Business Reports attached to the financial statements for the year ended December 31st, 2017 and some specific information given in the "Corporate Governance and the Company's Ownership Structures Report" provided for by art. 123-bis, paragraph 4 of the TUF, which is

the responsibility of the directors of the Company, are prepared in compliance with the law;

- declared, as for any significant mistakes in the Business Reports, based on the knowledge and understanding of the company and the relative context acquired during the audit, to have nothing to report.

The Board of Statutory Auditors has stated that the Independent Auditor, in accordance with art. 10 paragraph 2 letter c) of EU Regulation 537/2014, described the paragraph "Significant matters emerging from the audit" of its Additional Report, the most significant assessed risks of relevant errors, including the assessed risks of relevant errors due to fraud. As for the identification of the Key Matters, it is noted that the same only concern the valuation at fair value of the real estate portfolio. In this regard, the Board of Statutory Auditors has been able to examine the audit procedures in response to the Key Matters, agreeing with the audit aimed at mitigating any risks deriving from the aspects considered significant.

7. Supervisory activities on the independence of external auditors

As said before, the Board of Statutory Auditors examined the report on the independence of the external auditor, issued on March 12th, 2018 pursuant to art. 6, paragraph 2, letter a) of the EU Regulation 537/2014, and pursuant to paragraph 17 of ISA Italia 260, that does not highlight situations which might have compromised the independence or causes of incompatibility, pursuant to art. 10 and 17 of Legislative Decree no. 39/2010 and art. 4 and 5 of EU Regulation 537/2014.

The table below, drawn up pursuant to art. 149-duodecies of the CONSOB Issuers Regulation (resolution No. 11971 of May 14th, 1999 and subsequent amendments and additions), shows only the fees relating to 2017 for auditing and other services provided by the auditing firm and by companies belonging to its network.

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Service provided	Firm	Fee
Auditing of Parent Company	EY S.p.A.	170
Auditing of subsidiary	EY S.p.A.	12
Total		182

The fees for the Parent Company's statutory audit relate to the limited review of the Consolidated Half-Year Financial Statements as of June 30th, 2017, the statutory audit of the Separate and Consolidated Annual Financial Statements as of December 31st, 2017 and the limited review of the Financial Statements as of September 30th, 2017 to issue the opinion on the distribution of interim dividends pursuant to art. 2433 bis paragraph 5 of the Civil Code.

As for the amounts paid to the auditing firm, the Board of Statutory Auditors notes that they are only related to auditing services, therefore it is not necessary to carry out further assessments on the potential risks of independence of the external auditor and of the safeguards applied pursuant to art. 22b of Directive 2006/43 / EC.

In view of the foregoing, as for the appointments assigned to EY and its network by COIMA RES and the companies of the Group, the Board of Statutory Auditors does not consider any critical issues regarding the independence of the Auditor.

8. Supervisory activities on the administrative accounting and financial reporting process

The art. 19 of Legislative Decree No. 39/2010, in its new formulation, establishes that the CCIRC is responsible for monitoring the financial reporting process and presenting recommendations or proposals aimed to guarantee its integrity.

Therefore, during the year the Board of Statutory Auditors monitored the activities carried out by the Function of the Manager responsible for preparing the Company's financial reports, with which he held periodic meetings, examining the reference model that the Board deems to be able to provide reasonable assurance on the reliability of financial reporting, on the effectiveness and efficiency of operating activities, on compliance with internal laws and regulations.

Then, the Board examined the structure and content of the periodic reports, prepared by the Manager Responsible for the Half-Year Report and the Financial Statements, noting that the activities conducted to assess the adequacy and effective application of the processes and functional procedures to the financial information of COIMA RES, have enabled to support adequately the certification required to the Chief Executive Officer and the Company's Manager Responsible pursuant to art. 154 bis of Legislative Decree 58/98 (Consolidated Law on Finance, hereinafter "TUF").

In this regard, the Board of Statutory Auditors did not find evidence of criticality or weaknesses that could undermine the adequacy and effective application of the administrative accounting procedures, and, for their part, the heads of the Independent Auditors, in the periodic meetings with the Board of Statutory Auditors, they did not report elements that could undermine the internal control system related to the same procedures.

9. Opinion issued pursuant to Law

In relation to what has already been reported in the paragraph concerning the supervisory activities on auditing performed by independent auditors, during the year 2017 the Board of Statutory Auditors did not issue further opinions.

10. Frequency of Board of Directors' and Board of Statutory Auditors' meeting

During the year 2017, the Board of Statutory Auditors held n° 14 meetings of which n° 5 with the independent auditor and/or with the control functions; it also attended n° 11 Board of Directors' meeting, n° 10 Control and Risk Committee's meeting, n° 5 Compensation Committee's meetings and also the only Shareholders' meeting held during the year.

During the year 2018, the Board also met the Independent Auditor in two preparatory meetings to finalize the reports attached to the financial statements.

11. Comments on compliance with principles of proper administration

The Board of Statutory Auditors monitored, for all aspects falling within its competence, compliance with the principles of proper administration. The activity of the Board of Statutory Auditors has been addressed to review the legitimacy of Directors' decisions and their compliance, in the process of their formation, with criteria of equity and financial economic rationality, according to the technique and practice suggested by the best doctrine and best company practices.

The Company is, in the opinion of the Board of Statutory Auditors, managed in compliance with the Law and the Articles of Association rules.

The structure of powers and delegated powers - as designated - appear adequate for the size and operation of the Company.

In particular, also as regards the Board of Directors resolution process, the Board of Statutory Auditors assessed, even attending at the meetings, the compliance with the Law and the Articles of Association of decisions taken by Directors and verified that the resolutions were assisted by specific analyzes and opinions prepared - if necessary - also by consultants, with particular reference to economic and financial fairness of transactions and their compliance with corporate interests.

This activity of the Board of Statutory Auditors took place without merit control on the opportunity and convenience of management decisions.

There were no comments on compliance with the principles of proper administration.

12. Comments on the adequacy of the organizational structure

The Board of Statutory Auditors monitored, for all aspects falling within its competence, Company's organizational structure, through direct observations, hearings, gathering of information from the competent corporate functions and meetings with the heads of the control functions.

Considering the specific model adopted, which provides Coima SGR as outsourcer of the Company, the Board of Statutory Auditors has in particular monitored the suitability of the information flow structure to ensure adequate representation of business matters.

It is noted that, during the year, the administrative structure was strengthened by hiring a new employee in the *"Investor Relator"* function and a new employee in the administrative function.

As a whole, our reliability evaluation of the organizational structure is that this is substantially adequate, needing a constant monitoring of the effectiveness of the interaction between the two companies during the year.

13. Comments on the adequacy of the internal control system

COIMA RES has set up its own internal control system in order to maintain, in line with the current legal and regulatory provisions: i) strategic control over the different areas of business in which the Company operates and the different risks related to activities; ii) a management control in order to ensure the balance between economic, financial and capital conditions; iii) technical-operational control aimed at evaluating the various risks.

The Board of Statutory Auditors examined the adequacy of the internal control system directly through meetings with the heads of the various business areas, through an ongoing dialogue with the Control Functions and attending the meetings of Control and Risk Committee, regular meetings with the Director responsible for the internal control system and management of risks, the Manager responsible for preparing the Company's financial reports and the Independent Auditors, verifying that the system did not highlight significant problems or facts or elements that should be reported here.

The Board of Statutory Auditors, as part of the tasks assigned, followed, also, the various activities performed and was informed on the implementation of business plans and results achieved, including coordination effectiveness of the activities and information flows between the various parties involved.

With regard to controls implemented by the Company to cover the risks to which it is exposed, the Board of Statutory Auditors took note of how COIMA RES has adopted an appropriate risk management and control mechanisms in order to ensure an efficient and effective business processes management, and to ensure the trustworthiness, accuracy, reliability and timeliness of financial information as well as assets protection, compliance with laws and regulations, the Articles of Association and internal procedures.

In this respect, the company adopted a regulation on internal control and risk management, based on a traditional model with three levels of control:

- "line" controls (or "first level"), carried out by the operational units, aimed at ensuring the proper performance of operations;
- "second level" controls, carried out by Risk Management Function and the legal department, as well as the *Compliance* function, with the objective of ensuring, inter alia: i) the proper implementation of the risk management process; ii) compliance with the operational limits in place for the various functions; iii) compliance with rules, including self-regulation, of company's operations;
- "third level" controls, responsibility of Internal Audit function, in order to identify violations of procedures and regulations as well as to periodically assess completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the internal control system and information system (ICT audit).

In the first months of the current year Compliance function has been set up, integrating its activities with the internal audit activities.

As for the organizational controls, the Board of Statutory Auditors also took note of how the Company intends to regulate in a rigorous way the procedures for carrying out its activities, by establishing, within the definition of the strategic, industrial and financial plans, a specific statutory provision in terms of risk-taking. In particular:

a) investment in a single property with urban and functional characteristics should be limited to a maximum amount equal to 40% of the total value of the Company's most recently approved budget;

b) rents from a single tenant - or tenants belonging to the same group - may not exceed 40% of the total amount of the Company's rents;
c) debt, net of cash and cash equivalents and financial receivables from the parent company may not exceed 70% of the total assets in the last approved financial statements.

The Board of Statutory Auditors has finally taken note of the activities carried out by the Supervisory Body, appointed to guarantee the adequacy, compliance with and updating of the organization and management model pursuant to Legislative Decree no. 231/01.
Based on the analyses and tests carried out in relation to the areas and functions involved in internal audit activities, the Board of Statutory Auditors assesses as substantially adequate the internal control system adopted.

14. Comments on the adequacy of the accounting system

The Board of Statutory Auditors has regularly monitored the functioning of the system also through meetings with the Manager responsible for preparing the Company's financial reports, gathering information from the heads of the relevant corporate departments, examining company documentation and regular analysis of the outcome of the work performed by the Independent Auditors, including the Half-Year Report of the Company.
With regard to the accounting information contained in the Financial Statements and in the Consolidated Financial Statements as of December 31st, 2017, it is reported that the Chief Executive Officer and the Manager responsible for preparing the Company's financial reports have certificated, without qualification for the preparation of corporate financial statements, as well as in relation to the Directors' report on the reliability of performance and management results, as well a description of the risks and uncertainties faced by the Company and have also issued the prescribed certification under art. 81-ter of CONSOB Regulation no. 11971/1999 and ss.mm.
From the evaluation of the accounting and administrative system there are no facts and circumstances likely to be mentioned in this report and it is believed that the administrative and accounting function is sufficiently structured and

appropriate to address the business needs shown during the year, both in terms of resources used and in terms of professionalism and so it is able, therefore, to properly reflect the Company's events.

15. Comments on the adequacy of the instructions given to subsidiaries

The Board acknowledges that it has examined the instructions given by the Company to its subsidiary and to the Real Estate Alternative Investment Funds of which the Company holds a significant participation, and that it considers them adequate with respect to the financial disclosure requirements of the parent company.

16. Adherence to the Corporate Governance Code

The Company has joined the standards included in the Corporate Governance Code promoted by the Italian Stock Exchange and, on February 21st, 2018, the Board of Directors approved the Corporate Governance's annual report.

We note that:

(i) within the Board of Directors, with an advisory and prepositive role, operates the Control and Risk Committee; about the role, tasks and operation, see the specific chapter dedicated in the Corporate Governance Report;

(ii) the Board of Directors appointed Manfredi Catella, as Director in charge of supervising the internal control and risk management system;

(iii) the Company set up the Remuneration Committee; the Company decided not to set up a Nomination Committee;

(iv) The Company also set up, in consideration of the business performed, an Investment Committee.

The Board of Statutory Auditors verified the correct application of the criteria adopted by the Board of Directors to evaluate the independence of its non-executive members as well as the correct application of the relevant verification procedures.

At the end of this process the Board of Statutory Auditors did not have comments to be reported.

The Board of Statutory Auditors has also assessed positively the independence of its members.

17. Closing comments regarding supervisory activity

We finally certify that there are no omissions, reprehensible facts or irregularities to be reported to Shareholders and to Supervisory Authorities emerged from our supervisory activities.

18. Proposals to Shareholders' meeting

The Board of Statutory Auditors acknowledge that it has monitored the compliance with procedural rules and law regarding the preparation of the 2017 separate and consolidated financial statements, as well as the respect of Directors' duties in this matter.

The Separate and Consolidated Financial Statements of the Company concluded by the certification issued by the Chief Executive Officer and the Manager responsible for preparing Company's financial reports pursuant to art. 154 bis of the Consolidated Law of Finance and art. 81-ter of Consob Regulation n. 11971 of May 14th, 1999 as amended.

The Separate and Consolidated Financial Statements of COIMA RES S.p.A. SIIQ have been prepared in accordance with International Financial Reporting Standards. Since the Board of Statutory Auditors is not responsible to analyze the content of the financial statements, the activities were limited to supervise the general definition of the financial statements, their general compliance with the law in relation to their preparation and structure and compliance with the mandatory template.

Based on the foregoing, no recognizing objections, we agree, for all aspects falling within its competence, with the approval of the Separate Financial Statements for the year 2017, together with the Directors' Report as presented by the Board of Directors.

Furthermore, we do not have objections on the proposal of the Board of Directors regarding the allocation of the net profit of Euro 16,261,816.

In conclusion, we inform you that, with the approval of the Financial Statements for the year ended December 31st, 2017, the Shareholders' Meeting will be called to resolve, inter alia, on the appointment of the new Board of Statutory Auditors for the three-year period 2018-2020 and the new Board of Directors for the financial year 2018, inviting you to take the necessary determinations.

Milan, March 12th, 2018

The Board of Statutory Auditors

The Chairman

Massimo Laconca ____________________________

Members

Milena Livio ____________________________

Marco Lori ____________________________

This report has been translated into English language only for the convenience of international readers.

EPRA PERFORMANCE MEASURES – EPM

The summary table below shows the principal EPRA Performance Measures with reference to FY 2017.

EPRA Performance Measures - EPM	Reference	December 31st, 2017 (in €/000)	December 31st, 2017 (in €/share)	December 31st, 2017 (in %)
Income Statement IAS/IFRS	Chapter 1 The Company Consolidated statements of profit / (loss)			
EPRA Earnings	Chap.4 Financial review Chap.4 Financial review (EPRA Performance Measures – EPM)	15,263	0.42	
EPRA NAV	Chap.4 Financial review Chap.4 Financial review (EPRA Performance Measures – EPM)	384,639	10.68	
EPRA NNNAV	Chap.4 Financial review Chap.4 Financial review (EPRA Performance Measures – EPM)	380,231	10.56	
EPRA Net Initial Yield (5)	Chap.4 Financial review Chap.4 Financial review (EPRA Performance Measures – EPM)			5.3%
EPRA “topped-up” NIY (5)	Chap.4 Financial review Chap.4 Financial review (EPRA Performance Measures – EPM)			5.5%
EPRA vacancy rate (5)	Chap.4 Financial review Chap.4 Financial review (EPRA Performance Measures – EPM)			4.8%
EPRA costs (including direct vacancy costs)	Chap.4 Financial review Chap.4 Financial review (EPRA Performance Measures – EPM)			37.5%
EPRA costs (excluding direct vacancy costs)	Chap.4 Financial review Chap.4 Financial review (EPRA Performance Measures – EPM)			36.2%
Like for like rents (5)	Chap.4 Financial review (EPRA Performance Measures – EPM)			1.4%
Top 10 investment properties (5)	Chap.4 Financial review (EPRA Performance Measures – EPM)			
Top 10 tenants (5)	Chap.4 Financial review (EPRA Performance Measures – EPM)			
Term lease contract (5)	Chap.4 Financial review (EPRA Performance Measures – EPM)			
Real estate portfolio information	Chapter 1 The Company			
Other information (5)	Chap.4 Financial review (EPRA Performance Measures – EPM)			

The EPRA Performance Measures related to FY 2016 are shown in the section “Overview of the Consolidated Financial Results”.

[5] Excluding the 21 Deutsche Bank branches held for sale.

EPRA Earnings & Earnings per Share (EPS)

EPRA Earnings & EPRA Earnings per Share (EPS)	**(in thousands Euro)**
Earnings per IFRS income statement	28,889
Adjustments to calculate EPRA Earnings, exclude:	
(i) Changes in value of investment properties, development properties held for investment and other interests	(16,540)
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	(30)
(iii) Profit or losses on sales of trading properties including impairment charges in respect of trading properties	1,220
(iv) Tax on profits or losses on disposals	-
(v) Negative goodwill/goodwill impairment	-
(vi) Changes in fair value of financial instruments and associated close-out costs	759
(vii) Acquisition costs on share deals and non-controlling joint venture interests	-
(viii) Deferred tax in respect of EPRA adjustments	-
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(109)
(x) Non-controlling interests in respect of the above	1,074
EPRA Earnings	**15,263**
Basic number of shares	36,007
EPRA Earnings per Share (EPS)	**0.42**

Details:

- *(i)* *Changes in the fair value of investment property*
- *(ii)* *Income from disposal of Deutsche Bank branches (Casargo and Gravedona)*
- *(iii)* *Depreciations on Deutsche Bank branches*
- *(vi)* *Changes in the fair value of derivatives and financial instrument issued by the Company to directors and key managers; anticipated closing costs of derivatives and financial debts*
- *(ix)* *Value adjustment of the investments accounted using the equity method*
- *(x)* *Value adjustment of third parties*

EPRA NAV (Net Asset Value)

EPRA NAV (Net Asset Value)	(in thousands Euro)
NAV per the financial statements	383,411
Effect of exercise of options, convertibles and other equity interests (diluted basis)	-
Diluted NAV, after the exercise of options, convertibles and other equity interests	383,411
Include:	
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	-
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	-
(i.c) Revaluation of other non-current investments	-
(ii) Revaluation of tenant leases held as finance leases	-
(iii) Revaluation of trading properties	-
Exclude:	
(iv) Fair value of financial instruments	636
(v.a) Deferred tax	-
(v.b) Goodwill as a result of deferred tax	-
Include/exclude:	
Adjustments (i) to (v) above in respect of joint ventures	592
EPRA NAV	**384,639**
Basic number of shares	36,007
EPRA NAV per share	**10.68**

Details:

(iv) *Changes in the fair value of derivatives and financial instrument issued by the Company to directors and key managers*

Adj: *Adjustments related to the investments accounted using the equity method*

EPRA NNNAV (triple Net Asset Value)

EPRA NNNAV (Triple Net Asset Value)	**(in thousands Euro)**
EPRA NAV	384,639
Include:	
(i) Fair value of financial instruments	(636)
(ii) Fair value of debts	(3,772)
(iii) Deferred tax	-
EPRA NNNAV	**380,231**
Basic number of shares	36,007
EPRA NNNAV per share	**10.56**

Details:

(i) Fair value of derivatives and financial instrument issued by the Company to directors and key managers, net of the change in fair value of derivatives

(ii) Changes in fair value of financial liabilities carried at amortized cost

EPRA NIY and EPRA topped-up NIY [6]

EPRA Net Initial Yield (NYI) and "Topped-up"	**(in thousands Euro)**
Investment property – wholly owned	419,690
Investment property (share of JVs/Funds)	170,238
Trading property (including share of JVs)	-
Developments	(35,107)
Completed property portfolio	**554,821**
Allowance for estimated purchasers' costs	-
Gross up completed property portfolio valuation (B)	**554,821**
Annualised cash passing rental income	33,243
Property outgoings	(3,771)
Annualised net rents (A)	**29,472**
Notional rent expiration of rent free periods or other lease incentives	932
Topped-up net annualized rent (C)	**30,403**
EPRA Net Initial Yield (NYI) (A/B)	**5.3%**
EPRA "Topped-up" Net Initial Yield (NYI) (C/B)	**5.5%**

The investment property and the gross and net annualized rents are calculated on the percentage of ownership of each property.

[6] Excluding the 21 Deutsche Bank branches held for sale.

EPRA vacancy rate [7]

EPRA Vacancy rate	(in thousands Euro)
Estimated Rental Value of vacant space **(A)**	1,651
Estimated rental value of the whole portfolio **(B)**	34,242
EPRA Vacancy Rate (A/B)	**4.8%**

EPRA Vacancy Rate is mainly related to the vacant portion of Deutsche Bank portfolio (5 branches) and Monte Rosa.

Like-for-like rents [7]

Rents 2016	Renegotiations	Inflation	Others	Rents 2017	Like For Like (%)
27,154	220	91	70	27,535	1.40%

The table shows the value of the 2016 rents and the subsequent change as of December 31st, 2017, on a like-for-like basis, due to the signing of the lease agreement with NH Hotel, step down contracted on 2331 Eurcenter and Gioiaotto and renegotiations on the Deutsche Bank portfolio.

[7] Excluding the 21 Deutsche Bank branches held for sale.

EPRA Cost ratios

EPRA Cost ratios	**(in thousands Euro)**
Include:	
(i) Administrative/operating expense line per IFRS income statement	
General and administration expenses	7,633
Personnel costs	1,478
Other costs	3,570
(ii) Net service charge costs/fees	-
(iii) Management fees less actual/estimated profit element	-
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	-
(v) Share of Joint Ventures expenses	287
Exclude:	
(vi) Investment property depreciation	-
(vii) Ground rent costs	-
(viii) Service charge costs recovered through rents but not separately invoiced	-
EPRA Costs (including direct vacancy costs) (A)	**12,968**
(ix) Direct vacancy costs	(449)
EPRA Costs (excluding direct vacancy costs) (B)	**12,519**
(x) Gross rental income less ground rent costs	34,242
(xi) Service fee and service charge costs components of gross rental income (if relevant)	-
(xii) Share of Joint Ventures (Gross Rental Income less ground rent costs)	379
Gross Rental Income (C)	**34,621**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**37.5%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**36.2%**

Details:

(i) Administrative and operating expenses net from re-charges revenues
(v) Portion of rental expenses of Porta Nuova Bonnet fund, recorded in "Investments in associated companies"
(ix) Direct costs related to vacant Deutsche Bank portfolio
(x) Rental income net re-charges to tenants
(xii) Portion of rental income of Porta Nuova Bonnet fund, recorded in "Investments in associated companies"

The costs incurred are capitalized on the carrying value of the investment property when it is probable that they will generate future economic benefits and their cost can be measured reliably. Other maintenance and repair costs are expensed as incurred. At December 31st, 2017, there are no capitalized operating expenses and overheads on the value of property.

Top 10 real estate investments [8]

#	City	Address	Type of asset	Legal title to availability	NRA	Portfolio	% owned	Acquisition date	Year of redevelop. / refurbish. completion activities	EPRA Vacancy rate
1	Milan	Via Lorenteggio, 240	Office	Fully owned	45,362	Vodafone Village	100%	06/2016	n.a.	0%
2	Milan	Via Deruta, 19	Office	Fully owned	27,571	Deruta 19	100%	01/2017	n.a.	0%
3	Milan	Via Bonnet 6A-8A-10A	Office/ Retail	Fully owned	20,210	Bonnet	36%	12/2016	In redevelopment	87%
4	Milan	Via Monte Rosa, 93	Office	Fully owned	19,539	Monte Rosa 93	100%	10/2017	n.a.	14%
5	Milan	Via Melchiorre Gioia 6 - 8	Office/ Retail	Fully owned	15,256	Gioiaotto	87%	07/2016	n.a.	0%
6	Rome	Piazzale Luigi Sturzo, 23-31	Office/ Retail	Fully owned	14,556	2331 Eurcenter	87%	07/2016	n.a.	0%
7	Turin	Via Arcivescovado, 7	Bank branch	Fully owned	4,074	DB Portfolio	100%	05/2016	n.a.	100%
8	Como	Viale Cavallotti, 3/A	Bank branch	Fully owned	2,713	DB Portfolio	100%	05/2016	n.a.	0%
9	Verona	Corso di Porta Nuova, 135	Bank branch	Fully owned	888	DB Portfolio	100%	05/2016	n.a.	100%
10	Rome	Piazza Ss Apostoli 70/a7b7c/73	Bank branch	Fully owned	826	DB Portfolio	100%	05/2016	n.a.	0%

Top 10 tenants [8]

#	Rank top 10 tenant	%
1	Vodafone	39%
2	Deutsche Bank	14%
3	BNL	10%
4	Fastweb	6%
5	Techint	5%
6	PwC	4%
7	NH Hotel	4%
8	AXA	4%
9	Bernoni Grand Thornton	2%
10	Axelero	1%

[8] Excluding the 21 Deutsche Bank branches held for sale.

Real estate portfolio: term lease contracts [9]

Properties	WALT	Maturity bands in the first contractual deadline (% on the amount of annualized rent stabilized)				Total %	Total €/000
		1 year	1-2 years	3-5 years	> 5 years		
Deutsche Bank Portfolio	8.8	0%	0%	0%	100%	100%	5,184
Vodafone Village	9.1	0%	0%	0%	100%	100%	13,877
Gioia 6-8	6.3	0%	0%	22%	78%	100%	4,061
2331 Eurcenter	4.5	27%	20%	4%	49%	100%	5,123
Bonnet (*)	2.4	41%	25%	16%	17%	100%	349
Deruta 19	4.0	0%	0%	100%	0%	100%	3,557
Monte Rosa 19	5.0	17%	35%	0%	48%	100%	3,631
Total	**7.2**	**6%**	**7%**	**13%**	**74%**	**100%**	**35,782**

(*) Considering rents pro-quota (35.7%)

Real estate portfolio: other information [9]

Properties	Acquisition date	NRA	Market Value (€/000	Initial gross rent (€/000	Initial gross rent (€/mq) (***)	Gross stabilized rent (€/000)	ERV	Reversion (%)
Deutsche Bank Portfolio	May 2016	45,362	98,890	5,184	114	5,184	6,053	17%
Vodafone Village (*)	June 2016	46,323	208,500	13,877	300	13,877	11,465	-17%
Gioia 6-8	July 2016	15,256	72,070	3,058	200	4,061	4,347	42%
2331 Eurcenter	July 2016	14,556	83,790	5,123	352	5,123	4,789	-7%
Bonnet (**)	December 2016	20,210	35,107	293	14	349	3,112	n.s.
Deruta 19	January 2017	27,571	51,900	3,557	129	3,557	3,352	-6%
Monte Rosa 19	October 2017	19,539	60,400	3,532	181	3,631	4,237	20%
Total (***)		**188,817**	**610,657**	**34,624**	**183**	**35,782**	**37,356**	**8%**

(*) *Considering rents €/mq for offices*
(**) *Considering rents, market value and ERV pro-quota (35.7%)*
(***) *Calculated as the ratio between initial gross rents and NRA. It does not consider any vacant portions and the different use of the leased spaces.*

9 Excluding the 21 Deutsche Bank branches held for sale.

Development portfolio

Development / refurbishment assets	City	NRA	% owned	Cost to date	Estimated capex	Estimated rental value at completion of the development	Breakdown of lettable area accordingly to regions	Breakdown of lettable area accordingly to usage	Expected date of completion	Status
Bonnet	Milan	20,210	35.7%	33,036	≈ 50,000	≈ 9,000	100% Milan	84% office 16% retail	Q2 2020	Project phase

On the date of this report, the building located in Milan, in Porta Nuova district ("Bonnet") is in the planning stage and the expected date of completion is in the second quarter of 2020. For these reason, the proportion of the development which has been let as at the balance sheet date is 0%.

The table below shows the data related to Bonnet asset (35.7%) from Porta Nuova Bonnet Fund's Annual Report as at December 31st, 2016.

Development / refurbishment assets	Net book value at December 31st, 2017	Methods of accounting	Fair value at December 31, 2017	Last evaluation report ' date
Bonnet	35,107	Fair Value	35,107	December 31st, 2017

Please note that the associated in Porta Nuova Bonnet Fund (35.7%), for Euro 14,916 thousand, is recognized in the Company's financial statements using the equity method.

Capital expenditure

Property-related CAPEX	In thousands Euro
Acquisitions	103,000
Development (ground-up/green field/brown field)	-
Like-for-like portfolio	206
Other	2,645
Capital Expenditure	**105,851**

The first amount reported in the table above includes the overall value of acquisitions occurred during the year, in particular:

- Deruta, for Euro 46,000 thousand;
- Monte Rosa, for Euro 57,000 thousand.

Like for like portfolio includes the revaluations of the assets, such as:

- Gioiaotto, for Euro 40 thousand;
- 2331 Eurcenter, for Euro 166 thousand.

The item *other* includes capitalized costs mainly related to acquisition of assets, including:

- Deruta, for Euro 1,089 thousand;
- Monte Rosa, for Euro 1,556 thousand.

Capex investments relating to the Bonnet property in 2017 amount to Euro 3.8 million.

ANNEXES

FFO RECONCILIATION

	(Million Euro)	December 31st, 2017	December 31st, 2016
+	Rent income	34,242	15,533
-	Property expenses not recharged to tenants	(3,721)	(1,864)
	Net rents before incentives	**30,521**	**13,670**
-	Incentives, straigh-lines and collection loss	-	-
	Net rents after incentives	**30,521**	**13,670**
+	Other income (core business)	30	-
-	Other costs for raw materials and services	(7,407)	(4,749)
-	Personnel costs	(1,478)	(955)
-	Other operating expenses	(76)	(394)
	EBITDA	**21,591**	**7,572**
+	Interest income	537	467
-	Interest expenses	(6,786)	(2,802)
	FFO	**15,341**	**5,237**
+	Non recurring general expenses	1,463	967
-	Non recurring income	-	-
	Recurring FFO	**16,804**	**6,204**

GLOSSARY

	Definition
Accounting Period	Accounting period means each successive period of 12 calendar months each of which starts on 1 January and ends at midnight on December 31st in each year.
ALM	Asset Liabilities Management is the practice of managing risks stemming from mismatches between assets and liabilities. The process is a mix between risk management and strategic planning.
Asset Management Agreement	The agreement entered into on October 15th, 2015, by and between COIMA RES and COIMA SGR and modified on November 15th, 2015.
Bonnet	Bonnet is the building located in Milan, in via Bonnet, held through the Porta Nuova Bonnet investment (35.7%).
Break Option	The right of the tenant to withdraw from the lease agreement.
CBD	Central Business District, which is the area where the prime office market is mainly located.
CBRE	CBRE Valuation S.p.A., with registered office in Milan, Via del Lauro, 5/6.
CO - Investment 2SCS	A subsidiary owned indirectly via MHREC Real Estate S.à.r.l., which owns 33.33% of the units.
COIMA CORE FUND IV	Fund in which the Company owns 100% of the shares.
COIMA RES SIINQ I	COIMA RES S.p.A. SIINQ I, of which COIMA RES owns 100% of the capital stock.
COIMA S.r.l.	COIMA S.r.l., with registered office in Milan, Piazza Gae Aulenti no.12.
COIMA SGR	COIMA SGR S.p.A., with registered office in Milan, Piazza Gae Aulenti no.12.
Company or COIMA RES	COIMA RES S.p.A. SIIQ, with registered office in Milan, Piazza Gae Aulenti no.12.
Core	The *core* assets are characterized mainly by high liquidity and low risk. This type of property is located in strategic areas and is intended to be held in the portfolio on a long-term basis so as to fortify the company's risk-return profile.
Core plus	The *core plus* assets are similar to the *core* category, except that some investments may exhibit enhancement potential (such as partially vacant areas or tenancies with short term expiries). For this type of risk, the profile is considered medium-low.
Coupon	The value accrued on the Financial Instrument.
Deruta 19 or Deruta	Deruta is the building complex located in Milan, Via Deruta 19, acquired on January 16th, 2017, by COIMA RES SIINQ I.
Deutsche Bank Portfolio	The bank branches of COIMA CORE FUND IV, leased to Deutsche Bank
EBITDA	Earnings before Interest, Taxes, Depreciation & Amortisation, is the most widely used measure of a company's operating performance as it isolates operating earnings, excluding the effects of capital structure, taxes or depreciation regime. EBITDA is a proxy for the operating cash flow that the company is able to generate.
EPRA Cost Ratios	Calculated as administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.
EPRA Earnings	Recurring earnings from core operational activities. EPRA Earnings is a key measure of a company's operational performance and represents the net income generated from the operational activities.
EPRA NAV	EPRA Net Asset Value is calculated based on the consolidated shareholders' equity adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallize in a long-term investment property business model, as per EPRA's recommendations.
EPRA Net Initial Yield	Calculated as Net Initial Rent divided by the gross market value of the property.
EPRA NNNAV	Triple Net Asset Value is the EPRA NAV adjusted to include the fair value of financial instruments, debt and deferred taxes.
EPRA topped up Net Initial Yield	Calculated as Net Stabilised Rent divided by the gross market value of the property.
EPS	Earnings Per Share calculated as net income divided by the basic number of shares outstanding.
Expected Gross Stabilised Rent	Gross Stabilised Rent adjusted for selected active asset management initiatives.
FFO	Funds From Operations calculated as Core Business EBITDA less net interest expense.

Gioiaotto	Gioiaotto is the building located in Milan, in Melchiorre Gioia 6-8, held through the MHREC Fund.
Good Secondary	High quality properties located in central or peripheral areas of primary cities.
Gross Expected Stabilised Yield	Calculated as Expected Gross Stabilised Rent divided by the gross market value of the property.
Gross Initial Rent	Annualised rents being received as at a certain date considering lease incentives such as rent-free periods, discounted rent periods and step rents.
Gross Initial Yield	Calculated as Gross Initial Rent divided by the gross market value of the property.
Gross Stabilised Rent	Annualised rents being received as at a certain date adjusted for unexpired lease incentives. The adjustment includes the annualised cash rent that will apply at the expiry of the lease incentive.
Gross Stabilised Yield	Calculated as Gross Stabilised Rent divided by the gross market value of the property.
Initial Portfolio	The Deutsche Bank branches and the Vodafone properties.
Interest Coverage Ratios	Ratio between the EBITDA and interest expense.
LEED Certification	Certification of building efficiency issued by the U.S. Green Building Council.
MHREC or MH Real Estate Crescita	Fund of which the Company acquired 86.67% of the shares on July 27th, 2016.
MHREC S.à.r.l.	MHREC Real Estate S.à.r.l., subsidiary of MHREC Fund.
Monte Rosa	Monte Rosa is the building complex located in Milan, Via Monte Rosa 93, acquired on October 24th, 2017 by COIMA RES.
Net Expected Stabilised Rent	Corresponds to Expected Gross Stabilised Rent for the period less, service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.
Net Expected Stabilised Yield	Calculated as Expected Net Stabilised Rent divided by the gross market value of the property.
Net Initial Rent	Corresponds to gross initial rent for the period less service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.
Net Liquidity	Net Liquidity or Net Financial Position is the effective Net Debt of the Company.
Net Stabilised Rent	Corresponds to Gross Stabilised Rent for the period less service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.
Palazzo Sturzo or "Eurcenter"	The building located in Roma, in Piazza Don Luigi Sturzo, held through the MHREC Fund.
Porta Nuova Bonnet	Fund established on October 20th, 2016, of which COIMA RES owns 35.7%.
Promote Fee	Performance fee payable by COIMA RES to SGR, related to the Asset Management Agreement.
Qatar Holding	Qatar Holding LLC, a company with principal offices in Doha, Qatar, Q-Tel Tower, PO Box 23224, wholly-owned by Qatar Investment Authority, sovereign fund of the State of Qatar.
Recurring FFO	Calculated as FFO adjusted to exclude non-recurring income and expenses.
Shareholder Return	Shareholder Return means, in respect of each Accounting Period, the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of ordinary shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such year.
Shareholder Return Outperformance	Shareholder Return Outperformance means, in respect of each Accounting Period, the amount in Euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a determined Shareholder Return.
SIINQ	Unlisted real estate investment company regulated by article 1, paragraph 125 of the Finance Act 2007.
SIIQ	Listed real estate investment company regulated by article 1, paragraphs 119-141-bis of the Finance Act 2007.
Weighted Average Debt Maturity	It is the length of time the principal of a debt issue is expected to be outstanding. The average life is an average period before a debt is repaid through amortisation or sinking fund payments.
Value-added	This type of assets includes buildings undergoing redevelopment and refurbishment, usually vacant or with high rate of vacancy. Compared to the core category, value added real estate has a medium-high risk profile and is expected to generate returns through real estate value appreciation over time.

INDEPENDENT APPRAISERS' REPORTS

VALUATION REPORT

Vodafone Village Office Scheme
Via Lorenteggio, 240 – Milan

(This copy of the Report has been translated for information purposes only. In case of doubt or discrepancies the Italian version shall be read and it shall prevail).

COIMA RES S.p.A. SIIQ
Piazza Gae Aulenti, 12
20154 - MILANO

Valuation Date: 31 December 2017

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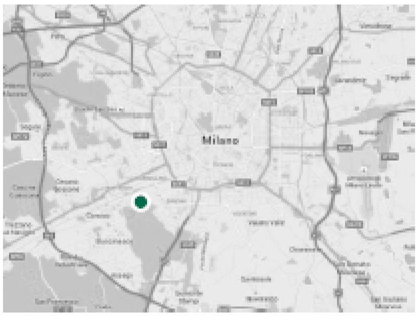

The Property

Address: Via Lorenteggio, 240 – 20147 Milano (MI) - Italy

Main Use: Offices

The subject property comprises 3 buildings within the recently built office scheme called "Vodafone Village", located in the western periphery of Milan. In details it comprises the buildings called "B", "C" and "C1", mainly used as office and ancillary spaces, together with a canteen, an auditorium and some 1,047 covered car/motorbike parking spaces located in the multi-storey car parking, which is shared between the entire scheme.

Tenure

We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. As communicated by the Client, we understand that the Property is held on freehold basis by "Coima RES S.p.A. SIIQ".

Tenancies

The property is fully let to Vodafone Omnitel N.V. The lease contract in place has a duration of 15 years starting on 01/02/2012, and can be renewed for further 6 years upon first lease expiry date.

The tenant does not have the right to recede from the contract before the first expiry date; the penalty fee would be equal to the entire rental income for the period from the date of receding and the first expiry date (15th year).

Market Value

We are of the opinion that the Market Value of the freehold interest in the subject property as at 31 December 2017 is:

€ 208,500,000

(TWO HUNDRED EIGHT MILLION FIVE HUNDRED THOUSAND EUROS)

exclusive of VAT and acquisition costs

Yield Profile

Net Initial Yield	6.11%
Net Exit Cap rate	5.70%
Gross Exit Yield	6.27%

Comments

Strengths

- Recently built scheme according to energy saving and space flexibility criteria;
- Very good availability of parking spaces;
- Very good letting status with long expiry terms, the lessee is a high standing international telecommunication company;
- Strategic asset for Vodafone, for which important built to suit fit out works have been carried out;
- Good space efficiency (high letting on external area ratio).

Weaknesses

- The micro-location is not ideal both from the context and accessibility by public transports point of view;
- Wide size for the reference market;
- High availability of office spaces (some are grade A) within the Lorenteggio Business Park, both in terms of medium and large size spaces.

Opportunities

- The property benefits from energy-saving and efficiency solutions, which appears to be one of the main drivers as at today in the Real Estate investment market;
- Vodafone presence within the property act as an anchor for companies operating in the same economic sector;
- A new metro station (M4) should open in the future some 400 m from the subject property.

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Threats

- Availability of vacant office spaces in the Vodafone Village complex, following the release of the A-Tower by Vodafone.
- Large size asset fully let to a single tenant, which, in the event of vacancy, would bring to the reference market a wide amount of sq m, with a negative impact on the vacancy level in the area, and as a consequence on the achievable rental levels.
- Availability of Grade A office offered at competitive rents in the reference area, positioned near the new metro station M4 (opening on 2020),

CBRE

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VALUATION REPORT

CBRE

VALUATION REPORT

CBRE

CBRE VALUATION S.P.A.
Via del Lauro, 5/7
20121 Milano

Tel. 02.655670.1
Fax 02.655670.50

This copy of the Report has been translated for information purposes only. In case of doubt or discrepancies the Italian version shall be read and it shall prevail

Report Date	10th January 2018
Addressees	COIMA RES S.p.A. SIIQ Piazza Gae Aulenti, 12 20154 – Milano *To the kind attention of: The Board of Directors*
The Properties	Via Lorenteggio, 240 20147 Milano (MI)
Property Descriptions	The subject property comprises 3 buildings within the recently built office scheme called "Vodafone Village", located in the western periphery of Milan. In details it comprises the buildings called "B", "C" and "C1", mainly used as office and ancillary spaces, together with a canteen, an auditorium and some 1,047 covered car/motorbike parking spaces located in the multi-storey car parking, which is shared between the entire scheme. All of the properties are fully let to Vodafone Omnitel N.V.
Ownership Purpose	Investment.
Instruction	To value on the basis of Market Value the relevant interests in the Properties as at the Valuation Date in accordance with the letter of instruction and terms of engagement dated 14 June 2016. This present *condensed report* is the summary of the full valuation report, dated 10 January 2018.

Valuation Date	31 December 2017
Capacity of Valuer	External.
Purpose	Half-yearly valuation
Market Value	Market Value as at 31 December 2017: € 208,500,000 (TWO HUNDRED EIGHT MILLION FIVE HUNDRED THOUSAND EUROS) exclusive of purchaser's costs and VAT. Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.
Compliance with Valuation Standards	The valuation has been prepared in accordance with The RICS Valuation – Global Standards ("the Red Book"). We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.
Special Assumptions	No.
Assumptions	The specific characteristics of the Property considered, used as a basis for the assessment, are those indicated in the Valuation Report. For the valuation we considered information provided by the Client about technical and rental aspects of the property. If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Market Conditions

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

At the same time, we cannot exclude that there may exist other market segments of demand and/or supply relative to the subject activities examined and as such, may implicate that the single unitary criteria selected and adopted within this report be modified.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (The Red Book).

Independence

The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. (or other companies forming part of the same group of companies within Italy) from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total Italy revenues.

Conflicts of Interest

We confirm that we have had no previous material involvement with the property, and that copies of our conflict of interest checks have been retained within the working papers.

Reliance

This report is for the use only by the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

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.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Valuation – Professional Standards or the incorporation of the special assumptions referred to herein.

This report was prepared by:

- Fulvio Volpe

under the supervision of Laura Mauri MRICS.

Yours faithfully

Davide Cattarin

Managing Director

For and on behalf of

CBRE VALUATION S.p.A.

E: davide.cattarin@cbre.com

Yours faithfully

Laura Mauri MRICS

Executive Director

RICS Registered Valuer

For and on behalf of

CBRE VALUATION S.p.A.

E: laura.mauri@cbre.com

CBRE VALUATION S.P.A.

Valuation & Advisory Services

T: 02 6550701

F: 02 65567050

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Project Reference: 8832

SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

The present analysis is an update of a previous valuation carried out by CBRE Valuation S.p.A. dated 30 June 2017; and considering new documentation provided by the Client, which we assumed to be complete and correct:

- Cadastral data.

Any other sources of information are specifically reported in the report.

The Properties

Our report contains a brief summary of the properties details on which our valuation has been based.

Inspection

An internal and external inspection of the subject property was undertaken CBRE Valuation S.p.A. valuers on 11 December 2017.

Areas

We have not measured the Properties but have relied upon the floor areas provided. We have not checked these on sites.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

Town Planning

We have not undertaken planning enquiries; relative information stated within our report has been provided by

CBRE

the Client.

We therefore cannot take responsibility for eventual consequences deriving from incorrect and/or missing information.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which they is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of Client's likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Capital Values

Each valuation has been prepared on the basis of "Market Value" (RICS edition 2017), which is defined as:

"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 wherein the parties had each acted knowledgeably, prudently and without compulsion".

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or other grants from the European Commission.

VAT

All rents and capital values stated in this report are exclusive of VAT.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

The Properties

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Environmental Matters

We have not carried out any investigation into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

In the absence of any information to the contrary, we have assumed that the Property and activities carried out therein are aligned with current environmental regulations.

CBRE

In the absence of any information to the contrary, we have assumed that:

(a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.

Energy Performance Certificates

We have assumed that the properties possess and / or will possess in the near future, in accordance with the provisions provided in relation to the national transfer and leasing of property, the Energy Performance Certificate (APE) or equivalent certification.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the Properties are free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Properties; and

(d) the services, and any associated controls or software, are in working order and free from defect.

Title, Tenure, Planning and Lettings

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Properties are not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

(k) in Italy, it is common and often advantageous from a fiscal standpoint for transfers of real estate to take place via transfers of the capital of real estate companies (so-called share deal as opposed to asset deal): the taxation level applied cannot be standardized, but must be evaluated on a case-by-case basis. In order to define the Total Purchase Price, the purchaser's costs or acquisition fees (i.e. technical and legal fees, stamp duty, agent fees, etc.), as at the Valuation Date should be added. All rents and capital values, costs and other figures stated in this report are exclusive of VAT.

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Fiscal Aspects

No legal, fiscal or financing aspects have been taken into consideration unless specifically indicated within this following report.

In Italy the transaction costs are not normally considered for valuation purposes. For this reason our valuation does not consider any deductions related to costs such as taxes, legal fees, transaction fees, etc.

LEGAL NOTICE

This valuation report (the "Report") has been prepared by CBRE Valuation S.p.A. ("CBRE") exclusively for COIMA RES S.p.A. SIIQ (the "Client") in accordance with the terms of the instruction letter dated 25 July 2016. The Report is confidential and it must not be disclosed to any person other than the Client without CBRE's prior written consent. CBRE has provided this report on the understanding that it will only be seen and used by the Client and no other person is entitled to rely upon it, unless CBRE has expressly agreed in writing. Where CBRE has expressly agreed that a person other than the Client can rely upon the report then CBRE shall have no greater liability to any party relying on this report than it would have had if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise shall not exceed the lower of:

(i) 25% of the value of the property to which the Instruction relates on the date of the Instruction; or

(ii) €10 Million (Ten Million Euro); and

CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

CBRE

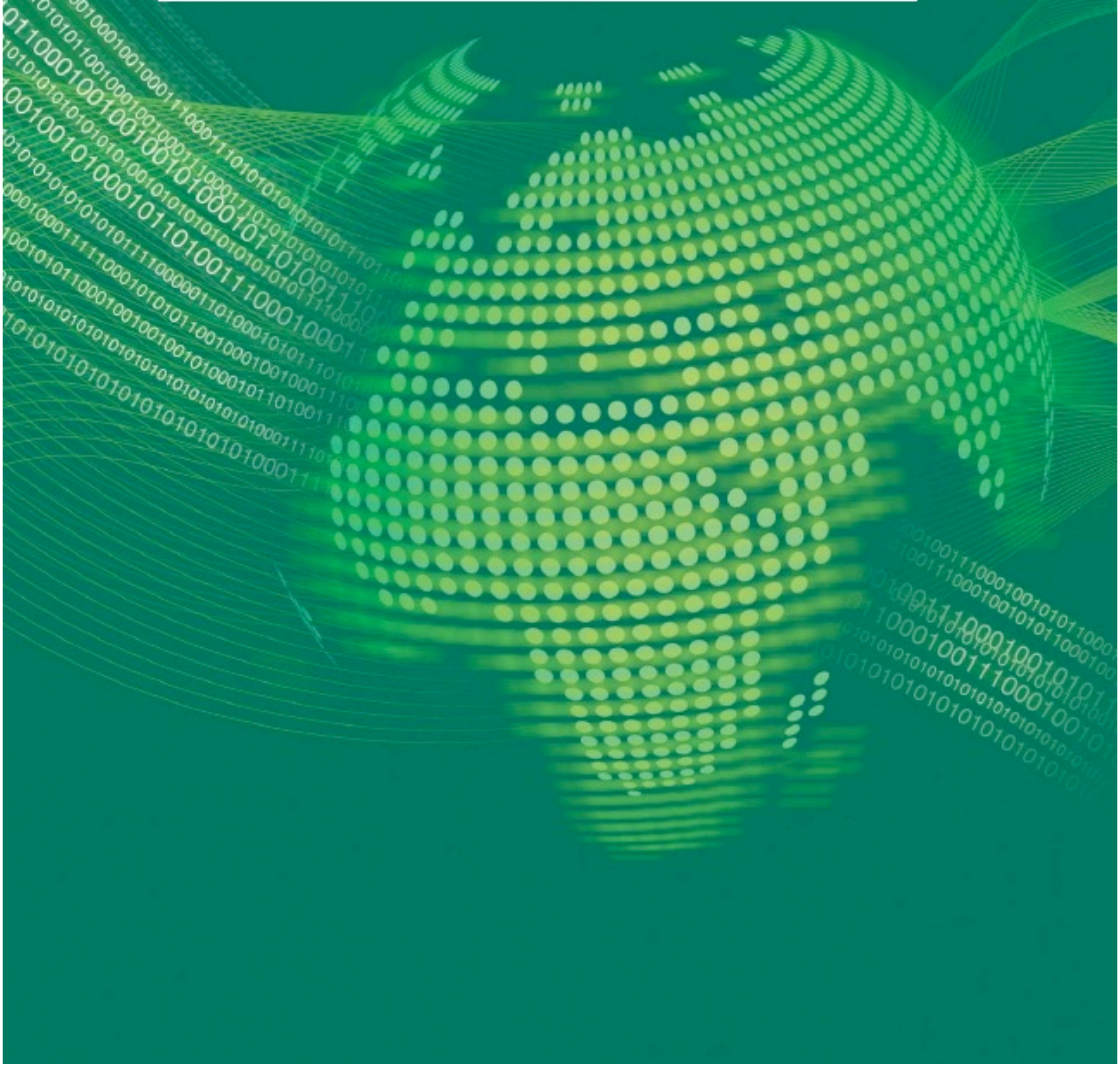
VALUATION REPORT

Office Building
Via Monte Rosa, 93 – Milan

(This copy of the Report has been translated for information purposes only. In case of doubt or discrepancies the Italian version shall be read and it shall prevail).

COIMA RES S.p.A. SIIQ
Piazza Gae Aulenti, 12
20124 - MILANO

Valuation Date: 31 December 2017



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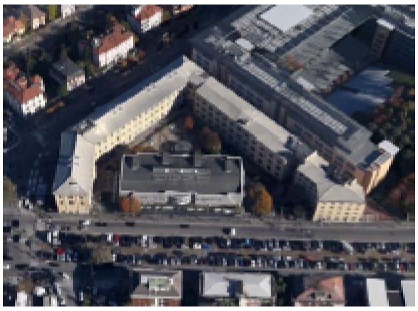

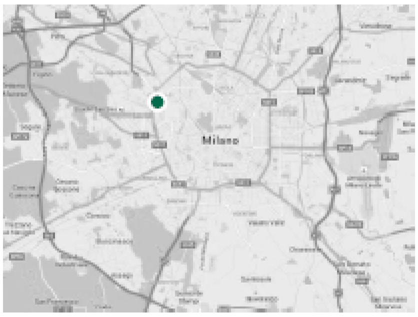

The Property

Address: Via monte Rosa, 93 – 20149 Milano (MI) - Italy

Main Use: Offices

The subject property consists of an office building located in the north-western semi-central area of Milan.

The property, including 4 buildings constructed in different periods, occupies the entire block delimited by via Monterosa to the east a est, via Pietro Tempesta to the south east, via Giovanni Migliara to the west and Piazzale Lotto to the north.

The building complex has a gross area of some 28,300 sq m used as office and ancillary spaces, 143 car/moto parking spaces located in the courtyard (uncovered) or into the multi-storey car parking, which is shared between the entire scheme.

Tenure

We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. As communicated by the Client, we understand that the Property is held on freehold basis by "Coima RES S.p.A. SIIQ".

Tenancies

The subject property as at the date of valuation is almost entirely leased with multi-tenant scheme. At the estimate date are vacant only half of the areas in block G (equal to about 8% of the building complex), 49 parking spaces in the underground garage and 4 uncovered parkig.

CBRE

Market Value

We are of the opinion that the Market Value of the freehold interest in the subject property as at 31 December 2017 is:

€ 60,400,000

(SIXTY MILLION FOUR HUNDRED THOUSAND EUROS)

exclusive of VAT and acquisition costs

Yield Profile

Net Initial Yield	4.64%
Net Exit Cap rate	5.60%
Gross Exit Yield	6.64%

Comments

Strengths

- Excellent accessibility by private transport, given the presence of the external ring road, and by public transport, given the presence of the undergournd station "Lotto" (lines: 1 Red and 5 Lilac) and numerous bus stops;
- Potential split up, with the possibility to let each single floor or each building independently;
- Numerous parking spaces available;
- Excellent visibility.

Weaknesses

- Despite the property is located along an important communication axis with high visibility, the buildings present impersonal facades;
- Presumably sufficient state of maintenance and repair considering that last refurbishment took place 20 years ago.

Opportunities

- Possibility to let each building independently;
- The redevelopment of the external facades could increase the appeal of the spaces.
- The completion of the nearby "City Life" development, will benefit the entire surrounding area.

Threats

- High availability of office spaces in the surrounding area;
- Low office take-up in the subject micro-area;

CBRE

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VALUATION REPORT

CBRE

VALUATION REPORT

CBRE

CBRE VALUATION S.P.A.
Via del Lauro, 5/7
20121 Milano

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Fax 02.655670.50

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Report Date	11th January 2018
Addressees	COIMA RES S.p.A. SIIQ Piazza Gae Aulenti, 12 20154 – Milano *To the kind attention of: The Board of Directors*
The Properties	Office building, Via Monte Rosa, 93 20149 Milan - Italy
Property Descriptions	The subject property consists of an office building located in the north-westem semicentral area of Milan. The property, including 4 buildings constructed in different periods, occupies the entire block delimited by via Monterosa to the east a est, via Pietro Tempesta to the south east, via Giovanni Migliara to the west and Piazzale Lotto to the north. The buildings are almost entirely leased.
Ownership Purpose	Investment.
Instruction	To value on the basis of Market Value the relevant interests in the Properties as at the Valuation Date in accordance with the terms of engagement, that is the Framework Agreement (Offer N. 147/2016) signed on 14 June 2016.
Valuation Date	31 December 2017
Capacity of Valuer	External.

Purpose	Update previous valuation
Market Value	Market Value as at 31 December 2017: € 60,400,000 (SIXTY MILLION FOUR HUNDRED THOUSAND EUROS) exclusive of purchaser's costs and VAT. Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.
Compliance with Valuation Standards	The valuation has been prepared in accordance with The RICS Valuation – Global Standards ("the Red Book"). We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.
Special Assumptions	No.
Assumptions	The specific characteristics of the Property considered, used as a basis for the assessment, are those indicated in the Valuation Report. For the valuation we considered information provided by the Client about technical and rental aspects of the property. If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.
Variation from Standard Assumptions	None

Market Conditions

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

At the same time, we cannot exclude that there may exist other market segments of demand and/or supply relative to the subject activities examined and as such, may implicate that the single unitary criteria selected and adopted within this report be modified.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (The Red Book).

Independence

The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. (or other companies forming part of the same group of companies within Italy) from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total Italy revenues.

Conflicts of Interest

We confirm that we have had no previous material involvement with the property, and that copies of our conflict of interest checks have been retained within the working papers.

Reliance

This report is for the use only by the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

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.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Valuation – Professional Standards or the incorporation of the

CBRE

special assumptions referred to herein.

This report was prepared by:

- Fulvio Volpe

under the supervision of Laura Mauri MRICS.

Yours faithfully

Davide Cattarin
Managing Director

For and on behalf of
CBRE VALUATION S.p.A.

E: davide.cattarin@cbre.com

Yours faithfully

Laura Mauri MRICS
Executive Director
RICS Registered Valuer
For and on behalf of
CBRE VALUATION S.p.A.

E: laura.mauri@cbre.com

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Project Reference: 8832

SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

The present analysis is an update of a previous valuation carried out by CBRE Valuation S.p.A. dated 30 September 2017; and considering new documentation provided by the Client, which we assumed to be complete and correct:

- Lease contract and scheme with rented surfaces;
- Rent roll;
- Property tax;
- Plans;
- Table of accommodation.

Any other sources of information are specifically reported in the report.

The Properties

Our report contains a brief summary of the properties details on which our valuation has been based.

Inspection

An internal and external inspection of the subject property was undertaken CBRE Valuation S.p.A. valuers on 11 December 2017.

Areas

We have not measured the Properties but have relied upon the floor areas provided. We have not checked these on sites.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

Town Planning

We have not undertaken planning enquiries; relative information stated within our report has been provided by the Client.

We therefore cannot take responsibility for eventual consequences deriving from incorrect and/or missing information.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which they is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of Client's likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Capital Values

Each valuation has been prepared on the basis of "Market Value" (RICS edition 2017), which is defined as:

"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 wherein the parties had each acted knowledgeably, prudently and without compulsion".

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or other grants from the European Commission.

VAT

All rents and capital values stated in this report are exclusive of VAT.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

The Properties

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Environmental Matters

We have not carried out any investigation into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

In the absence of any information to the contrary, we have assumed that the Property and activities carried out therein are aligned with current environmental regulations.

CBRE

In the absence of any information to the contrary, we have assumed that:

(a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.

Energy Performance Certificates

We have assumed that the properties possess and / or will possess in the near future, in accordance with the provisions provided in relation to the national transfer and leasing of property, the Energy Performance Certificate (APE) or equivalent certification.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the Properties are free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Properties; and

(d) the services, and any associated controls or software, are in working order and free from defect.

Title, Tenure, Planning and Lettings

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Properties are not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

(k) in Italy, it is common and often advantageous from a fiscal standpoint for transfers of real estate to take place via transfers of the capital of real estate companies (so-called share deal as opposed to asset deal): the taxation level applied cannot be standardized, but must be evaluated on a case-by-case basis. In order to define the Total Purchase Price, the purchaser's costs or acquisition fees (i.e. technical and legal fees, stamp duty, agent fees, etc.), as at the Valuation Date should be added. All rents and capital values, costs and other figures stated in this report are exclusive of VAT.

Fiscal Aspects

No legal, fiscal or financing aspects have been taken into consideration unless specifically indicated within this following report.

In Italy the transaction costs are not normally considered for valuation purposes. For this reason our valuation does not consider any deductions related to costs such as taxes, legal fees, transaction fees, etc.

LEGAL NOTICE

This valuation report (the "Report") has been prepared by CBRE Valuation S.p.A. ("CBRE") exclusively for COIMA RES S.p.A. SIIQ (the "Client") in accordance with the terms of the instruction letter dated 14 June 2016. The Report is confidential and it must not be disclosed to any person other than the Client without CBRE's prior written consent. CBRE has provided this report on the understanding that it will only be seen and used by the Client and no other person is entitled to rely upon it, unless CBRE has expressly agreed in writing. Where CBRE has expressly agreed that a person other than the Client can rely upon the report then CBRE shall have no greater liability to any party relying on this report than it would have had if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise shall not exceed the lower of:

(i) 25% of the value of the property to which the Instruction relates on the date of the Instruction; or

(ii) €10 Million (Ten Million Euro); and

CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

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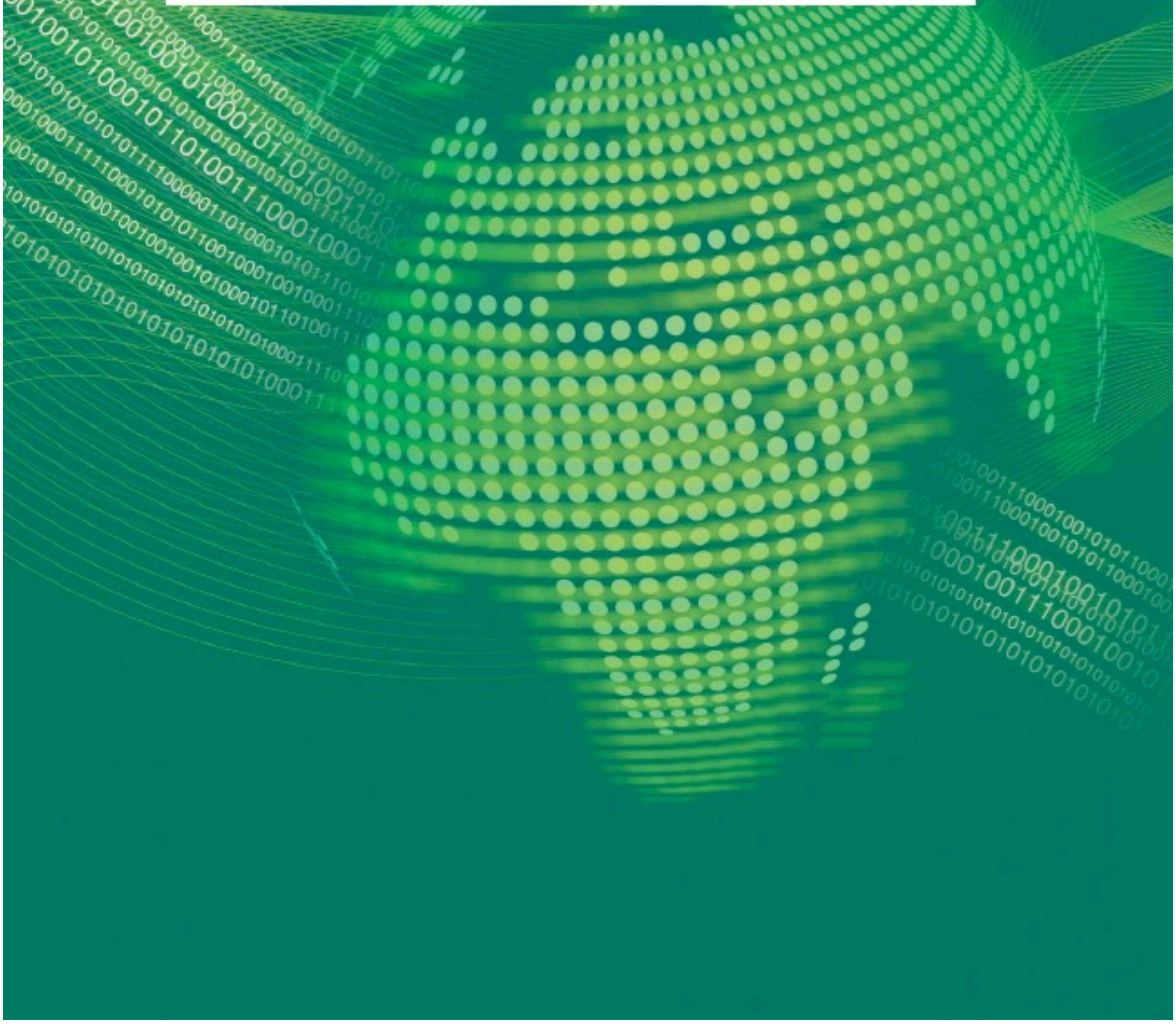
VALUATION REPORT

Market Value of the Office building located in Milan, Via Privata Deruta, 19, including two units called "Building A" and "Building B".

This copy of the Report has been translated for information purposes only. In case of doubt or discrepancies the Italian version shall be read and it shall prevail).

COIMA RES S.p.A. SIINQ I
Piazza Gae Aulenti, 12
20154 – MILANO

Valuation Date: 31 December 2017



LEGAL NOTICE AND DISCLAIMER

Legal Notice and Disclaimer

This valuation report (the "Report") has been prepared by CBRE Valuation S.p.A ("CBRE") exclusively for COIMA RES S.P.A. SIIQ I (the "Client") in accordance with the terms of engagement entered into between CBRE and the client dated 21 June 2017 ("the Instruction"). The Report is confidential to the Client and any other Addressees named herein and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction.

Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client or the Addressees can rely upon the Report (a "Relying Party" or "Relying Parties") then CBRE shall have no greater liability to any Relying Party than it would have if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to the Client, Addressees and to any Relying Parties howsoever arising under, in connection with or pursuant to this Report and/or the Instruction together, whether in contract, tort, negligence or otherwise shall not exceed the lower of:

(i) 25% of the value of the property to which the Instruction relates (as at the valuation date); or

(ii) €10 million (10,000,000.00 Euro).

Subject to the terms of the Instruction, CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

If you are neither the Client, an Addressee nor a Relying Party then you are viewing this Report on a non-reliance basis and for informational purposes only. You may not rely on the Report for any purpose whatsoever and CBRE shall not be liable for any loss or damage you may suffer (whether direct, indirect or consequential) as a result of unauthorised use of or reliance on this Report. CBRE gives no undertaking to provide any additional information or correct any inaccuracies in the Report.

None of the information in this Report constitutes advice as to the merits of entering into any form of transaction.

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Property

Address: Via Privata Deruta, 19 – 20132 Milano (MI) - Italy

Main use: Office

Tenure

CBRE VALUATION S.p.A. has not generally examined nor had access to all the deeds, leases or other documents relating thereto. As communicated by the Client, we understand that the Property is held on freehold basis by "COIMA RES S.p.A. SIINQ I".

Tenancies

Buildings A and B are fully let to Banca Nazionale del Lavoro S.p.A.. The two lease contracts in place have a fixed duration of 6 years starting from 01/01/2016 and can be renewed for further 6 years upon first lease expiry date. The tenant has the right to recede from the contracts from 01/01/2022 with advance notice at least 12 months before, so by 31/12/2020.

Market Value

The Market Value as at 31 December 2017 is:

€ 51,900,000.00

(FIFTY ONE MILLION NINE HUNDRED THOUSAND EUROS)

exclusive of VAT and marketing

split up as follows:

Building A: € 23,900,000.00 (TWENTY THREE MILLION NINE HUNDRED THOUSAND EUROS) exclusive of VAT and marketing

Building B: € 28,000,000.00 (TWENTY EIGHT MILLION EUROS) exclusive of VAT and marketing

Yield Profile

Discounted rate 1 (Building A and B) (in the period of the in force lease contracts)	5.50%
Discounted rate 2 (Building A and B) (in the period of the in force lease contracts)	7.70%
Net Cap rate (Building A and B)	5.60%
Gross Initial Yield (Building A)	7.01%
Net Initial Yield (Building A)	6.15%
Gross Exit Yield (Building A)	6.42%
Gross Initial Yield (Building B)	6.84%
Net Initial Yield (Building B)	5.99%
Gross Exit yield (Building B)	6.40%

Comments

Strengths

- Grade A office building with flexible layout, open spaces, suspended flooring, suspended ceilings, lifts and good heating comfort;
- Recently built (2007);
- Availability of numerous covered and uncovered parking spaces;
- Excellent accessibility by private and public transport;
- Good visibility;
- Good state of maintenance and repair;
- Office spaces with high level of natural lighting;
- Regular and flexible floor layout also for more than one tenant.

Weaknesses

- The micro location is a secondary business district;
- Wide size for the local market request.

Opportunities

- Surrounding area recently developed with the construction of numerous offices, see Metrocomplex;
- Office building easy to split up for more than one tenant;
- A new metro station (M4) will open some 400 m distance from the subject property;

Threats

- Should BNL release the spaces before the first expiry date, it would be necessary to consider a fractionised lease of the spaces.

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VALUATION REPORT

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VALUATION REPORT

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CBRE VALUATION S.P.A.
Via del Lauro, 5/7
20121 Milano

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Fax 02.655670.50

milan@cbre.com
www.cbre.com

This copy of the Report has been translated for information purposes only. In case of doubt or discrepancies the Italian version shall be read and it shall prevail

Report Date	11 January 2018
Addressees (Client)	COIMA RES S.p.A. SIINQ I Piazza Gae Aulenti, 12 20154 – Milano To the kind attention of Dott. Emiliano Mancuso
The Property	Office property including two buildings, A and B.
Property Description	Property including two separate buildings called "Building A" and "Building B" recently constructed (2007), located in the north/eastern area of Milan, near Piazza Udine. Building A is arranged over 7 floors above ground and 2 basement levels. Building B is arranged over 8 floors above ground and 2 basement levels. The basement levels house 200 parking spaces, the external area at ground floor counts some 90 uncovered parking spaces.
Ownership Purpose	Investment.
Instruction	To value on the basis of Market Value the freehold interests in the Property as at the Valuation Date in accordance with the letter of instruction and terms of engagement dated 29 May 2017 (ref. Of. No. 118/17), confirmed on 21 June 2017.
Valuation Date	31 December 2017.

VALUATION REPORT

CBRE VALUATION S.P.A.
Via del Lauro, 5/7
20121 Milano

Tel. 02.655670.1
Fax 02.655670.50

milan@cbre.com
www.cbre.com

This copy of the Report has been translated for information purposes only. In case of doubt or discrepancies the Italian version shall be read and it shall prevail

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Valuation Date	31 December 2017.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Market Conditions

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

At the same time, we cannot exclude that there may exist other market segments of demand and/or supply relative to the subject activities examined and as such, may implicate that the single unitary criteria selected and adopted within this report be modified.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (The Red Book).

Independence

The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. (or other companies forming part of the same group of companies within Italy) from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total Italy revenues.

Disclosure

The principal signatory of this report has continuously been the signatory of valuations for the same addressee and valuation purpose as this report since 30/06/2017. CBRE Valuation S.p.A. has continuously been carrying out valuation instructions for the addressee of this report since 30/06/2017.

CBRE VALUATION S.p.A. has carried out Valuation services only on behalf of the addressee for under 5 years

Conflicts of Interest

We confirm that we have had no previous material involvement with the property, and that copies of our conflict of interest checks have been retained within the working papers.

CBRE

Reliance

This report is for the use only by the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

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.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Valuation – Professional Standards or the incorporation of the special assumptions referred to herein.

CBRE

This report was prepared by:

- Laura Lenzi

under the supervision of Laura Mauri MRICS

Yours faithfully

Davide Cattarin

Managing Director

For and on behalf of

CBRE VALUATION S.p.A.

T: 039 02 6556 701

E: davide.cattarin@cbre.com

Yours faithfully

Laura Mauri MRICS

Executive Director

RICS Registered Valuer

For and on behalf of

CBRE VALUATION S.p.A.

T: 039 02 6556 701

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For and on behalf of

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Project Reference: 17-64VAL-0254

Report Version: ITA_Standard Valuation Report template updated 2017-11-09_ver1.2.dotm

SCHEDULE OF MARKET VALUES

Properties Held for Investment

Address	Freehold	Leasehold	Market Value TOTAL
Building A, Milan, Via Privata Deruta, 19	X		23,900,000.00
Building B, Milan, Via Privata Deruta, 19	X		28,000,000.00
TOTAL			51,900,000.00

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SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

We have carried out the valuations in accordance with the instruction letter received, and based on the documentation provided to us by the Client, listed below:

- DWG floor plans;
- Floor area split up by floor and use;
- Rent roll;
- Property taxes (I.M.U. e TA.S.I.);
- Global Insurance.

Other additional sources of information are specifically mentioned in the present report.

The Property

Our report contains a brief summary of the property details on which our valuation has been based.

Inspection

As instructed, for the present biannual update we inspected the property internally on 11 December 2017.

The inspection was undertaken by Laura Lenzi.

Areas

We have not measured the Property, but as instructed we have relied upon the floor areas provided by the Client, considered compete and correct.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property are free from defect.

Town Planning

We have made verbal Planning enquiries only of the Milan Council Planning Department and consulted the website.

We therefore cannot take responsibility for eventual consequences deriving from incorrect and/or missing information.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which they is subject are as supplied to us.

We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents.

We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants.

We have, however, reflected our general understanding of Client's likely perceptions of the financial status of tenants.

CBRE

VALUATION ASSUMPTIONS

Capital Values

The valuation has been prepared on the basis of "Market Value" which, in accordance with the "RICS Valuation – Global Standards 2017" of the Royal Institution of Chartered Surveyors, is defined as:

"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 wherein the parties had each acted knowledgeably, prudently and without compulsion".

The valuation represents the value which would be stated within a potential deed of sale as at Valuation Date. No allowances have been made for any expenses of realisation nor for taxation, which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or other grants from the European Commission.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations. All measurements, areas and ages quoted in our report are approximate

CBRE

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities;

(c) the Property possesses current energy performance certificates as required under government directives.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the Properties are free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Properties; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or

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requirements

conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Property is not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

(k) In Italy, it is common and often advantageous from a fiscal standpoint for transfers of real estate to take place via transfers of the capital of real estate companies (so-called share deal as opposed to asset deal). Our valuations do not take into account this possibility, where it exists.

It is common practice in Italy to carry out valuations of real estate gross of any disposal costs. Consequently, we have not deducted any cost that could emerge during the disposal phase, such as taxes (with the exclusion of Property Taxes and Register Tax), legal and

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agency fees, etc.

All rents and capital values, costs and other figures stated in this report are exclusive of VAT.

CBRE

VALUATION REPORT

Market Value of the properties owned by the Investment Closed Fund called MHREC

(This copy of the Report has been translated for information purposes only. In case of doubt or discrepancies the Italian version shall be read and it shall prevail)

COIMA S.G.R. S.p.A.
Piazza Gae Aulenti, 12
20124 Milano

Valuation Date: 31 December 2017

CBRE

LEGAL NOTICE AND DISCLAIMER

Legal Notice and Disclaimer

This valuation report (the "Report") has been prepared by CBRE Valuation S.p.A. ("CBRE") exclusively for COIMA SGR S.p.A. (the "Client") in accordance with the terms of engagement entered into between CBRE and the client dated 30 November 2015 ("the Instruction"). The Report is confidential to the Client and any other Addressees named herein and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction.

Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client or the Addressees can rely upon the Report (a "Relying Party" or "Relying Parties") then CBRE shall have no greater liability to any Relying Party than it would have if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to the Client, Addressees and to any Relying Parties howsoever arising under, in connection with or pursuant to this Report and/or the Instruction together, whether in contract, tort, negligence or otherwise shall not exceed the lower of:

(i) 25% of the value of the property to which the Instruction relates (as at the valuation date);

(ii) €10 million (10,000,000.00 Euro)).

Subject to the terms of the Instruction, CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

If you are neither the Client, an Addressee nor a Relying Party then you are viewing this Report on a non-reliance basis and for informational purposes only. You may not rely on the Report for any purpose whatsoever and CBRE shall not be liable for any loss or damage you may suffer (whether direct, indirect or consequential) as a result of unauthorised use of or reliance on this Report. CBRE gives no undertaking to provide any additional information or correct any inaccuracies in the Report.

None of the information in this Report constitutes advice as to the merits of entering into any form of transaction.

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1 EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

CBRE

CBRE VALUATION S.p.A.
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20121 Milano

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F + 39 02 65 56 7050

milan@cbre.com
www.cbre.it

(This copy of the Report has been translated for information purposes only. In case of doubt or discrepancies the Italian version shall be read and it shall prevail)

Report Date	29 January 2018
Addressee	COIMA S.G.R. S.p.A. for and behalf of the Fund "MHREC" Piazza Gae Aulenti, 12 20124 Milano - Italy To the kind attention of Giuditta Losa
Property Description	The Property consists of an office building located in Roma, piazza Sturzo, an office building and hotel located in Milano, via Melchiorre Gioia 6/8 and by the participation in the company MHREC Real Estate Sàrl (LUX). For further details, please refer to the attached detailed table.
Ownership Purpose	Investment.
Instruction	Market value of the subject properties, as at valuation date, in accordance with your letter of instruction dated 8 June 2012.
Valuation Date	31 December 2017
Capacity of Valuer	Independent.
Purpose	Half-early update.

Market Value	Market Value of the freehold-equivalent interest in the properties belonging to the Fund "MHREC" and participation in the company owned by the same fund, as at 31 December 2017: **€159,685,000.00** **(One Hundred fifty-nine million six hundred eighty-five thousands euros/00)** exclusive of VAT. Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.
Compliance with Valuation Standards	The valuation has been prepared in accordance with the RICS Valuation – Professional Global Standards global January 2017 which incorporates including the International Valuation Standards ("the Red Book"). We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.
Special Assumptions	No.
Assumptions	As to tenure, town planning, and development project we have relied upon information provided by the Client. If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.
Variation from Standard Assumptions	None.
Market Conditions	The values stated in this report represent the result of our local market research and our objective opinion of

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Market Value in accordance with the definition set out above as of the date of valuation. At the same time, we cannot exclude that there may exist other market segments of demand and/or supply relative to the subject activities examined and as such, may implicate that the single unitary criteria selected and adopted within this report be modified.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (The Red Book).

Independence

The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. (or other companies forming part of the same group of companies within Italy) from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total Italian revenues.

Conflicts of Interest

We confirm that we have had no previous material involvement with the property, and that copies of our conflict of interest checks have been retained within the working papers.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

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.

This report has been prepared by:

- Giovanni Angelini MRICS
- Dario Marchese MRICS
- Raffaella Peloso MRICS
- Cesare Carbonchi (Partecipation in the company)

Under the supervision of Laura Mauri MRICS

CBRE

Yours faithfully

Yours faithfully

Laura Mauri MRICS

Advisor

RICS Registered Valuer

For and on behalf of

CBRE VALUATION S.p.A.

T: 02.6556 701

E: laura.mauri@cbre.com

Raffaella Peloso MRICS

Director

For and on behalf of

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Project Reference: 8835

Report Version: Standard Valuation Report template_2012-09

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MARKET VALUE SCHEME

Market Value as at 31 December 2017 asset by asset

	City	Address	Asset	Market Value (€)
1	Rome	Piazzale Luigi Sturzo, 23-31	Office portion/Shops/Attic floor converted to inhabitable space	83,790,000.00
2a	Milan	Via Melchiorre Gioia, 6/8	Office portion/Shops	47,300,000.00
2b	Milan	Via Melchiorre Gioia, 6/8	Hotel Portion	24,770,000.00
		Partecipation in the company		3,825,000.00
			Total	159,685,000.00

Exclusive of VAT

Both properties located in Milan and Rome, mainly for office use, present retail portions, which value is equal to €16,700,000.00 for the property in Rome and equal to €6,030,000.00 for the property in Milan.

SCOPE OF WORK & SOURCES OF INFORMATION

Sources

We have carried out our work based upon information supplied to us from the following sources, which we have assumed to be correct and comprehensive:

In particular, we have been asked to update the information already received for the valuation of the subject Fund as at 31/10/2017, confirming them if unchanged.

The Property

Our report contains a brief summary of the property details on which our valuation has been based.

Inspection

We inspected the Property internally on 21 October 2017 (Rome) and on 17 January 2018 (Milan).

The inspection was undertaken by:

- Dario Marchese MRICS;
- Raffaella Peloso MRICS.

Areas

As instructed, we have relied upon floor areas provided to us by the Client; we have not verified surfaces provided and have not made check measurements.

Environmental Matters

We have been instructed not to make any investigations in relation to the presence or potential presence of contamination in land or buildings or the potential presence of other environmental risk factors and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value.

We have not carried out any investigation into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.

Town Planning

We have not made any town planning enquiry. We have taken into consideration what has been found in the website of the subject municipality.

Information collected is given without liability on their part and we cannot therefore accept responsibility for incorrect information or for material omissions in the information supplied to us.

Titles, Tenures and Lettings

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us by the Client.

Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents.

We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants. The valuation certificate refers to the valuation of the real estates. No consideration whatsoever has been made with regard trade license, going concern, retail activity or participations.

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VALUATION ASSUMPTIONS

Capital Values

The valuation has been prepared on the basis of "Market Value" which, in accordance with the RICS Valuation – Global Standards 2017 ("the Red Book"), is defined as:

"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".

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

The Property

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Property

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which are regulated by environmental legislation are properly licensed by the appropriate authorities.

(c) at the end of the development, the Property will possess the energy performance certificates (A.P.E. - Attestato di Prestazione Energetica or equivalent) as required under government directives.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the Property is free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Property; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

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(c) the Property is not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

(k) in Italy, it is common and often advantageous from a fiscal standpoint for transfers of real estate to take place via transfers of the capital of real estate companies (so-called share deal as opposed to asset deal): the taxation level applied cannot be standardized, but must be evaluated on a case-by-case basis. In order to define the Total Purchase Price, the purchaser's costs or acquisition fees (i.e. technical and legal fees, stamp duty, agent fees, etc.), as at the Valuation Date should be added. All rents and capital values, costs and other figures stated in this report are exclusive of VAT.

Fiscal aspects

No legal, fiscal or financial aspects have been considered other than those explicitly quoted below. In Italy we do not consider the transaction costs for valuations. For this reason our valuation does not include any deduction relative to costs such as taxes, legal costs and transaction costs, etc.

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DUFF & PHELPS
Real Estate Advisory Group

COIMA SGR S.p.A.

31st December 2017

Institutional Closed-end Investment Fund

COIMA CORE FUND IV

MARKET VALUE

EXECUTIVE SUMMARY

AZIENDA CON SISTEMA
DI GESTIONE QUALITÀ
CERTIFICATO DA DNV GL
= ISO 9001 =

DUFF & PHELPS
Real Estate Advisory Group

Agrate Brianza, 31st December 2017
Ref. n° 21507.01

Spettabile
COIMA SGR S.p.A.
Piazza Gae Aulenti, 12
20154 MILANO

To the kind attention of Mrs Giuditta Losa

Object: **Determination of the Fair Market Value of Real Estate Properties included in Institutional Closed-end Investment Fund, called "Coima Core Fund IV", as of December 31st, 2017 – EXECUTIVE SUMMARY**

Dear Sirs,
in compliance with Your request, Duff & Phelps REAG S.p.A. (here inafter REAg S.p.A.) carried out the valuation of the real estate assets in which the patrimony of the Institutional Closed-end Investment Fund called "COIMA CORE FUND IV" is invested, in order to determine the Market Value as of December 31st ,2017.

The valuation will be used for a patrimonial verification, in compliance with the Italian law governing the Asset Management companies (Decree of Ministry of Economic Affairs and Finance no. 30 dated 5 March 2015 and the Provision of Banca d'Italia dated 19 January 2015 "Regolamento sulla gestione collettiva del Risparmio", Item V, Article IV, Section II, as well as the Assogestioni guidelines of May 2010 and joint communication of Consob and Banca d'Italia dated 29 July 2010 and subseq. amend. and suppl.

Duff & Phelps REAG SpA a socio unico
Direzione Generale
Centro Direzionale Colleoni
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20864 Agrate Brianza MB – Italy
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Sede Legale
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Capitale Sociale € 1.000.000,00 i.v.
R.E.A. Milano 1047058
C.F. / Reg. Imprese / P. IVA 05881660152
REAGinfo@duffandphelps.com

Definitions

In this Executive Summary, the corresponding definition is to be applied to the terms listed below, unless otherwise indicated in the ES itself:

- **"Real Estate Portfolio"** (hereinafter **"Portfolio"**) represents the ensemble of assets subject to appraisal: land, buildings, building systems and land improvements. Personal Properties and intangible assets were excluded from the appraisal.
- **"Real Estate Property":** represents the following assets subject to being appraised: land, buildings, building systems and land improvements. Personal property and intangible assets shall be excluded from the appraisal.
- **"Valuation"** is defined by the Royal Institution of Chartered Surveyors ("RICS") as: a member's opinion of the value of a specified interest or interest in a property, at the date of valuation, given in writing. Unless limitations are agreed in the Terms of Engagement this will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation.
- **"Market Value"** 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. (RICS Red Book, January 2014)
- **"Market Rent"** The estimated amount for which an interest in *real property* should be leased on the *valuation date* between a willing lessor and 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. (RICS Red Book, January 2014).

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- "Gross area" measured along the external edge of the perimeter walls of the building, to the centre line of the confining walls towards Third Parties, it is expressed in square meters.

- "Commercial area" the gross area with the exclusion of technical rooms, facilities, cellars, stairwells and/or lift shafts.

Valuation criteria

During the appraisal, REAG followed generally accepted valuation concepts and methods, applying in particular the following valuation methods.

Market/Sales Comparison Approach: is predicated on actual sales transaction data. Sales are adjusted for comparability including time, location, size, condition, utility and intangible benefits.

Income Capitalization Approach: takes two different methodological approaches into consideration:

✓ Direct Capitalisation: based on capitalisation of future net incomes generated by the property at a rate deduced from the real estate market;

✓ Discounted Cash Flow Method (DCF) based:

a) on the calculation of future net incomes derived from Property renting for a period of "n." years;

b) on the determination of the Market Value of the property by means of the capitalisation in perpetuity of the net income at the end of this period;

c) on the discounted back net incomes (cash flow) as of the evaluation date.

Above mentioned valuation criteria are used singularly and/or integrated one with another, on the discretion of REAG, considering that these criteria are not ever applicable because of difficulties in collecting market data.
REAG determined the value of the Property on the assumption of their higher and best use considering among all legally permitted and financially feasible possible technical uses, only the uses that can potentially confer the maximum value to each Property.

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Criteria and methods of evaluation are conformed to the general directives issued by Banca d'Italia.

In addition, REAG:

- according with the Client, REAG proceeded with a "desktop" update (without site inspections). 37 full site inspections were carried out during First Evaluation (November 2017);
- considered the assets in the current rental status, as provided by the Client, in the excel file called *"RR CORE IV-v1"* and as reported in the individual lease agreement provided in digital format in November 2017;
- Considered IMU&TASI amount (2017) provided by the Client in November 2017;
- Considered gross surfaces provided by the Client; REAG did not verify gross surfaces;
- analysed the three Preliminary Sale and Purchase Agreements stipulated with the company AMEFIN SpA on November 14th, 2017 and related Addendums, provided by the Client relating to the future sale of the Sub-Asset Portfolio located in central and southern Italy;
- analysed the conditions of the local real estate market, taking the economic data related thereto into consideration and adapting it to the specific features of the properties by means of appropriate statistical work-ups;
- analysed the market data supplied by the main market observer and by our own data-base, managed by REAG research & development office, the data-base consists of "rent comparables" and "sale comparables" deriving from the most recent transactions carried out on the Italian market and collected during the daily work by our appraiser technicians
- did not investigate the title to or any liabilities against the real estate properties, but relied on the information provided by the Client. REAG shall neither investigate nor assume any responsibility with regards to any right or encumbrance of the property under appraisal. REAG didn't verify permits, building licenses or assessments, but considered the properties as conforming to existing regulations;

- did not consider possible environmental liabilities of the subject properties. Environmental liabilities are the costs which may be incurred to avoid environmental damages or to modify situations which do not comply with ongoing regulations.
- did not make a specific compliance survey and analysis of the properties to determine whether or not it is in conformity with the various detailed requirements of the law, concerning the possibility for disabled people to enter working places; no soil analysis or geological studies were provided by REAG, nor any water, oil, gas, or other subsurface mineral and use rights or conditions were investigated;
- did not make any environmental impact studies. Full compliance with all applicable laws and governmental regulations were assumed. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis.

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Based on the investigation and the premises outlined

it is our opinion that as of December 31st, 2017, the Market Value of the Real Estate Properties (asset by asset) can be reasonably expressed as follows:

Market Value in the current rental situation

Euro 138.120.000,00

(Euro One hundred thirty-eight million one hundred twenty thousand/00)

The overall value is the sum of the values of each single asset, as indicated in the follow Attachment A

Duff & Phelps REAG S.p.A.

Performed by:
Christian Cavenaghi
Associate Director Valuation & Investment

Supervision and control:
Francesco Varisco
Director, Valuation & Investment

Simone Spreafico
Managing Director, Advisory & Valuation Dept.

Paola Ricciardi
Managing Director

Leopoldo Civell
Chief Executive Officer

N.B.

The results of our findings can be understood only by reading the whole report, consisting of:

- *Statement of Value including valuation criteria, assumptions and limiting conditions, general service conditions;*
- *N. 93 valuation reports and attachments.*

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As indicated by the Client, below are the data relating to the three Preliminary Sale and Purchase Agreements stipulated with the company AMEFIN SpA on November 14, 2017 and related Addendums, for the future sale of the Sub-Asset Portfolio located in central and southern Italy:

#	Region	Town	Province	Address	Sale Price
1	Puglia	Acquaviva Delle Fonti	(BA)	Piazza V. Emanuele II, 50/51/52	€ 420.019
2	Puglia	Acquaviva Delle Fonti	(BA)	Piazza V. Emanuele II, 50/51/52	€ 100.911
3	Puglia	Bari	(BA)	Via Della Resistenza, 54	€ 670.039
4	Campania	Battipaglia	(SA)	Piazza Della Repubblica, 7	€ 776.035
5	Campania	Calvano	(NA)	Via Buonfiglio 34	€ 282.551
6	Campania	Caserta	(CE)	Piazza Matteotti 68/70	€ 670.040
7	Campania	Caserta	(CE)	Via Roma 38	€ 696.031
8	Campania	Casoria	(NA)	Via Marconi, 109/115 - Via Pio XXII	€ 620.027
9	Puglia	Francavilla Fontana	(BR)	Via Roma, 49/51	€ 600.035
10	Campania	Napoli	(NA)	Corso Novara, 3	€ 610.036
11	Puglia	Oria	(BR)	Piazza D.Albanese, 11	€ 380.017
12	Abruzzo	Pescara	(PE)	Viale Marconi,260-262/Via Tibullo	€ 686.039
13	Campania	Pontecagnano Faiano	(SA)	Corso Umberto I, 131	€ 610.027
14	Campania	Portici	(NA)	Via Roma, 54/58	€ 484.374
15	Puglia	Rutigliano	(BA)	Via San Francesco Dassisi, 16	€ 282.551
16	Campania	Piano Di Sorrento	(NA)	Corso Italia, 64	€ 1.650.002
17	Puglia	Lecce	(LE)	Via Salandra, 49/65 - Via Japigia 12/d	€ 1.426.003
18	Puglia	Taranto	(TA)	Corso Umberto, 137/139/141/143	€ 1.280.057
	TOTAL				€ 13.544.937
19	Campania	Sorrento	(NA)	Piazza Angelina Lauro, 22/27	€ 4.455.003
20	Campania	Napoli	(NA)	Vico Corrieri - Via Santa Brigida, 10	€ 20.000.000
	Total S. Brigida + Sorrento				€ 24.455.063
	TOTAL				€ 38.000.000

We noted that the sale price contained in the Preliminary Sale and Purchase Agreements stipulated with the company AMEFIN SpA records a total discount of approximately 3% compared to the Market Value Asset by Asset determined by REAG, due to a block sale. So:

- ✓ Market Value ASSET BY ASSET n. 72 properties (**NOT in Preliminary Sale Agreements**):

  Euro 98.890.000,00
  (Euro Ninety-Eight Million Eight hundred ninety thousand/00)

- ✓ Market value ASSET BY ASSET n. 21 properties related to Preliminary Sale Agreements:

  Euro 39.230.000,00
  (Euro Thirty-Nine Million Two hundred thirty thousand/00)

- ✓ SALE PRICE related to Preliminary Sale Agreements and Addendums, stipulated with the company AMEFIN SpA:

  Euro 38.000.000,00
  (Euro Thirty-Eight Million /00)

- ✓ Market Value ASSET BY ASSET n. 72 properties (**NOT in Preliminary Sale Agreements**) + SALE PRICE related to Preliminary Sale Agreements and Addendums:

  Euro 136.890.000,00
  (Euro One hundred thirty-six million Eight hundred ninety thousand/00)

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Real Estate Advisory Group

ATTACHMENT:

- Attachment "A" - Summary of values.

WORK TEAM:

The performance of the valuation and drafting of the Report was managed by:

Simone Spreafico – Managing Director, Advisory & Valuation Dept.

Francesco Varisco - Director, Advisory & Valuation Dept.

and collaboration of:

Christian Cavenaghi – Associate Director, Valuation & Investment.

Centro Studi Reag – Analisi di Mercato

Micaela Beretta – Editing.

Attachment A

SUMMARY OF VALUES

ASSET CODE	ADDRESS	TOWN	PROVINCE	OMV 31st DECEMBER 2017
1	Via Larga, 16	Milano	MI	3.000.000
2	Piazza De Angeli	Milano	MI	3.600.000
3	Corso Sempione, 77	Milano	MI	1.600.000
5	Viale Famagosta, 7	Milano	MI	580.000
7	Largo Gramsci, 1	Melzo	MI	900.000
10	Viale Cavallotti, 3/A	Como	CO	9.800.000
14	Via Volta, 2	Erba	CO	950.000
18	Via Roma, 23	Lurago d'Erba	CO	1.150.000
22	CASTELLO - Piazza G. Carducci, 8	Lecco	LC	1.030.000
23	MAGGIANICO - Corso E. Filiberto, 108/110	Lecco	LC	470.000
25	Viale Turati, 48 - Via Petrarca, 4	Lecco	LC	1.050.000
30	Via Cavour, 10/12	Casatenovo	LC	830.000
33	Via Nazionale, 126 - Via Baronia, 1	Colico	LC	1.200.000
35	Piazza Don Gnocchi, 12 - Via Crocefisso	Galbiate	LC	620.000
36	P.Za Del Sagrato 9/10	Introbio	LC	450.000
39	Via Manzoni, 21	Mandello del lario	LC	1.200.000
40	Via C. Baslini, 6 - Via Trento, 29	Merate	LC	1.700.000
41	Via Marco D'oggiono, 15	Oggiono	LC	980.000
42	Via Canova, 39	Olgiate Molgora	LC	770.000
43	Via Redaelli, 24	Olginate	LC	650.000
46	Via Stoppani, 2	Valmadrera	LC	680.000
47	Via IV Novembre, 4	Varenna	LC	330.000
49	V.Le Lombardia, 179	Brugherio	MB	2.100.000
51	Viale C. Battisti, 42/B	Vedano al lambro	MB	2.050.000
52	Corso Matteotti, 19-19A	Castellanza	VA	880.000
54	Via Losana, 22	Biella	BI	800.000
60B	Via Locatelli, 6	Verona	VR	110.000
60	Corso Porta Nuova, 135	Verona	VR	4.500.000
61	Riviera XX Settembre, 13/15/17	Mestre	VE	3.360.000
64	Via Emilia Levante, 113	Bologna	BO	800.000
71	Piazza Ss Apostoli 70/a7b7c/73	Roma	RM	9.000.000
73	Vico Corrieri - Via Santa Brigida, 10	Napoli	NA	11.050.000
73B	Vico Corrieri - Via Santa Brigida, 10	Napoli	NA	9.970.000
77	Corso Italia, 64	Piano Di Sorrento	NA	1.850.000
79	Piazza Angelina Lauro, 22/27	Sorrento	NA	4.680.000
89	Via Salandra, 49/65 - Via Japigia 12/d	Lecce	LE	1.430.000
90	Corso Umberto, 137/139/141/143	Taranto	TA	1.280.000
6	Via Dei Martinitt, 3	Milano	MI	2.740.000
19B	Via Prov. Novedratese, 8	Novedrate	CO	510.000
19	Via Prov. Novedratese, 8	Novedrate	CO	750.000
50	Corso Italia, 65/67	Desio	MB	1.130.000
53	Via Arcivescovado, 7	Torino	TO	6.300.000
55	V.Garibaldi,5 - PIAZZA PORTELLO 6	Genova	GE	3.930.000
62	Piazza Alcide De Gasperi, 34/35/45a	Padova	PD	610.000
62B	Piazza Alcide De Gasperi, 34/35/45a	Padova	PD	2.040.000
66	Via Carabinieri, 30	Livorno	LI	1.980.000
67	Via F. Ferrucci, 41	Prato	PO	3.260.000
4	Via Pierluigi Da Palestrina, 2	Milano	MI	2.140.000

ASSET CODE	ADDRESS	TOWN	PROVINCE	OMV 31st DECEMBER 2017
8	Viale C. Colombo, 23 - Viale Fermi	Trezzano S/N	MI	1.140.000
9	Via V. Veneto, 28/b - 36d	Capriate	BG	580.000
15	Via Statale Dei Giovi, 11/B	Grandate	CO	630.000
63	Piazza Cesare Battisti, 5	Thiene	VI	850.000
72	Viale Marconi,	Pescara	PE	890.000
84	Via Della Resistenza, 54	Bari	BA	870.000
85	Piazza V. Emanuele II, 50/51/52	Acquaviva Delle Fonti	BA	420.000
85B	Piazza V. Emanuele II, 50/51/52	Acquaviva Delle Fonti	BA	100.000
86	Via San Francesco D'assisi, 16	Rutigliano	BA	260.000
87	Via Roma, 49/51	Francavilla Fontana	BR	800.000
88	Piazza D.Albanese, 11	Oria	BR	380.000
56	Largo S. Franc. Da Paola. , 20/D	Genova	GE	550.000
57	Piazza Garibaldi, 1/R	Cicagna	GE	110.000
58	Via Nuova Italia, 89/91	Lavagna	GE	1.180.000
59	Via Martiri Della Liberta', 72	Albenga	SV	1.200.000
65	Via Pascoli, 23/25/27	Barga	LU	200.000
68	Via Provinciale. Scarpettini, 413	Montemurlo	PO	840.000
69	Via Bonaini 115 - Via Puccini	Pisa	PI	500.000
70	Via Lucchese, 2/4/R - PONTE A GIOGOLI 1	Sesto Fiorentino	FI	430.000
74	Corso Novara, 3	Napoli	NA	810.000
75	Via Buonfiglio 34	Calvano	NA	280.000
76	Via Marconi, 109/115 - Via Pio XXII	Casoria	NA	620.000
78	Via Roma, 54/56	Portici	NA	480.000
80	Piazza Matteotti 68/70	Caserta	CE	970.000
81	Via Roma 38	Caserta	CE	700.000
82	Piazza Della Repubblica, 7	Battipaglia	SA	780.000
83	Corso Umberto I, 131	Pontecagnano Faiano	SA	610.000
11	Piazza Mons. Ratti, 5	Asso	CO	440.000
12	Via Mazzini, 12/14	Canzo	CO	330.000
13	Via Provinciale, 52	Civenna	CO	100.000
17B	Via Belvedere, 1	Lipomo	CO	690.000
17	Via Belvedere, 1	Lipomo	CO	650.000
20	Via Vittorio Veneto, 9/11	Valbrona	CO	220.000
21	ACQUATE - Via Belfiore, 15/A	Lecco	LC	600.000
26	Via Nazionale, 42	Abbadia Lariana	LC	360.000
27	Via Roma, 47/49	Barzio	LC	450.000
28	Piazza Della Vittoria, 3/4/5	Brivio	LC	490.000
31	Piazza Visconti, 10	Cassago Brianza	LC	400.000
32	Via Manzoni, 1	Civate	LC	420.000
34	Via Diaz, 62	Dervio	LC	280.000
37	Via Roma, 124/126	Lierna	LC	500.000
38	Via San Leonardo, 14/B-C	Malgrate	LC	390.000
44	Via Volta, 10/12	Paderno d'Adda	LC	820.000
45	Via Vittorio Veneto, 8	Rovagnate	LC	560.000
48	Via Roma, 66	Vercurago	LC	450.000
			TOTAL	138.120.000

Duff & Phelps REAG S.p.A. | COIMA SGR SpA 11
Rif. N. 21507.01 – 31 dicembre 2017 EXECUTIVE SUMMARY

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ASSUMPTIONS AND LIMITING CONDITIONS

REAG has expressly indicated the date to which the opinions and conclusions of value refer. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of the valuation.

REAG didn't carry out verifications of the area or boundaries of the property subject to analysis. All indications regarding the area and boundaries of the property are supplied by REAG only with the purpose of identifying the property subject to analysis. These identifications cannot be included in property transfer deeds or any other legal document, without the accurate verification on the part of a notary or legal advisor. Any plans, should they be present, are intended to be used solely as aids to represent the property and the area in which it is located. Although these materials were prepared using the most accurate data available, they should not be considered as a survey or as a plan to scale.

No environmental impact study has been ordered or made.
Full compliance with all applicable laws and governmental regulations was assumed unless otherwise stated in this report. We have also assumed responsible ownership and that all required licenses, permits, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis (except for what was expressly analysed during the Due Diligence activity).

The value estimate contained within the final report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in this report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the

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evaluation of possible structural or environmental defects, the existence of which could have a material impact on value (except for what was expressly analysed during the Due Diligence activity).

REAG did not make specific compliance survey and analysis of the property to determine whether or not it is compliant with the various detailed requirements of the law, concerning the possibility for disabled people to enter work places, unless stated to the contrary in this report.

No soil analysis or geological studies were provided by REAG, nor were any water, oil, gas, or other subsurface minerals nor were the rights of use and conditions were investigated.

REAG assumed that all applicable zoning and use regulations and restrictions have been complied with unless stated to the contrary in this report. Furthermore, REAG assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespassing exists (except for what was expressly analysed during the Due Diligence activity).

We did not consider costs (fiscal costs included) potentially emerging from sale or purchase of the property.

VAT (Value Added Tax) is not included in the values expressed.

The site inspection on the property has been carried out by staff who are experts in the real estate division.

Nevertheless REAG, unless otherwise provided for by this report, did not express any opinion and will not be responsible for the structural integrity of the property, including its conformity to specific governmental code requirements such as fire prevention, earthquake resistance, workers' safety or for physical defects not evident to the appraiser.

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GENERAL SERVICE CONDITIONS

Agreement

The Contract governing this engagement, including these General Service Conditions, represents the entire agreement between REAG and the Client. It supersedes any prior oral or written agreement and may not be altered except by the mutual agreements of all parties thereto.

Assignment

Neither party may assign, transfer, or delegate any of the rights or obligations hereunder without the prior written consent of the other party; unless such assignment is based upon the lawful transfer to a successor in interest of all or substantially all of the party's assets or business interests.

The Client acknowledges to have been informed by Reag about the possibility of the Assignment of Credit (hereinafter the "Assignment") to any legal person appointed by Reag (hereinafter the "Cessionary"). The Client agrees from now on and without reserve to such Assignment and commits himself to signing any document which may be necessary for legal and administrative regularization on Reag request. The Client may possibly be notified of the Assignment by means of either registered letter with acknowledgement of delivery or extrajudicial act. With effect from the invoice factoring, the Client shall be bound to pay any amount due according to this agreement and to keep to any contractual obligation

Client of Record

Only the signed Client(s) of Record may rely on the results of REAG's work. No Third Party shall have reliance or contractual rights of REAG's Client(s) of Record without REAG's prior written consent. No Party should rely on the results of REAG's work as a substitute for its own due diligence.

Communication

Electronic media including e-mail and faxes are acceptable vehicles to communicate all materials unless such communication forms are

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expressly prohibited in the Contract. The Client is expected to communicate and to give information to the Client Service Team assigned by REAG to this engagement. The Client shall not assume nor enlist the Client Service Team assigned by REAG to any work contemplated by the Contract to have knowledge of information provided to others not part of the team.

Contingent Fees

REAG's compensation is not contingent in any way upon its opinion or conclusions or upon any subsequent event directly related to those opinions or conclusions. The Client shall pay REAG's invoices in accordance with their stated terms.

Confidentiality

REAG maintained the confidentiality of the Client's confidential information with the same degree of care that REAG uses to keep its own materials confidential and shall not disclose it to anyone or use it for any purpose whatsoever other than the client's engagement, provided that in the event that REAG is legally compelled to disclose such information, REAG shall provide the Client with prompt written notice so that the Client may seek a protective remedy, if available. REAG complied with the regulations included in the new code as regarding the protection of personal data (Legislative Decree n. 196 dated 30 June 2003).

REAG shall have the right to provide access to work files as required to comply with any quality or compliance audits administered by any necessary accreditation or standards organization with which its employees are associated. Any such access shall continue to be subject to the same confidence by both REAG and the applicable organization. Information shall not be treated as confidential if:

i)It is now or later available to the public;
ii)At the time of disclosure to REAG, the information was already in its possession;
iii)The information was obtained from a Third Party under no obligation of confidentiality to the Client.

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REAG shall have the right to include the Client's name in its client list.
Unless mandated by applicable laws or governmental regulations or unless Third Parties are expressly named in the contract, the Client shall not disclose any part of REAG's work product, its confidential materials, nor its role in the engagement to anyone not stipulated in the Contract, without the prior written consent of REAG.
Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to Third Parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of REAG.

Force Majeure

Neither the Client nor REAG shall be liable for delays or for failures to perform according to the terms of the Contract due to circumstances that are beyond their individual control.

Governing Law, Jurisdiction and Venue

This Contract shall be governed exclusively by the Italian Law. Any disputes regarding these agreements will be handled exclusively by the Italian Judge and will fall within the territorial jurisdiction of the Court of Milan.

Indemnification

Client shall indemnify and hold REAG harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorney fees, to which REAG may become subjected in connection with this engagement, except to the extent finally judicially determined to have resulted from the negligence or intentional misconduct of REAG. The Client's obligation for indemnification and reimbursement shall extend to any authoritative person of REAG including any director, officer, employee, subcontractor, affiliate or agent. REAG's liability to the Client shall in

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no event exceed the fees it receives as a result of the engagement, except to the extent determined to have resulted from the negligence or intentional misconduct of REAG.

REAG shall indemnify and hold the Client harmless against and from any and all losses, claims, or expenses for bodily injury or property damage, in proportion to that which is caused by REAG personnel or representatives during the performance of the engagement, except to the extent of the Client's negligence. While on the Client's premises, the personnel assigned by REAG to any work contemplated by the Contract shall comply with all posted safety instructions or safety procedures requested by the Client.

Independent Contractor

REAG and the Client shall be independent contractors with respect to each other. REAG reserves the right to use subcontractors in executing the engagement. REAG is an equal opportunity employer.

Limits on the Use of the Work

REAG's report may be used only for the specific use or uses stated in the Contract, and any other use is invalid.

Matters legal in nature

No responsibility is assumed for matters legal in nature. No investigation has been made regarding the title of or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes.

Reliance on Information Provided by the Client

REAG is entitled to rely without independent verification on the accuracy and completeness of all of the information provided by the Client or its advisors. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others, unless stated to the contrary.

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Retention

Unless stipulated to the contrary in this report or in a related written agreement, REAG retains as its property all files, documents, work papers, and other results, developed during the course of the engagement. Such materials will be retained for a period of at least 5 years. During this retention period, the Client shall have access to these documents to assist it in completing the specific use or uses stated in the Contract, subject only to reasonable notification.

Standards of Performance

REAG shall perform the engagement in accordance with applicable professional standards. However, professional services usually involve judgements made in uncertain environments and based on an analysis of data that may be unverified or subject to change over time. The Client and other parties to whom the Client provides access to the results of REAG's work, shall evaluate the performance of REAG based on the specifications of the Contract as well as on the applicable professional standards.

Testimony

REAG's services do not include giving testimony or participating in or attending court or any other legal or regulatory hearings or inquiries unless provided for in the Contract or in a subsequent written agreement.

Ethical code – Model 231

The Client takes note that REAG has adopted its own ethical code (hereinafter "Ethical code") and its organization, management and control model according to principles and guidelines of Decreto Legislativo n. 231/2001 (hereinafter "**Model 231**"). The adoption of Model 231 is intended to prevent any crimes which Decreto Legislativo n. 231/2001 refers to and to avoid any related sanction. Copy of the Ethical code in force is available upon specific request.

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The Client declares that they and any of their direct and/or indirect parent companies and subsidiaries: - do not deal (do not have offices, business, investments, transactions) with sensitive countries and/or countries subject to sanctions and embargos imposed by the UN, USA, EU and local governments; - do not do business with individuals or entities based/operating in said countries; - are not subject to said sanctions.

Clash of interests

Six –months after delivery of the final report REAG shall be able to submit to Third Parties proposals concerning the real estate assets which are the subject of this appraisal.

Complaint

The Client can demonstrate, within 20 days of the end of the activity, his dissatisfaction to REAG sending a complaint via e-mail to the appropriate e-mail account customercare@reag-dp.com.
In order to accept and respect the requests of the Client, REAG shall carefully review any claim, verifying and analyzing the work.

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