Real Estate SIIQ

COIMA RES

COIMA RES
Interim condensed consolidated financial statements as of June 30th, 2017

INDEX

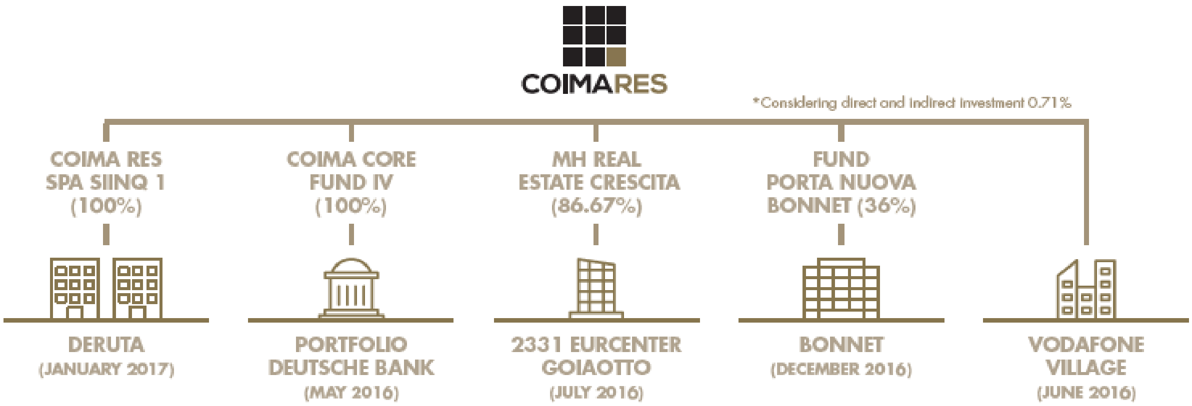
CORPORATE INFORMATION

COIMA RES S.p.A. SIIQ, (the "**Company**" or "**COIMA RES**"), with legal incorporation in Milan, Piazza Gae Aulenti 12, with Tax Code, Register of Companies and VAT No. n. 09126500967, is a commercial real estate company listed on Borsa Italiana.

COIMA RES manages commercial real estate properties with primary focus on the office segment, in order to generate rental income from major national and international operators. The company operates with the beneficial tax status granted to SIIQs (Società di Investimento Immobiliare Quotata) which is similar to the designation of Real Estate Investment Trusts (REITs) in other jurisdictions. COIMA RES' investment strategy is focused on creating a high-quality real estate portfolio – underpinned by stable, growing and sustainable cash flows – through acquisition, management, and selective disposals of commercial properties with the potential for medium term capital-value appreciation.

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, COIMA RES is listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. since May 2016.



GOVERNANCE

Board of Directors

Caio Massimo Capuano	Chairman, Non-Executive Director
Feras Abdulaziz Al-Naama	Vice Chairman, Independent Director
Manfredi Catella	Key Manager (CEO), Executive Director
Luciano Gabriel	Independent Director
Olivier Elamine	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	Statutory Auditor
Marco Lori	Statutory Auditor
Emilio Aguzzi De Villeneuve	Alternate Auditor
Maria Stella Brena	Alternate Auditor
Maria Catalano	Alternate Auditor

Compensation Committee

Alessandra Stabilini	Chairman
Caio Massimo Capuano	Member
Olivier Elamine	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	Member

Internal Audit and Compliance

The Internal Audit and Compliance functions are outsourced to a specialized company named Tema S.r.l., which has designated Mr. Arturo Sanguinetti as responsible for the Internal Audit function and Mr. Massimiliano Forte for the Compliance function.

Risk Manager

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

External Auditors

The shareholders' meeting held on February 1st, 2016 appointed Ernst & Young S.p.A. as auditor 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

Note on forward looking information

The condensed interim consolidated financial statements contain forecasts and estimates which reflect current management expectations of future events and developments and, therefore, by their nature as forecasts and estimates involve risks and uncertainties. Taking into account such risks and uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements which should not be considered as forecasts of actual results. The ability of COIMA RES to achieve the expected results depends on many factors outside of management's control. Actual results could cause the results to differ materially (and to be less favourable) from those expressed or implied in the forward-looking statements. Such forecasts and estimates involve risks and uncertainties that may significantly affect the expected results and are based on certain key assumptions. The forecasts and estimates expressed herein are based on information made available to COIMA RES as of the date hereof. COIMA RES does not assume any obligation to publicly update and review these forward-looking statements to reflect new information, events or other circumstances, subject to compliance with applicable laws.

BOARD OF DIRECTORS' REPORT

Strong operating results, improved corporate governance, disciplined capital allocation.

The financials as of June 30th, 2017 are summarized in the table below.

(in million Euro)	*June 30th, 2017*	per share	*December 31st, 2016*	per share
Total property value[1]	547.0		493.1	
EPRA NAV	372.2	10.34	362.2	10.06
EPRA NNNAV	370.2	10.28	359.6	9.99
Gross Debt	302.9		290.0	
Cash	77.7		113.1	
Net Loan To Value[2]	33.9%		27.4%	
EPRA Net Initial Yield	5.3%		5.3%	
EPRA "topped-up" NIY	5.5%		5.3%	
EPRA Vacancy Rate	3.7%		4.2%	

(in million Euro)	*Six months ending June 30th, 2017*	per share	*Six months ending June 30th, 2016*	per share
Revenues	17.7		1.3	
NOI	14.8		(0.4)	
EBITDA	10.1		(0.5)	
Recurring FFO	8.0	0.22	(0.4)	(0.01)
Net Profit	14.1	0.39	2.7	0.07
EPRA Earnings	6.8	0.19	(0.4)	(0.01)
EPRA Cost Ratio (including direct vacancy costs)	40.4%		136.4%	
EPRA Cost Ratio (excluding direct vacancy costs)	38.3%		137.7%	

Growth of EPRA NAV in H1 2017

EPRA Net Asset Value per share as of June 30th, 2017 was Euro 10.34, an increase over the last twelve months of 6.7% before the dividend payment related to FY2016 and 5.6% after the dividend payment.
The increase in the NAV is related to positive operating results generated over the last twelve months, improvements made to the real estate portfolio and revaluation gains.

The key factors affecting the NAV increase in H1 2017 are:

- Addition of EPRA Earnings for the period of Euro 6.8 million;
- Addition of a net movement in fair value of Euro 7.3 million;
- Deduction of dividends paid of Euro 4.1 million;

A significant improvement of the EPRA Cost Ratio to 40.4% from 136.4% in the year-ago period should be noted. The improvement is mainly due to the reduction of one-off costs.

[1] Considering pro-quota of Bonnet (Euro 33.3 million), the total property value is Euro 580.3 million.
[2] Net loan to value excludes Euro 40 million of debt related to VAT paid for Vodafone acquisition, which expected to be repaid with proceeds from VAT receivables in 2018, considering Bonnet on the basis of proportional consolidation. The Net LTV is 35.0% as of June 30th, 2017.

The following table summarizes the Company's balance sheet with the subsequent reclassification of the investment in the Bonnet Fund on the basis of proportional consolidation, in order to have a whole amount of investment properties of COIMA RES as of June 30th, 2017.

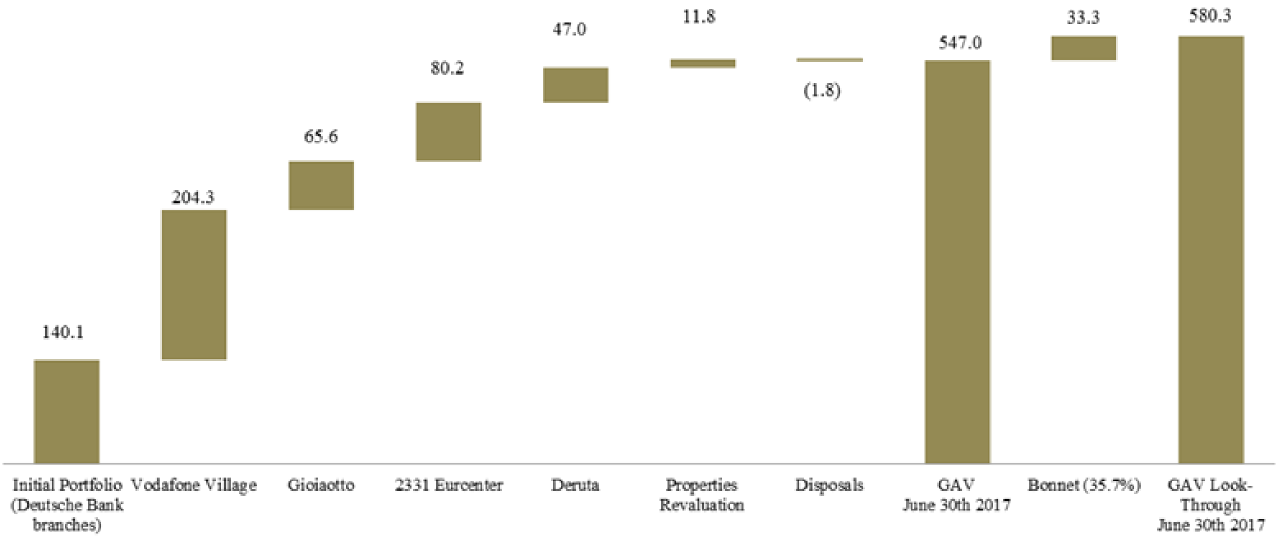
(Million of Euro)	*June 30th, 2017*	*Bonnet Look-Through*	*Adjustments*	*Look-Through adjusted*
Investment properties	547	33.3		580.3
Financial assets	3.8			3.8
Investments accounted for using the equity method	16.6		(14.6)	2.0
VAT receivable	38.0			38.0
Total LT assets	**605.5**			**624.1**
Trade receivables	8.3	0.1		8.4
Other assets	0.0			0.0
Cash	77.7	0.7		78.4
Total current assets	**86.0**			**86.8**
Total assets	**691.5**			**710.9**
Debt	302.9	18.8		321.7
- of which Debt for VAT Line	40.0			40.0
Provisions	0.2			0.2
Other liabilities	0.1			0.1
Trade payables	5.1	0.6		5.7
Total liabilities	**308.3**			**327.7**
Minorities share of MHREC	11.3			11.3
NAV	**371.9**			**371.9**
NAV per share	10.33			10.33
Net Loan to Value	*33.9%*			*35.0%*
In-place annual rent	32.9	0.3		33.2
NOI margin	*88.9%*			*88.9%*
In-place NOI Yield	*5.3%*			*5.1%*

The financial table above includes a “Bonnet Look-Through” adjustment that shows our 35.7% equity investment in the Porta Nuova Bonnet fund on a proportionally consolidated basis, instead of on the basis of equity-method accounting. In line, the reported equity-accounted book-value of our Bonnet stake is deducted in the “Adjustments” column.

On January 16th, 2017, the Company finalised the acquisition of Deruta and secured financing for a total of Euro 20 million.

Investment properties includes Euro 138.3 million related to the Deutsche Bank portfolio, Euro 208 million related to Vodafone Village, Euro 68 million related to Gioiaotto, Euro 81.5 million related to 2331 Eurcenter and Euro 51.2 million related to Deruta.

The total revaluations of the portfolio amount to Euro 11.8 million since IPO.



The VAT receivables are related to VAT paid for the Vodafone complex acquisition which is expected to be reimbursed by the Italian Inland Revenue Agency in 2018.

The Company has a net debt position of Euro 225.2 million as of June 30th, 2017.

The trade payables and other liabilities mainly include debts to suppliers and invoices to be paid in an amount of Euro 2,582 thousand (Euro 5,850 thousand as of December 31st, 2016), deferred income in an amount of Euro 1,538 thousand (Euro 1,488 thousand as of December 31st, 2016), Board of Directors and personnel liabilities in an amount of Euro 175 thousand (Euro 215 thousand as of December 31st, 2016).

The Group equity amounts to Euro 371.9 million corresponding to a NAV per share of Euro 10.33.

The interim consolidated figures show a net profit of Euro 14.1 million for the six-months period ending June 30th, 2017.

(Millions of Euros)	June 30th, 2017	June 30th, 2016
Rents	16.7	1.3
Real estate operating expenses	(1.9)	(0.3)
NOI	**14.8**	**1.0**
Other revenues	0.0	0.0
G&A	(3.9)	(1.4)
Other expenses	(0.2)	(0.1)
Non-recurring general expenses	(0.6)	0.0
EBITDA	**10.1**	**(0.5)**
Net depreciation	(0.0)	0.0
Net movement in fair value	7.3	2.0
EBIT	**17.4**	**1.6**
Finance income	0.4	0.1
Income from investments	(0.0)	1.0
Financial expenses	(3.1)	0.0
Profit before taxation	**14.7**	**2.7**
Income tax	0.0	0.0
Profit after taxation	**14.7**	**2.7**
Minority share of MHREC	(0.6)	0.0
Profit attributable to COIMA RES	**14.1**	**2.7**
EPRA adjustments	**(7.3)**	**(3.1)**
EPRA earnings	**6.8**	**(0.4)**
EPRA earnings per share	**0.19**	**(0.01)**
FFO	**7.4**	**(0.4)**
FFO adjustments	**0.6**	**0.0**
Recurring FFO	**8.0**	**(0.4)**
Recurring FFO per share	**0.22**	**(0.01)**

The NOI includes rents generated by the Deutsche Bank portfolio, the Vodafone complex, Gioiaotto, 2331 Eurcenter and Deruta, net of direct property operating costs (such as property taxes, property management costs, utilities and maintenance costs).

The NOI margin for the six-month period ended June 30th, 2017 is 88.9%, up from 76.9% during the first half of 2016. The current in-place NOI yield is 5.3%, as reported in the next table.

The G&A expenses include personnel expenses, asset management fees, governance and control function costs as well as costs related to consultants, auditors, IT, marketing and communication and other operating costs.

The net movement in fair value of Euro 7.3 million is related to the following revaluations: Vodafone Village in an amount of Euro 1.0 million, Gioiaotto in an amount of Euro 1.4 million, 2331 Eurcenter in an amount of Euro 0.8 million and the Deruta building in an amount of Euro 4.1 million.

The financial income is related to bank deposits remunerated at approximately 18 bps annually plus interest income on the pending VAT refund.

The financial expenses are mainly related to in-place debt.

The Group profit per share amounts to Euro 0.39 (Euro 14.1 million total) and is calculated according to IFRS principles, taking into account the average number of shares outstanding during the period.

Portfolio as of June 30th, 2017

As of June 30th, 2017, COIMA RES' portfolio totals Euro 580.3[3] million and includes the Deutsche Bank portfolio, the Vodafone Village, Gioiaotto building, 2331 Eurcenter building, the Bonnet complex, owned through the investment in Porta Nuova Bonnet Fund, and the Deruta complex.

The net rentable area is 155,494 square meters and gross initial rents are approximately Euro 33.2 million. The overall initial portfolio WALT is approximately 8.0 years, the EPRA net initial yield is 5.3%.

[3] Pro-forma data considering Bonnet look through.

The main attributes of our real estate portfolio as at June 30th, 2017 are shown below

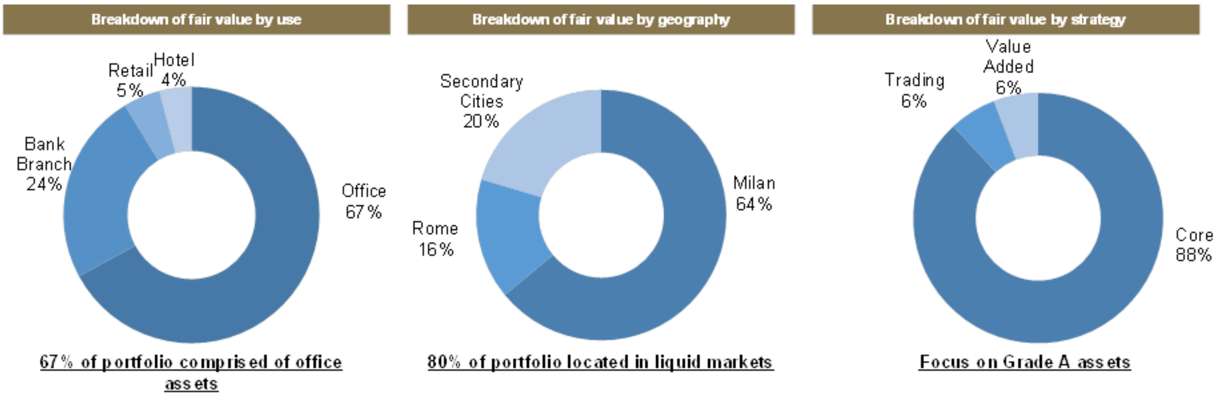
	Deutsche Bank Portfolio	Vodafone Village	Gioiaotto	2331 Eurcenter	Bonnet	Deruta	Portfolio June 30th, 2017
City	Various	Milano	Milano	Rome	Milan	Milan	-
Address	Various	Lorenteggio 240	Melchiorre Gioia 6-8	Piazzale Sturzo 23-31	Via Bonnet	Via Deruta 19	-
Sub-market	Various	Lorenteggio BD	Porta Nuova BD	EUR BD	Porta Nuova BD	Piazza Udine BD	-
Asset class	Bank Branches	Office	Office Hotel Retail	Office Retail	Office Retail	Office	-
% of ownership	100.0%	100.0%	86.7%	86.7%	35.7%	100.0%	-
NRA excluding parkings (sqm)	56,920	39,991	13,032	13,530	19,600	12,422	**155,494**
EPRA occupancy rate	86%	100%	100%	100%	n.m	100%	**96%**
Tenants (#)	1	1	9	10	6	1	**28**
WALT (years)	9.3	9.6	6.8[4]	5.0[4]	2.7	4.5	**8.0**
Gross initial rents (€/m)	7.5	13.9	3.0[4]	5.1[4]	0.3[5]	3.6	**33.2**
Net initial rents (€/m)	6.1	12.8	2.6[4]	4.5[4]	0.2[5]	3.2	**29.4**
Gross stabilised rents (€/m)	7.5	13.9	4.0[4]	5.1[4]	0.3[5]	3.6	**34.4**
Net stabilised rents (€/m)	6.1	12.8	3.6[4]	4.5[4]	0.3[5]	3.2	**30.6**
Expected gross stabilised rents (€/m)	7.5	13.9	4.0[4]	5.1[4]	3.1[5]	3.6	**37.2**
Expected net stabilised rents (€/m)	6.1	12.8	3.6[4]	4.5[4]	2.9[5]	3.2	**33.2**
Fair Value (€/m)	138.3	208.0	68.0[4]	81.5[4]	33.3[5]	51.2	**580.3**
Gross initial yield[6]	5.4%	6.7%	4.4%	6.2%	n.m.	6.9%	**6.0%**
EPRA net initial yield[6]	4.3%	6.2%	3.8%	5.5%	n.m.	6.3%	**5.3%**
Gross stabilised yield[6]	5.4%	6.7%	6.0%	6.3%	n.m.	6.9%	**6.2%**
EPRA topped-up NIY[6]	4.3%	6.2%	5.3%	5.6%	n.m.	6.3%	**5.5%**
Expected gross stabilised yield	5.9%[7]	6.7%	6.0%	6.3%	6.2%[8]	6.9%	**6.4%**
Expected net stabilised yield	4.8%[7]	6.2%	5.3%	5.6%	5.7%[8]	6.3%	**5.7%**

[4] Accounted at 100%
[5] Pro-rata (35.7%)
[6] Excluding the redevelopment of Bonnet
[7] Vacant buildings excluded from the calculation
[8] Expected capex taken into account (hard & soft costs)

The acquisition plan executed to date is in line with our investment strategy focused on the development of a portfolio concentrated:

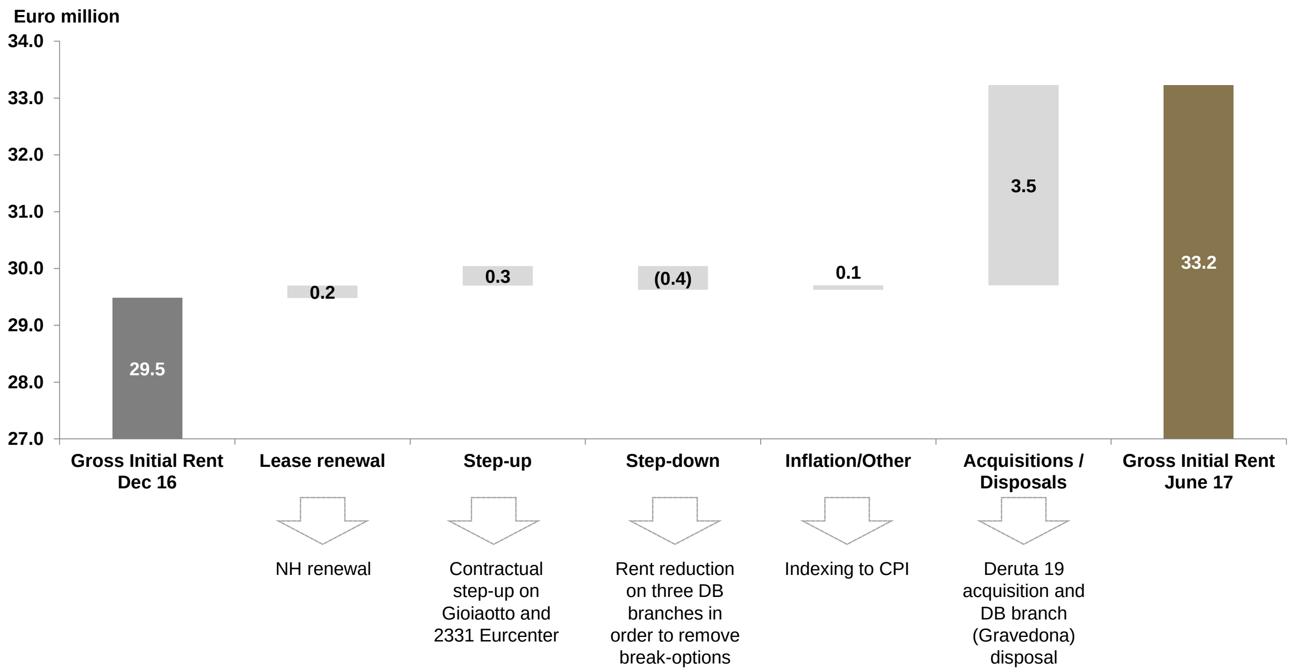
- on office use;
- on Italy's most attractive markets (Milan 64% and Rome 16%);
- primarily income-producing assets;
- high quality buildings.

Portfolio breakdown as of June 30th, 2017



Rental evolution

The graph below summarises the evolution of our rental income for the period ending June 30th, 2017 in Euro million.



Board Restructuring Strengthens Corporate Governance

On April 26th, 2017, the Board of Directors of COIMA RES S.p.A. SIIQ, appointed two new independent directors of high international standing and broad experience in managing listed real estate companies: Luciano Gabriel and Olivier Elamine. The appointments were made based on the joint proposal of Manfredi Catella, COIMA RES' Founder and CEO, and senior management, to implement international best practices and further strengthen the Company's corporate governance.

Olivier Elamine has also been appointed as a member of the Compensation Committee and Luciano Gabriel as a member of the Control and Risk Committee.

Matteo Ravà and Gabriele Bonfiglioli have concurrently resigned from their roles as executive directors, boosting the number of independent Board members. Additionally, appointment of Board members will be made on an annual basis subject to shareholders' approval.

Board restructuring underlines management's full alignment with shareholders, simplifies the relationship with COIMA SGR and further improves independence and transparency of our corporate governance.

Acquisition of Deruta Drives Continued Portfolio Growth

On January 16th, 2017 COIMA RES, through the 100% owned subsidiary COMA RES S.p.A. SIINQ I, finalised the agreement to purchase the Deruta real estate complex for Euro 47 million (including Euro 1 million of transaction costs) at an initial yield significantly above the yield implied by the most recent external appraisal. The acquisition comprises two fully occupied Grade "A" office buildings in Milan with net rental area, excluding parking, of about 12,422 square metres. The complex generates a 6.9% gross yield and an EPRA net initial yield of 6.3% calculated on the fair value of the property.

Active Asset Management on Deutsche Bank Branches

On March 13th, 2017 a sales agreement for the asset in Gravedona – Viale Stampa for Euro 345 thousand (4.5% above appraised value) was finalised and, on May 26th, 2017, a preliminary sales agreement for the asset in Casargo – Via Italia for Euro 195 thousand (8.3% above appraised value) was signed. Ongoing negotiations with potential buyers indicate interest in a number of additional assets from our disposal portfolio. Further asset sales are being evaluated alongside potential reconversions into retail use.

Property tax (IMU) reduction of 50% has been obtained for the bank branch located in Rome (Piazza Ss Apostoli). Further potential property tax reductions for other branches are under investigation.

Lease Renewal and Refurbishment for NH Hotel at Gioaiotto

On January 23rd, 2017, the MH Real Estate Crescita Fund ("**MHREC**") – owned for 86.7% by COIMA RES – finalised a renewed and extended lease for the portion used as a hotel (ca. 6,600 sqm) of the Gioiaotto building in Milan. The new lease, signed with the NH Hotel Group and in force as of January 1st, 2017, will run for nine years with no possibility to withdraw plus a renewal option for a further six years. The stabilised minimum rent was agreed at Euro 1.5 million per annum – 120% above the previous rent, that amounted to Euro 0.7 million.

The contract additionally establishes a possible rent increase based on the Hotel's annual turnover. Furthermore, the rent has been 100% index-linked. At the same time, NH Hotel undertook to invest about Euro 4 million in modernisation and renovation works on the building by the end of 2018. MHREC will contribute Euro 1.4 million to this amount.

Regarding the hotel modernisation and renovation works, NH Hotel is finalising the design project that should be concluded by the end of Q3 2017 with commencement of refurbishment works planned for the end of 2017 and works to be finalised by the end of 2018.

MHREC Refinancing Extends Maturity and Lowers Borrowing Spread

On April 12th, 2017, COIMA RES announced that MHREC refinanced the debt on two office buildings: Gioiaotto in Milan and 2331 Eurcenter, in Rome. The new financing became effective on March 31st, 2017.

The two prime properties – with net rental area of 26,562 square metres, valued at Euro 149.5 million as of June 30th, 2017 – are owned and fully consolidated through COIMA RES' 86.7% ownership in MHREC.

The refinancing was executed with the same syndicate of banks as the original financing and comprises UBI Banca, Crédit Agricole and ING, for a total amount of Euro 73 million. As part of the refinancing, Euro 5 million (of the original loan amount of Euro 78 million) was repaid. The new loan extends by 3.7 years the previous financing: from June 30th, 2018 to March 31st, 2022.

A margin reduction of 25 bps (from 175 bps to 150 bps) was successfully negotiated by COIMA SGR, which is expected to result in a net savings of approximately Euro 110 thousand per year, including the upfront fee. These favourable refinancing conditions reflect the prime quality of the underlying properties, the recent renewal and extension of the NH Hotel lease at Gioiaotto and our strong bank relationships.

As of June 30th, 2017 the consolidated Net LTV for COIMA RES is 35.0%[9], the weighted average debt maturity for COIMA RES is 4.0 years and the weighted average "all in" cost of debt for COIMA RES is 1.92% (or 1.69% only considering the future cash payments). Approximately 81% of outstanding debt has been hedged using interest rate caps in order to reduce the risk of interest rate fluctuations.

Active Asset Management on 2331 Eurcenter

In May 2017, our application to increase the covered rentable area on the rooftop (320 sqm) and mezzanine level (40 sqm) of 2331 Eurcenter was accepted by the relevant authorities. The design is being finalized and preliminary leasing activity with current tenants is being carried out.

Bonnet Complex Project Update

On December 20th, 2016 COIMA RES acquired a real estate complex, composed of two buildings, located in via Bonnet through a newly-created fund named Porta Nuova Bonnet. The new fund is owned by COIMA RES (36%) and the COIMA Opportunity Fund II (64%), which is wholly owned by a leading Asian sovereign wealth fund, managed by COIMA SGR.

The complex – located in the heart of Milan's Porta Nuova district, which has recently established itself as the Milan new CBD – consists of two buildings with a net rentable area of approximately 19,600 square metres that will be completely redeveloped. Current occupancy is 16% based on tenancy in the low-rise building (whilst the high-rise is entirely vacant).

London-based studio PLP Architecture has been selected for the development of the Bonnet complex, focussing on the refurbishment of the high-rise building and the redevelopment of the adjacent square which will include a retail box. PLP Architecture has designed many high-profile projects, including: "The Edge" in Amsterdam (named the world's most sustainable building), 1 Page Street in London (Burberry's headquarters) and Nova Victoria in London.
The conceptual design was completed during H1 2017. The strip out and environmental clean-up are planned for H2 2017 while the construction phase will commence in H1 2018 with completion of the project planned for the beginning of 2020.

Investments and Pipeline

[9] Considering Bonnet on the basis of proportional consolidation

Following the acquisition of the Deruta complex in January 2017, residual investment capacity amounts to about Euro 100 million at an LTV target below 45%. More than Euro 1 billion of investment opportunities have been evaluated in H1 2017 and a disciplined and selective approach to capital allocation has been maintained, aimed at choosing the most attractive assets among a wide range of investment opportunities. In addition, given the strength and liquidity of the market, opportunistic disposals are being considered by COIMA RES to crystallize value and free up resources for further investments.

Dividends

The early completion of the first phase of post-IPO investments in only 7 months, compared to the 18 months initially forecasted at IPO, enabled COIMA RES to bring forward the distribution of its first dividend to 2017: distribution of a dividend of Euro 4,068,352 (about Euro 0.11 per share) – 70% of 2016 distributable profits, in accordance with the SIIQ regime – was approved at the shareholders' meeting on March 17th, 2017. The dividend payment was made on April 12th, 2017.

In addition, the Board approved future dividend distributions to be made – if all applicable legal and financial conditions exist - twice a year (indicatively, in the Q2 and the Q4 each year). The next dividend distribution is expected for be made in Q4 2017.

Publication of First Sustainability Report

COIMA RES published its first Sustainability Report for the year 2016 on June 30th, 2017. The Sustainability Report is inspired by GRI (Global Reporting Initiative) sustainability reporting guidelines.

Investor Relations

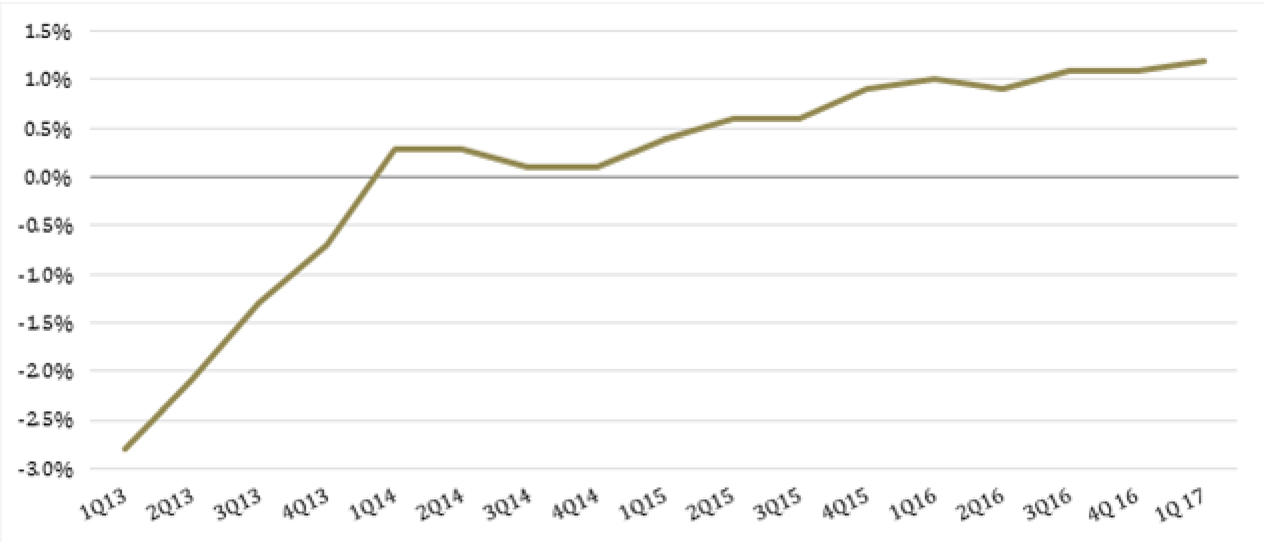
The COIMA RES team has been strengthened with the hiring of Alberto Goretti in the role of Investor Relations Director. Alberto joins COIMA RES from UBS where he spent more than 10 years advising corporates, financial institutions, private equity firms, governments and institutional investors on equity capital markets transactions on a pan-European basis.

ITALY: MACRO ECONOMIC AND REAL ESTATE MARKET CONDITIONS

Continued macroeconomic improvement in Italy

According to last data released by the Italian National Institute for Statistics (ISTAT), Italian GDP grew by 0.4% in the H1 2017 thanks to firm domestic demand. The reading was a sharp increase from earlier preliminary estimates and improved the prospects for the full year. On a year-on-year basis, first quarter growth was revised up even more sharply to 1.2% from a previous estimate of 0.8% (see chart below).

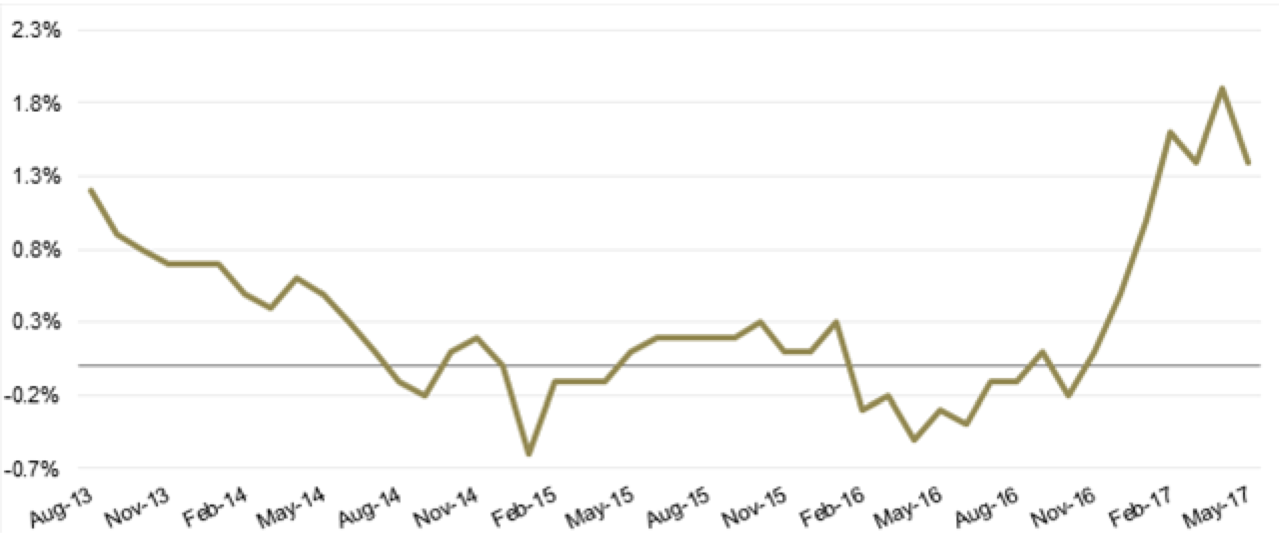
Italy: Growth in Real GDP year on year



Source: National Institute of Statistics

After 2016 saw the first full year of deflation since 1959, Italy's inflation in the first months of 2017 came in at the highest level (+1.5%) since 2013.

Italy: CPI Inflation Rate



Source: National Institute of Statistics

Italian banking sector stabilising

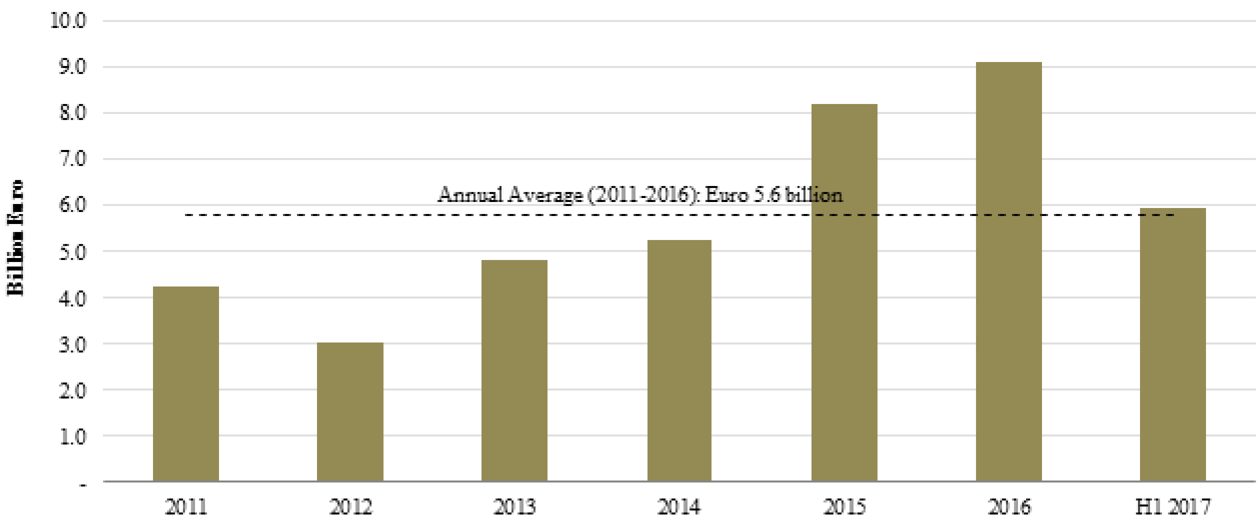
Italian banks have been strengthening and stabilising their capital position in coordination with the Italian government. In particular, during the first quarter of 2017, Unicredit completed a Euro 13 billion capital increase, while the merger between Banco Popolare and BPM became effective in January 2017, following a Euro 1 billion capital increase by Banco Popolare. UBI Banca completed a Euro 400 million capital increase in Q2 2017.

On July 4th, 2017, the European Commission announced the approval of Banca Monte dei Paschi di Siena's 2017-2021 Restructuring Plan. The program envisages a capital injection of Euro 8.1 billion, of which Euro 3.9 billion will be contributed through a capital increase underwritten by the Italian Ministry of Economy and Finance and Euro 4.3 billion will be injected through "burden sharing" – i.e. the forced debt-to-equity conversion of all subordinated bonds issued by the bank.

In July 2017, Banca Carige approved a capital increase of Euro 500 million. Solutions identified by the authorities for the Veneto banks (Popolare di Vicenza and Veneto Banca) include a private intervention through the acquisition by Intesa Sanpaolo of the so called "good bank" and a public rescue plan for the so called "bad bank".

Italian Real Estate market continues to grow, bolstered by foreign capital

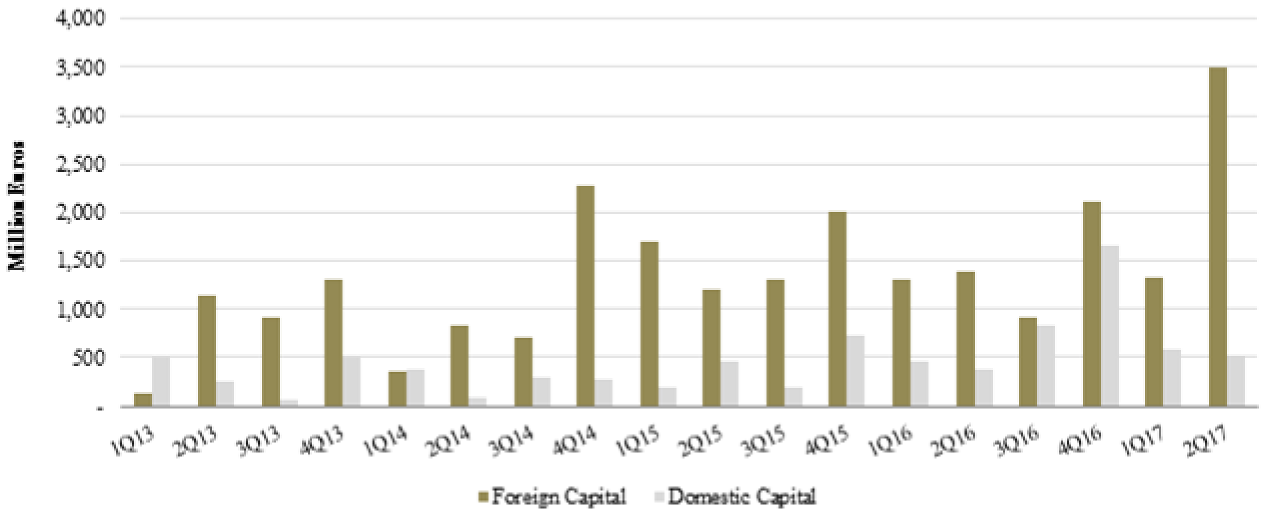
The Italian real estate market continues its strong trend, supported by a favourable economic environment, low interest rates, and improving appetite from foreign investors. In H1 2017, total investment volume for commercial real estate – i.e. office, retail, logistic and hotels – reached Euro 5.9 billion, +60% vs H1 2016.



Italian CRE Investment Volume[10]

Foreign investors still represent the most significant contributors to the Italian CRE market also in the first months of 2017, accounting for ca. 80% of the total investment volume in H1 2017. US capital remain dominant, followed by French investors who invested over Euro 2.0 billion in the Italian CRE market in the last 12 months. The main transactions by French investors include the acquisition of an office portfolio ("Fondo Cloe") by Ardian Real Estate, for an approx. value of Euro 300 million, and Garage Traversi by BNP Paribas REIM for an estimated value of Euro 70 million.

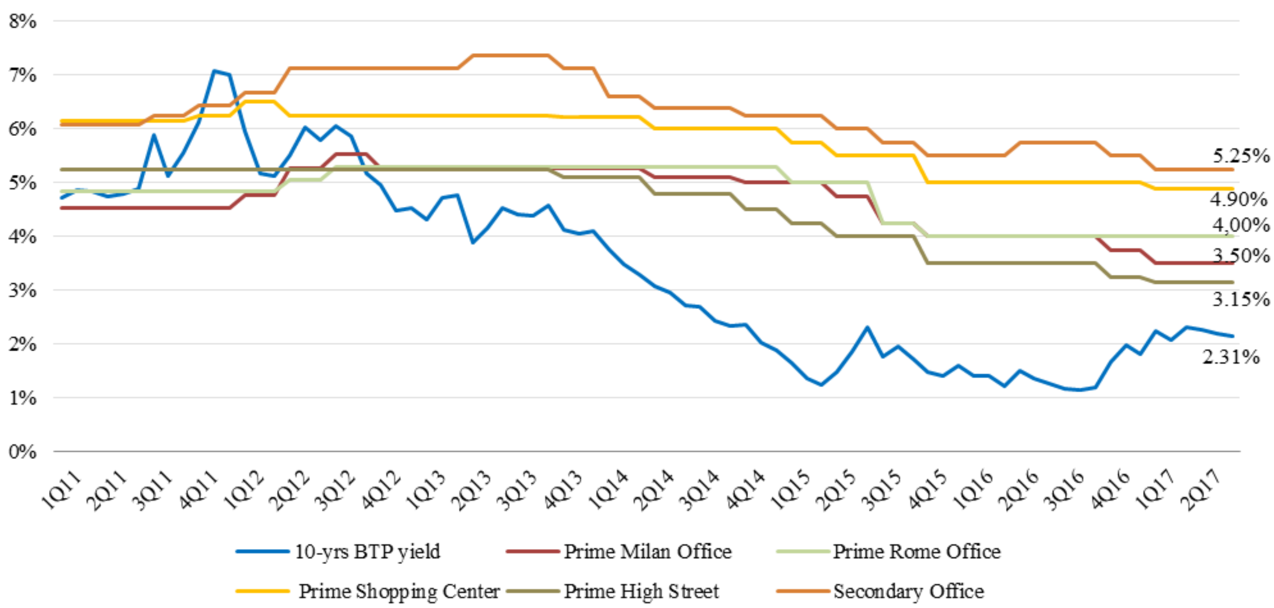
[10] Source: CBRE Report – Q2 2017



Italian CRE Market – Capital by source[11]

Yield compression in prime locations and lack of Grade A office space increases appeal of core+ and value-added opportunities

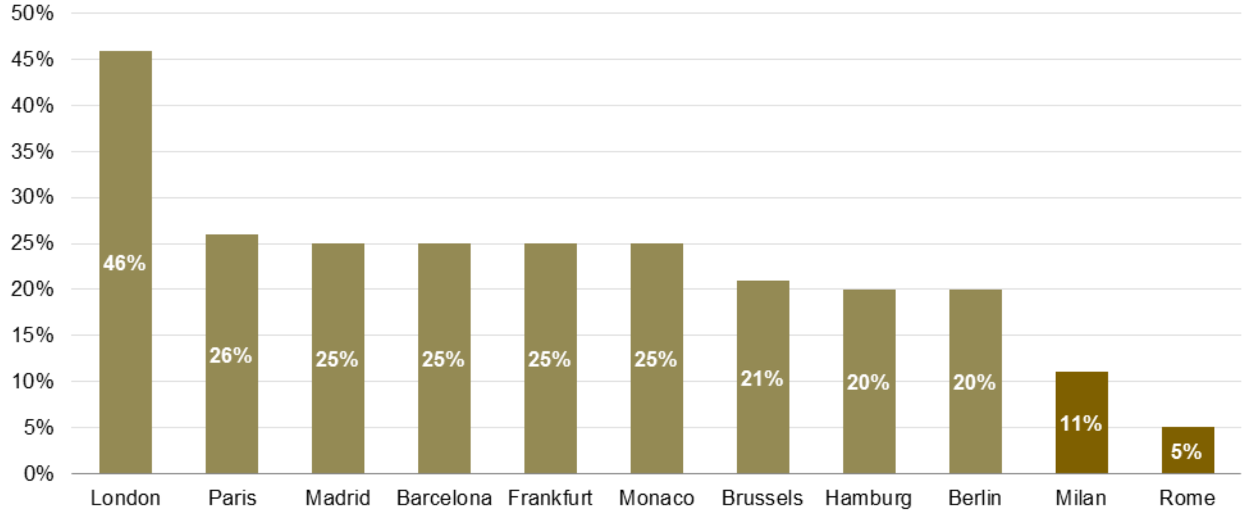
An ongoing supply/demand imbalance continues to put pressure on prime yields: net yields for prime offices in the Milan and Rome CBDs have declined to 3.50% and 4.00%. In line, Class-A office assets in good secondary locations have equally experienced yield compression, with net yields around 5.25% at the end of 2016 – down 25 basis points from the Q4 2016 and poised for further yield compression.



Italian CRE Prime Net Yields[12]

The Italian Real Estate market continues to suffer from a chronic shortage of quality assets, offering the lowest stock of Grade A buildings among European office markets. On the other hand, investors continue to exhibit a strong appetite for quality assets, with approximately 80% of total office investment volume involving Grade A office buildings in the Milan area. This combination provides for the opportunities in the Core +/Value added investment sectors.

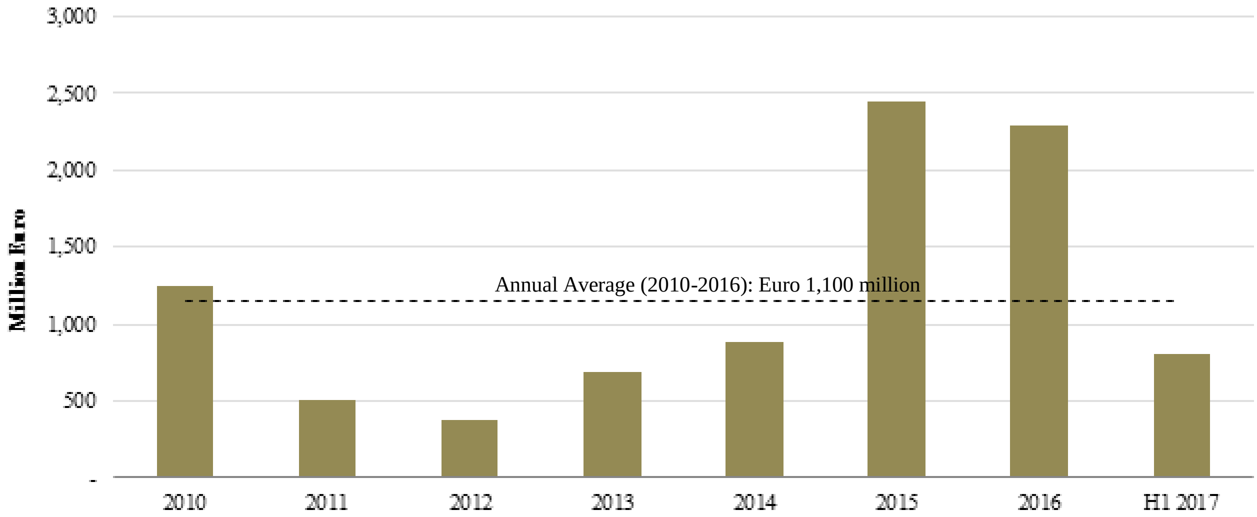
[11] Source: CBRE Report – Q2 2017
[12] Source: CBRE Report – Q2 2017



Grade A office stock over total office stock[13]

Milan's real estate market continues to attract the majority of investor's demand

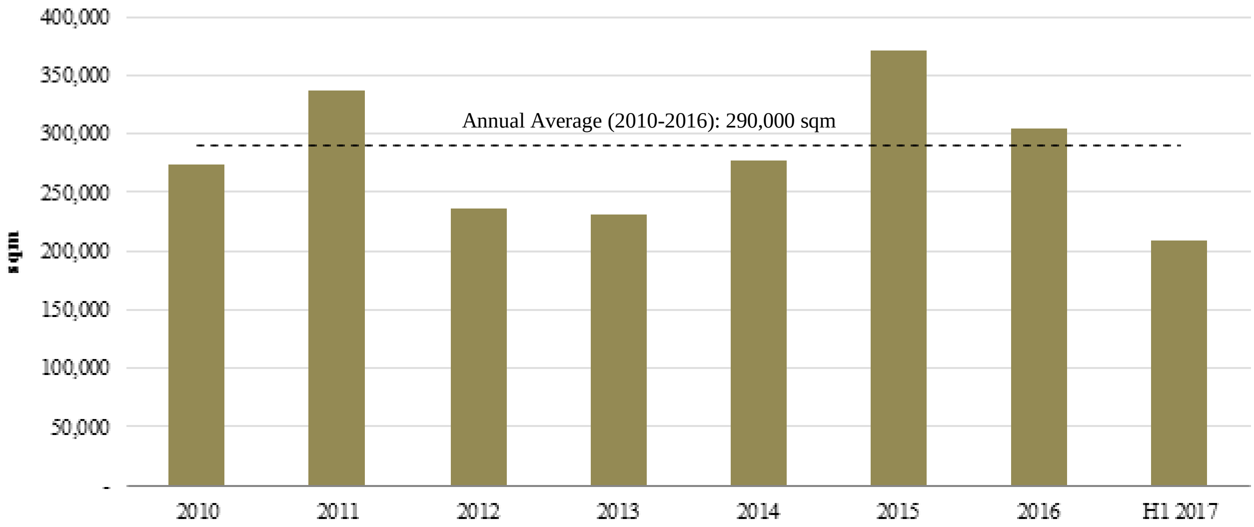
The positive economic dynamic of the Milan economy, the quality of its infrastructure and the excellence of human capital continue to encourage formation of new companies and attract international-company interest for the Lombardy region – with resulting benefits to the real estate sector. Indeed, Milan remains by far the most active and best-performing real estate market in Italy, with over Euro 800 million of office investment transactions recorded in H1 2017.



Milan Office Market Investment Volume [14]

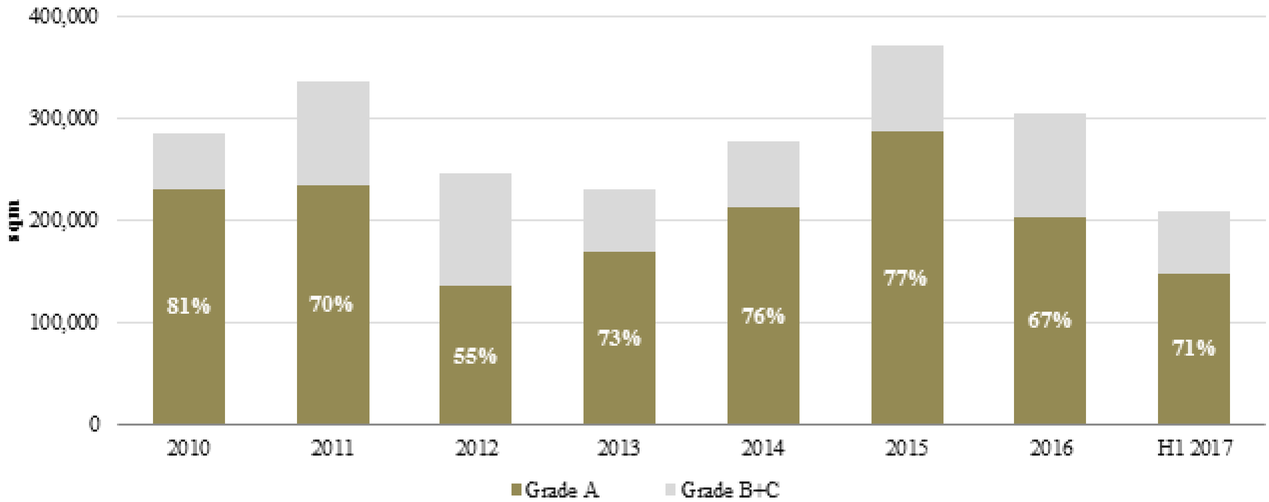
Occupational demand remained robust, with H1 2017 take-up of 208,650 square metres, the highest value ever recorded in the first six months of the year.

[13] Source: JLL Data – H1 2016
[14] Source: CBRE Report – Q2 2017



Milan Office Market Take-Up Volume [15]

Tenant demand for quality spaces continues to be strong and increasing, with about 71% of total office demand in H1 2017 focused on Grade A premises, a value well above previous year records.

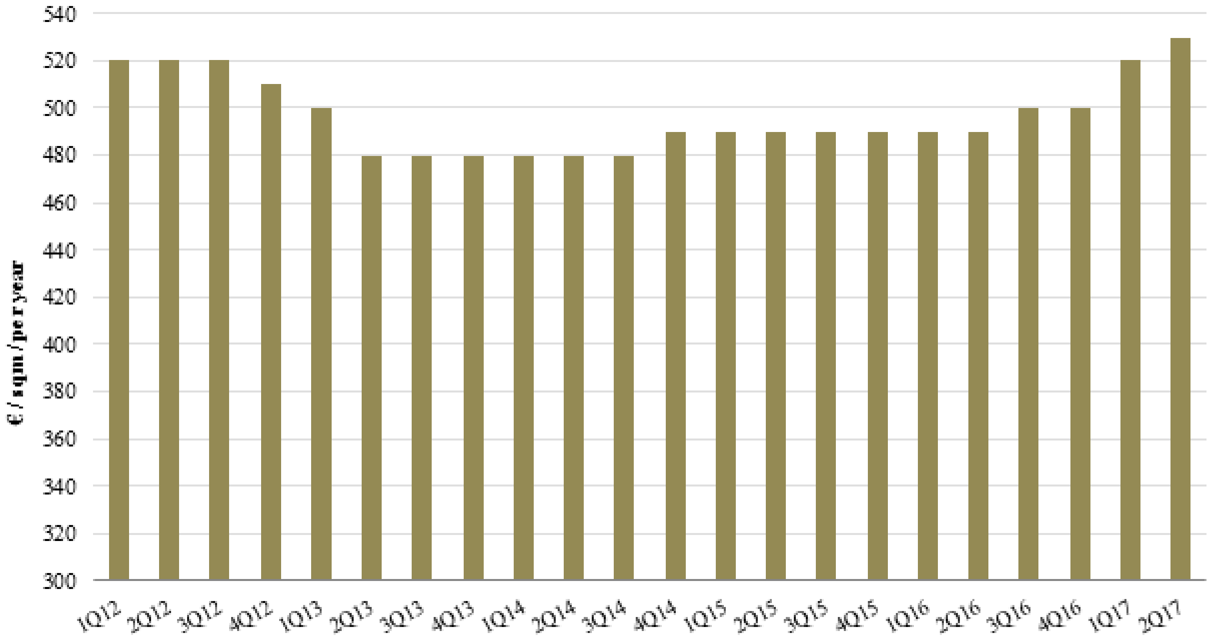


Milan Office Market Take-Up Volume [16]

Prime rents for Milan hit a new high of 530 Euro/sqm/per year, marking a four-year record, with the highest values still recorded in the CBD and Porta Nuova business district.

Increasing demand is putting pressure on prime rents, which are expected to increase to approx. Euro 550/sqm in the coming months.

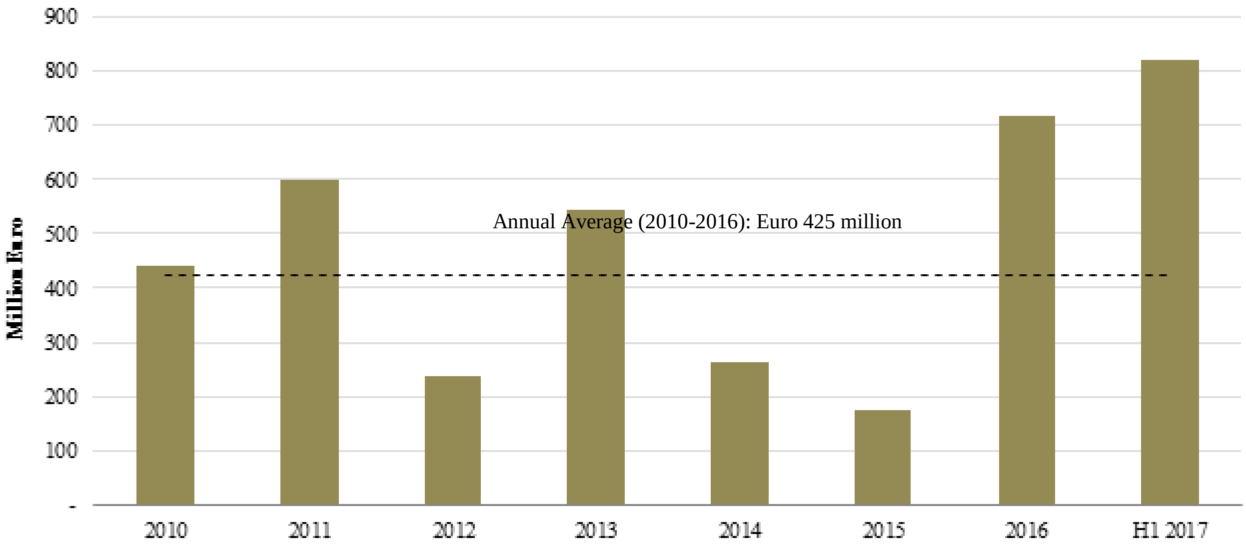
[15] Source: CBRE Report – Q2 2017
[16] Source: CBRE Report – Q2 2017



Milan Office Market Prime Rent[17]

Rome Real Estate Market

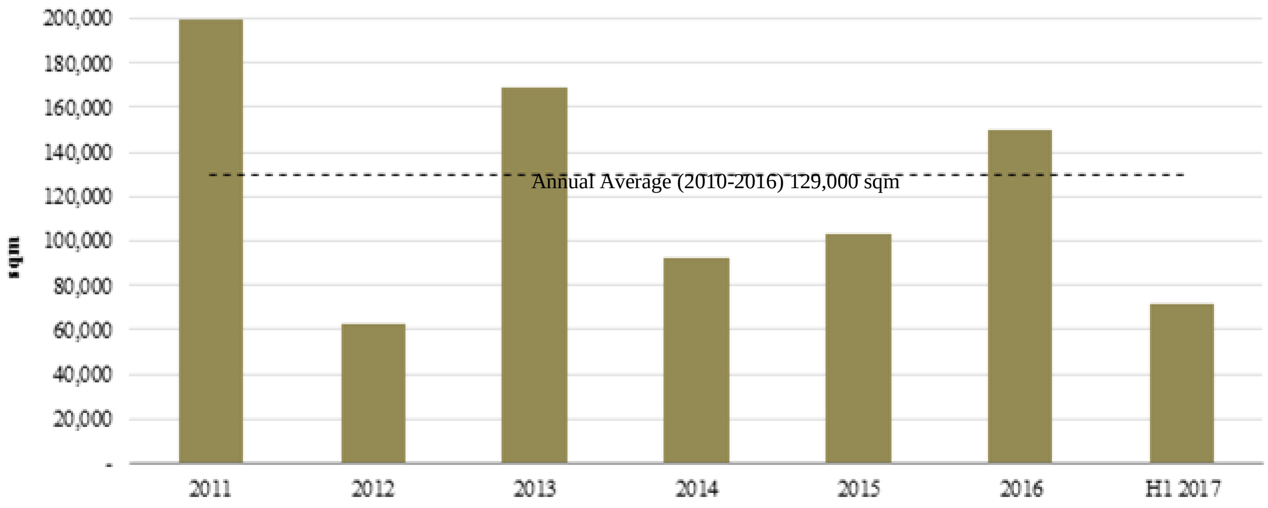
Rome's real estate investment market is also experiencing significant growth, albeit from a much lower base than Milan. In the first six months of 2017, Rome CRE market shown an all-time record of ca. Euro 820 million, approx. 90% higher vs H1 2016. Unlike previous years, in 2017 Rome office investment market looks to be manly driven by foreign players, which accounted for more than 90% of the transaction volume.



Rome Office Market Investment Volume [18]

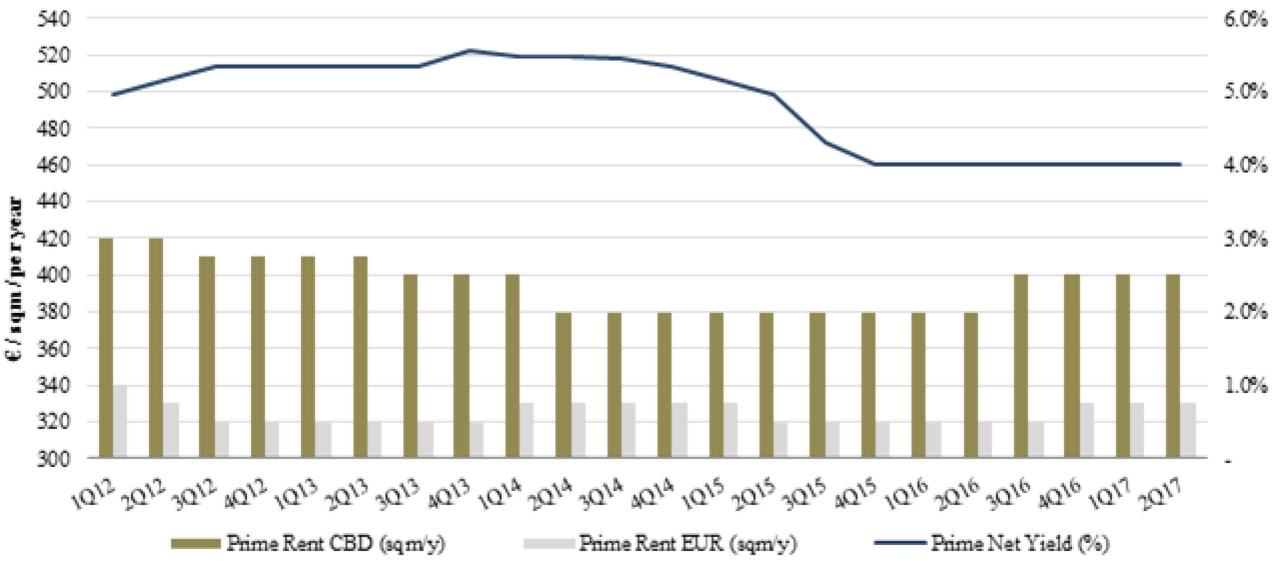
Occupational demand equally firmed during H1 2017, with office take-up of ca. 71,600 square metres over the semester – 7.0% higher than H1 2016 figure.

[17] Source: CBRE Report – Q2 2017
[18] Source: CBRE Report – Q2 2017



Rome Office Market Take-Up Volume [19]

Office rents remained unchanged in Rome, after rising in the third quarter of 2016: CBD rents were Euro 400 per square metre. Prime net yields remained stable at 4.0%.



Rome Office Market Prime Rent and Net Yield [20]

[19] Source: CBRE Report – Q2 2017
[20] Source: CBRE Report – Q2 2017

RELATED PARTY TRANSACTIONS

The related party transactions that occurred during the first half year are disclosed in the financial statements and in the explanatory notes.

SUBSEQUENT EVENTS

On July 19th, 2017 COIMA CORE FUND IV finalised the sales agreement for a Deutsche Bank branch located in Casargo – Via Italia for Euro 195 thousand (8.3% above appraised value).

On July 21th, 2017 COIMA RES signed an agreement for the leasing of its new headquarter located in Milan, Piazza Gae Aulenti 12. It will be a 6+6+6 years agreement with an annual rent of Euro 96 thousand.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT AS OF JUNE 30TH, 2017

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Notes	Six months ended, June 30th, 2017	*of which related parties*	Six months ended, June 30th, 2016	*of which related parties*
Income statement					
Revenues	4	17,693	-	1,286	-
Cost of raw materials and services	5	(4,837)	(2,183)	(1,052)	(474)
Personnel costs	6	(795)	(400)	(320)	(85)
Other operating expenses	7	(1,935)	(7)	(382)	(104)
Amortization, depreciation and write-downs		(1)	-	-	-
Adjustment to fair value of property	8	7,314	-	2,045	-
Operating Earnings		**17,439**	**(2,590)**	**1,577**	**(663)**
Net income attributable to non-controlling interests	13	(6)	-	-	-
Income / (losses)		-	-	1,022	-
of which non-recurring		-	-	*1,022*	-
Financial income	9	416	-	108	-
Financial expenses	9	(3,102)	-	-	-
Profit before tax		**14,747**	**(2,590)**	**2,707**	**(663)**
Income tax	11	(8)	-	-	-
Profit for the period		**14,739**	**(2,590)**	**2,707**	**(663)**
Minority interest		(643)		-	-
Profit for the Group		**14,096**	**(2,590)**	**2,707**	**(663)**

EARNINGS PER SHARE

(in thousands of Euro)	Notes	Six months ended, June 30th, 2017	Six months ended, June 30th, 2016
Earnings per share			
Basic, net income attributable to ordinary COIMA RES SIIQ' shareholders	10	0.39	0.27
Diluted, net income attributable to ordinary COIMA RES SIIQ' shareholders	10	0.39	0.27

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(in thousands of Euro)	Notes	Six months ended, June 30th, 2017	Six months ended, June 30th, 2016
Profit for the period		**14,739**	**2,707**
Other comprehensive income to be reclassified to profit or loss of the period in subsequent periods	21	(17)	-
Other comprehensive income not to be reclassified to profit or loss of the period in subsequent periods		-	(10,070)
Profit / (loss)		**14,722**	**(7,363)**
Referable to:			
COIMA RES SIIQ' shareholders		14,079	(7,363)
Minorities		643	-
Profit / (loss)		**14,722**	**(7,363)**

CONSOLIDATED BALANCE SHEET

(in thousands of Euro)	Notes	June 30th, 2017	*of which related parties*	December 31th, 2016	*of which related parties*
Assets					
Real estate investments	12	534,850	-	480,900	-
Other tangible assets		29	-	3	-
Investments accounted for using the equity method	13	16,645	-	16,187	-
Available for sale financial assets	14	1,482	-	-	-
Non-current deferred tax assets		8	-	6	-
Derivatives	15	690	-	613	-
Non-current financial receivables	16	1,620	1,620	1,621	1,621
Trade and other non - current receivables	16	38,000	-	38,000	-
Total non - current assets		**593,324**	**1,620**	**537,330**	**1.621**
Inventories	17	12,140	-	12,220	-
Trade and other current receivables	18	8,338	46	8,739	115
Cash and cash equivalents	19	77,663	-	113,102	-
Total current assets		**98,141**	**46**	**134,061**	**115**
Total assets		**691,465**	**1,666**	**671,391**	**1,736**
Liabilities					
Capital stock		14,451	-	14,451	-
Share premium reserve		335,549	-	335,549	-
Valuations reserve		58	-	75	-
Other reserves		7,733	-	-	-
Profit / (loss) for the period		14,096	-	12,123	-
Profit / (loss) carried forward		-	-	(320)	-
Total Group shareholders' equity		**371,887**	**-**	**361,878**	**-**
Total minority equity		**11,290**	**-**	**11,114**	**-**
Shareholders’ equity	**20**	**383,177**	**-**	**372.992**	**-**
Bank borrowings and other non-current lenders	21	302,908	-	289,973	-
Deferred tax liabilities		1	-	-	-
Payables for post-employment benefits		11	-	5	-
Provisions for risks and charges	22	171	45	125	-
Trade and other non - current payables	23	582	396	577	391
Total non-current liabilities		**303,673**	**441**	**290,680**	**391**
Trade and other current payables	24	4,562	1,358	7,713	3,762
Current tax payables		53	-	6	-
Total current liabilities		**4,615**	**1,358**	**7,719**	**3,762**
Total liabilities		**308,288**	**1,799**	**298,399**	**4,153**
Total liabilities and shareholders’ equity		**691,465**	**1,799**	**671,391**	**4,153**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of Euro)	Share capital	Share premium reserve	Valuation reserve	Other reserve	Gains / (losses) carried forward	Profit/ (loss) for the period	Total equity	Minorities	Total net equity
Balance at January 1st, 2016	**71**	**499**	**-**	**-**	**-**	**(320)**	**250**	**-**	**250**
Gains / (losses) 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)
Profit / (loss) for the period	-	-	-	-	-	2,707	2,707	-	2,707
Balance at June 30th, 2016	**14,451**	**335,549**	**-**	**-**	**(320)**	**2,707**	**352,387**	**-**	**352,387**

(in thousands of Euro)	Share capital	Share premium reserve	Valuation reserve	Other reserve	Gains / (losses) carried forward	Profit/ (loss) for the period	Total equity	Minorities	Total net equity
Balance at January 1st, 2017	**14,451**	**335,549**	**75**	**-**	**(320)**	**12,123**	**361,878**	**11,114**	**372,992**
Partial allocation of net profit	-	-	-	7,733	320	(8,055)	(2)	-	(2)
Dividend distribution	-	-	-	-	-	(4,068)	(4,068)	(467)	(4,535)
Cash flow hedge reserve	-	-	(17)	-	-	-	(17)	-	(17)
Profit / (loss) for the period	-	-	-	-	-	14,096	14,096	643	14,739
Balance at June 30th, 2017	**14,451**	**335,549**	**58**	**7,733**	**-**	**14,096**	**371,887**	**11,290**	**383,177**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	Six months ended, June 30th, 2017	Six months ended, June 30th, 2016
Profit / (loss) for the period	14,739	2,707
Adjustments to reconcile the profit to net cash flow:		
Amortization, depreciation and write-downs	1	-
Severance pay	52	-
Adjustment to fair value of property	(7,314)	(2,045)
Net income attributable to non-controlling interests	6	-
Financial income	(405)	-
Financial expenses	410	-
Adjustment to fair value of financial instruments	5	204
Other operating expenses	-	24
Changes in working capital:		
(Increase) / decrease in trade receivables and other current receivables	400	(44,260)
Increase / (decrease) in trade payables and other non - current liabilities	(3,152)	7,983
Increase / (decrease) in tax payables	47	-
Net cash flows generated (absorbed) from operating activities	**4,789**	**(35,387)**
Investment activities		
(Acquisition) / disposal of real estate property	(46,556)	(203,506)
(Acquisition) / disposal of other tangible assets	(26)	-
(Acquisition) / disposal of other non-current assets	(1,534)	-
Acquisition of associated companies	(6)	3,923
Net cash flows generated (absorbed) from investment activities	**(48,122)**	**(199,583)**
Financing activities		
Shareholders' contributions / (dividend payment)	(3,972)	204,930
Minorities	(467)	-
Acquisition of derivatives	(192)	-
Increase / (decrease) in bank borrowings and other non-current lenders	19,180	213,622
Repayment of loans	(6,655)	-
Net cash flows generated (absorbed) from financing activities	**7,894**	**418,552**
Net (decrease) / increase in cash and cash equivalents	(35,439)	183,582
Cash and cash equivalents at the beginning of the period	113,102	390
Cash and cash equivalents at the end of the period	**77,663**	**183,972**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Company information

The publication of the interim condensed consolidated financial statements of COIMA RES S.p.A. SIIQ (hereinafter referred to as "**COIMA RES**", or the "**Company**") and its subsidiaries for the six months ended June 30th, 2017 was authorised by the Board of Directors on July 26th, 2017.
COIMA RES S.p.A. SIIQ is a public company listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana since May 13th, 2016. The Company is incorporated and registered in Italy, and has its registered office in Milan, piazza Gae Aulenti no.12.
The Company started its operations with the contribution of Deutsche Bank's portfolio on May 11th, 2016 and the subsequent commencement of trading.

2. Basis of preparation and changes in accounting standards

2.1 Basis of preparation

The interim condensed consolidated financial statements at June 30th, 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 interim condensed 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 interim condensed consolidated financial statements at June 30th, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not expound upon all the information required during preparation of the annual consolidated financial statements. For this reason it is necessary to read the interim condensed consolidated financial statements with the consolidated financial statements as of December 31st, 2016.

The interim condensed consolidated financial statements include the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Statement of Changes in Equity, the Cash Flow Statement and the Notes.

In accordance with art. 5, paragraph 2, of Legislative Decree no. 38 of February 28th, 2005, the financial statements were prepared in Euro. All amounts of the interim condensed consolidated financial statements are stated in thousands of Euro. Rounding of the data in the notes to the interim condensed consolidated financial statements is intended to ensure consistency with the figures reported in the balance sheet and income statement.

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

2.2 Consolidation

Scope of consolidation

The interim condensed consolidated financial statements have been drawn up on the basis of the financial statements as of June 30th, 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, MH Real Estate Crescita, 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 interim condensed consolidated financial statements include the financial statements of COIMA RES S.p.A. SIIQ, COIMA CORE FUND IV, MH Real Estate Crescita, MHREC S.a.r.l., and COIMA RES S.p.A. SIINQ as of June 30th, 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 completely eliminated.

2.3 Main balance sheet items

Real estate investments

Investment property is comprised of 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 costs, 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 they occur.

The costs incurred relating to subsequent additions and modifications 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.
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. The remuneration provided for assessments at June 30th, 2017 has been preliminarily defined as a fixed amount based on the size of the individual investment property.

Inventories

Inventories consist of lands, including land to be built, properties under construction and renovation, completed properties, for which the purpose is the sale to third parties and not to maintain the property in the own portfolio for the purpose of generating rental income.

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

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

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 (TIE).

Derivatives

Derivatives, including 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 hedged instruments (fair value hedge; i.e. 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 hedged instruments fair value movements (related to the risk hedged) are recorded through profit and loss, regardless of different valuation criteria generally applied to the hedged instruments.
When derivatives cover the risk of cash flow variations of hedged instruments (cash flow hedge; i.e. hedging the cash flow variation of assets/liabilities due to exchange rates movements), the portion of fair value considered effective is initially recognized in OCI in the cash flow hedge reserve and subsequently recognized in the income statement, consistently with the economic effects of the hedged instruments. Any ineffective portion is recognized immediately in the income statement.

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.

Severance pay

Severance pay fund (TFR) is considered as a defined benefit plan. The benefits promised to employees are recognised on a monthly basis 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 labour contracts in force at the reporting date. The provision reflects the actuarial value of the liability related to employee compensation, calculated on the basis of seniority and paid remuneration. The adopted actuarial assessments are the best estimates of the variables which determine the final cost of the subsequent work done by employees 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, when it is probable a payment will have to be made and when the amount can be estimated reliably. 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.

Net Equity

Share capital

The share capital 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; i.e. hedging the cash flow variation of assets/liabilities due to exchange rates movements), the portion of fair value considered effective is 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.
Available for sale financial assets, after initial recognition, are measured at fair value with the attribution of changes in equity to the available-for-sale valuation reserve.

Recording of revenues, income and expenses in the income statement

Revenues

Revenue is recognized when 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 according to IAS 17, par.50.
- *Supply of services*: revenues from services rendered are recognised in the income statement based on the completion percentage and only when the result of such service can be reliably estimated.
- *Sale of properties*: revenues from sale of properties are recognised in the income statement when the Company has transferred all significant risks and rewards of ownership of the property.

Costs

The costs and other operating expenses are recognised as components of the fiscal year result when incurred on an accrual basis, and when such costs cannot be recognised 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 does not elevate the value of the asset to a higher level than the asset’s fair value.

Taxes

Current taxes

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 at the shareholders level upon distribution.

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 it is likely that future taxable profit will be available against which such prior-period losses can be recovered.

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

Diluted 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 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 a large number of 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 changes 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;
- *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.

Treatment of the financial instrument

The financial instruments are incentives granted to management in relation to their significant contribution at start-up and development of the Company. They will give the right to receive a payment of a return related to changes in Net Asset Value (NAV) and could be paid 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 changes 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.

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

The accounting standards adopted in the preparation of the interim condensed consolidated financial statements are consistent with those in effect at the balance sheet date, inclusive of new standards, amendments and interpretations effective from January 1st, 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 new policies and amendments do not significantly impact the interim condensed 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 about 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). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Company is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended December 31st, 2017.

Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrecognised 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 such deductible temporary differences. 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.
Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. In addition, their application did not have any effect on the financial position and results of the Company as the Company has no deductible temporary differences or assets that fall within the scope of this amendment.

Annual improvements to IFRS - Cycle 2014- 2016

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, other than those in paragraphs B10–B16, 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 IFRS 12 disclosure requirements are not applied in interim financial statements, the required disclosure has not been submitted. Furthermore, at the date of this report, the Company does not have investments classified as available for sale.

IFRS 15 and IFRS 16 adoption

As of January 1st, 2018 the new accounting standard IFRS 15 (Revenue from Contracts with Customers) will be applied and as of January 1st, 2019 the new accounting standard IFRS 16 (Leases) will be applied. The management performed a preliminary analysis of the impact that these accounting standards could have on the financial statements of the Company. Given the current composition of the portfolio, the new accounting standard on revenue recognition will not have a significant impact on the accounting treatment of rents and incentives granted to tenants. As for IFRS 16, as of today the Company has entered into leasing contracts for computer equipment, which are outside the scope of the accounting principle, and a lease contract relating to the head office, maturing in September 2017.
On July 21th, 2017 COIMA RES signed an agreement for the leasing of its new headquarter. It will be a 6+6+6 agreement with an annual rent of Euro 96 thousand. Considering the significant investments that COIMA RES will make in its new headquarters, we believe an extended 12-year lease agreement is most appropriate for us. The execution of this agreement will have an impact on the intangible assets and on the net financial position of the Company.

3. Operating Segments

The Company's activity is presented based on the intended purpose of the assets and their geographic location. Taking into consideration the investment strategy 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 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 25% of the total property portfolio.
Information about the Company's revenue and results for the half-year ended June 30th, 2017 is given below:

(in thousands of Euro)	Offices	Bank branches	Others	Unallocated amounts	Segment results
Rents	12,198	3,655	832	-	16,684
Realised gains	-	15	-	-	15
Recharges of operating expenses	956	-	8	-	965
Recharges of other costs	10	19	-	-	29
Total operating revenues	**13,164**	**3,689**	**840**	**-**	**17,693**
Fair value adjustments	6,838	10	466	-	7,314
Financial income	377	-	-	39	416
Other income (charges) from investments	15	-	-	(21)	(6)
Total income	**7,230**	**10**	**466**	**18**	**7,724**
Property expenses	(1,986)	(806)	(209)	-	(3,002)
Administrative expenses	(2,983)	(1,261)	(273)	(48)	(4,565)
Depreciation and amortisation	-	-	-	-	(1)
Financial expenses	(2,289)	(733)	(71)	(8)	(3,102)

Corporate taxes	-	-	-	(8)	(8)
Sector results	**13,135**	**898**	**753**	**(46)**	**14,739**

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 presented, which also includes all other income such as, for example, Company financial income, operating costs and other costs.

The distribution of assets and liabilities based on the intended use of the real estate for the half-year ended June 30th, 2017 is listed below.

(in thousands of Euro)	Offices	Bank branches	Others	Unallocated amounts	Segment results
Non-current assets	433,925	126,391	27,875	5,134	593,324
Current assets	77,439	16,700	425	3,577	98,141
Total assets	**511,364**	**143,090**	**28,300**	**8,711**	**691,465**
Non-current liabilities	224,808	68,721	10,143	1	303,673
Current liabilities	3,371	848	230	166	4,615
Total liabilities	**228,179**	**69,569**	**10,373**	**167**	**308,288**

Assets and liabilities are divided based on the different use of each building.

The item "Unallocated amounts" includes:

- in non-current assets: the value of the available for sale investments and other non-current assets of MHREC S.à.r.l.;
- in current assets: cash and cash equivalents of MHREC S.à.r.l. and cash and cash equivalents of the MHREC Fund not directly allocable to the buildings and deferred tax assets;
- in current liabilities: trade payables and other payables of MHREC S.à.r.l..

The Company's results are also presented based on the geographic location of the real estate for the half-year ended June 30th, 2017.

(in thousands of Euro)	Milan	Rome	Secondary cities	Unallocated amounts	Segment results
Rents	10,839	2,736	3,110	-	16,684
Realised gains	-	-	15	-	15
Recharges of operating expenses	759	208	16	-	984
Recharges of other costs	10	-	-	-	10
Total operating revenues	**11,608**	**2,944**	**3,141**	**-**	**17,693**
Fair value adjustments	6,405	1,239	(330)	-	7,314
Financial income	377	-	-	39	416
Other income (charges) from investments	15	-	(21)	-	(6)
Total income	**6,797**	**1,239**	**(351)**	**39**	**7,724**
Property expenses	(1,701)	(588)	(712)	-	(3,002)
Administrative expenses	(2,593)	(879)	(1,093)	-	(4,565)
Depreciation and amortisation	-	-	-	-	(1)
Financial expenses	(2,047)	(442)	(605)	(8)	(3,102)
Corporate taxes	-	-	-	(8)	(8)
Sector results	**12,062**	**2,274**	**380**	**23**	**14,739**

The geographic breakdown has also been chosen based on the Company's investment strategy which focuses primarily on the Milan and Rome markets.

The distribution of assets and liabilities based on the geographic location of the real estate is presented below.

(in thousands of Euro)	Milan	Rome	Secondary cities	Unallocated amounts	Segment results
Non-current assets	391,819	90,559	109,462	1,484	593,324
Current assets	80,414	665	13,777	3,284	98,141
Total assets	**472,233**	**91,224**	**123,239**	**4,768**	**691,465**
Non-current liabilities	198,410	48,107	57,154	1	303,673
Current liabilities	3,015	728	754	117	4,615
Total liabilities	**201,426**	**48,836**	**57,908**	**118**	**308,288**

The same methodology described for the division of assets and liabilities by intended use is also used for the breakdown by geographic location.

4. Revenues

The revenues amount to Euro 17,693 thousand as of June 30th, 2017 and include:

- Euro 16,684 thousand of rents accrued on the real estate portfolio;
- Euro 994 thousand of operational expenses recharged to tenants;
- Euro 15 thousand of capital gains from the sale of a Deutsche Bank branch located in Gravedona, sold at a price above book value.

With reference to the six months ended, June 30th, 2016, please note that the Company started its operations on May 11th, 2016 with the contribution of the Deutsche Bank portfolio and the subsequent beginning of the negotiations.

5. Cost of raw materials and services

The cost of raw materials and services amounts to Euro 4,837 thousand as of June 30th, 2017. The breakdown of the figure is detailed below:

(in thousands of Euro)	Coima Res SIIQ	Vodafone Village	DB Portfolio	Gioaotto and 2331 Eurcenter	MHREC S.à.r.l.	Deruta	Six months ended, June 30th, 2017	Six months ended, June 30th, 2016
Asset management fees	(1,345)	-	(243)	(456)	-	-	(2,044)	(519)
Property management fees	-	(104)	(40)	(198)	-	-	(342)	-
Valuation of the property	-	(9)	(57)	(6)	-	(3)	(75)	(27)
Cost of raw materials and real estate services	-	-	(1)	-	-	-	(1)	-
Maintenance and service charges	-	(51)	(34)	(108)	-	-	(193)	-
Utilities	-	(474)	-	(108)	-	-	(582)	-
Passenger cars and vehicles costs	(7)	-	-	-	-	-	(7)	-
Insurance	(57)	(29)	(33)	(23)	-	(11)	(153)	(16)
Rents and leases payable	(11)	-	-	-	(2)	-	(13)	(1)
Purchases and subscriptions to periodicals,	(11)	-	-	-	-	-	(11)	(9)

books and various services								
Legal, administrative and technical advice	(704)	-	(82)	(78)	(7)	(13)	(884)	(196)
Audit	(78)	-	(32)	(15)	(2)	(6)	(133)	(79)
Governance and other control functions	(149)	-	(6)	-	-	(7)	(162)	(90)
IT services	(71)	-	-	-	-	-	(71)	(50)
Communication, marketing and PR	(125)	-	-	(1)	-	(1)	(127)	(65)
Other operating costs	-	-	(1)	-	-	-	(1)	-
Other taxes	-	-	-	-	(38)	-	(38)	-
Cost of raw materials and services	**(2,558)**	**(667)**	**(529)**	**(993)**	**(49)**	**(41)**	**(4,837)**	**(1,052)**

Asset management fees are mainly related to the agreement signed by the Company and COIMA SGR S.p.A. for the sourcing of investment transactions and the management of the real estate portfolio, as well as for other activities provided under the terms of 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.

Property management fees are mainly related to ordinary activities for the administration and maintenance of the buildings.

The expenses related to independent appraisers are due in respect of the agreement in place with CBRE Valuation for the preparation of the valuation reports for the buildings.

Maintenance and service charges are related to the expenses incurred for the maintenance of buildings (lifts, systems, office cleaning) and for the maintenance of the green spaces.

Utilities refer to the cost of providing electricity, water and gas for the buildings.

Insurance costs refer to the all-risk policies signed by the Company and subsidiaries to protect the asset value.

Legal, administrative and technical advice costs are mainly related to professional services such as:

- legal, tax and notary's advice for brokerage on sales and purchases, for signing of agreements and for general services;
- technical advice on properties.

Costs for *governance and other control functions* are mainly related to the Board of Statutory Auditors (Euro 62 thousand), risk management (Euro 32 thousand) and other control functions (Euro 68 thousand).

IT service costs include technical assistance, administrative software and IT management expenses.

Marketing and communications costs are mainly related to digital and media relations expenses (Euro 60 thousand); organization of events and sponsorship (Euro 43 thousand) and other marketing costs (Euro 24 thousand).

6. Personnel costs

The personnel expenses amount to Euro 795 thousand as of June 30th, 2017 and the breakdown of the figure is detailed below.

(in thousands of Euro)	Six months ended, June 30th, 2017	Six months ended, June 30th, 2016
Wages salaries	(366)	(222)
Social security contribution	(80)	(36)
Severance pay	(26)	(2)
Other personnel costs	(323)	(60)
Personnel costs	**(795)**	**(320)**

The item "*other personnel costs*" is mainly composed of Board of Directors' remuneration.

7. Other operating costs

The other operating costs, amounting to Euro 1,935 thousand, are mainly related to property taxes. The breakdown of the figure is detailed below:

(in thousands of Euro)	Corporate	Vodafone Village	DB Portfolio	Gioaotto and 2331 Eurcenter	MHREC S.à.r.l.	Deruta	Six months ended, June 30th, 2017	Six months ended, June 30th, 2016
Property taxes (IMU)	-	(347)	(617)	(332)	-	(115)	(1,411)	(221)
Property taxes (TASI)	-	(23)	(18)	(22)	-	(8)	(71)	(6)
Stamp duties	-	(58)	(39)	(33)	-	(18)	(148)	-
Other taxes	(9)	-	(1)	(107)	-	(2)	(119)	(13)
Other administrative and structure costs	(15)	-	-	(1)	-	-	(16)	(13)
Postage and delivery costs	(55)	-	-	-	-	-	(55)	-
Membership fee	(6)	-	-	-	-	-	(6)	(18)
Room, board and travel	(38)	-	-	-	-	-	(38)	-
Office services and costs	(5)	-	-	-	-	-	(5)	(1)
Rounding, rebates and contingencies	(3)	-	(4)	9	-	(1)	1	(1)
Other operating costs	(6)	-	(1)	-	-	(60)	(67)	(109)
Other operating costs	**(137)**	**(428)**	**(680)**	**(486)**	**-**	**(204)**	**(1.935)**	**(382)**

8. Adjustment to fair value of property

Adjustment to fair value of property, amounting to Euro 7,314 thousand, includes:

- Revaluations of real estate investments of Euro 7,394 thousand;
- Write-downs of the remaining vacant Deutsche Bank branches classified in the item "*inventories*" of Euro 80 thousand.

9. Financial income and expenses

Financial income amounts to Euro 416 thousand and refers to:

- Interest income on a VAT refund related to the acquisition of Vodafone Village in an amount of Euro 377 thousand;
- Interest income on bank accounts of Euro 39 thousand.

Interest income on bank accounts is related to interest accrued on Company liquid assets. In particular, COIMA RES SIIQ, placed the remaining equity to be invested in a short-term time deposit which pays interest of 18 bps on an annual basis, while waiting to invest those funds in income-producing investment properties.

Interest expenses, amounting to Euro 3,102 thousand, include interests accrued on existing financings.

The all-in weighted average cost of the Group's debt as of June 30th, 2017 is 1.92%. 80.9% of the outstanding debt has been hedged with interest rate caps. The remaining weighted average maturity of the financing is four years.

10. Earnings per share

Basic earnings (losses) 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 (losses) per share and basic earnings (losses) per share.
The profit and ownership information used for the purpose of calculating the basic losses per share, is illustrated below:

Earnings per share	Six months ended, June 30th, 2017	Six months ended, June 30th, 2016
Profit / (loss) for the period (in thousands of euro)	14,096	2,707
Outstanding shares (weighted average)	36,007,000	9,974,659
Profit / (loss) for the period per share (in euro)	0.39	0.27

There were no transactions involving ordinary shares between the reference date of the interim condensed consolidated financial statements and the date on which the financial statements as of December 31st, 2016 were prepared.

11. Income taxes

In accordance with the SIIQ regime, the Company calculates income taxes arising from non-exempt activities, using a tax rate of 24%.
At June 30th, 2017, current taxes mainly refer to the taxation of interest income on current bank accounts accrued during the half-year.

12. Real estate investments

The changes in property investments as of June 30th, 2017, are listed below:

(in thousands of Euro)	Real estate investments	December 31th, 2016	Acquisitions / (disposals)	Revaluations / (write-downs)	Other changes	June 30th, 2017
Coima Res SIIQ	Vodafone Village Buildings B - C - C1	207,000	-	1,000	-	208,000
Coima Core Fund IV	Deutsche Bank branches	126,400	(330)	90	-	126,160
MH Real Estate Crescita	Gioiaotto	66,800	-	1,357	(207)	67,950
	2331 Eurcenter	80,700	-	840	-	81,540
Coima Res SIINQ I	Deruta	-	47,000	4,107	93	51,200
Real estate investments		**480,900**	**46,670**	**7,394**	**(114)**	**534,850**

The total amounts reported as of June 30th, 2017 match those of the last appraisals produced by independent appraisers. The appraisals were performed in accordance with "RICS Valuation – Professional Standards", in compliance with applicable law and with recommendations given by ESMA (European Security and Market Authority).
The item "*acquisitions / (disposals)*" refers to the acquisition by COIMA RES SIINQ I of the buildings located in Milan, via Deruta 19, at a price of Euro 47,000 thousand and the sale of the Deutsche Bank branch in Gravedona, Viale Stampa 3, in the province of Como.
The item "*revaluations / (write-downs)* " includes changes in the fair value of the property as a result of the valuations issued by the independent expert appointed by the Company.

The table below presents the parameters used by the independent expert to make their valuations:

	Properties	Independent appraiser	Valuation criterion	Discount rate	Reconversion on discount rate	Net exit cap rate	Inflation rate forecast	Years of the DCF
Coima Res SIIQ	Vodafone Village Buildings B - C - C1	CBRE Valuation S.p.A.	Discounted Cash Flow	5.55%	6.20%	5.75%	1.40%	12
Coima Core Fund IV	Deutsche Bank branches rented (n.89)	CBRE Valuation S.p.A.	Discounted Cash Flow	5.20%	avr. 6.08%	avr. 7.48%	1.40%	12 /16.5/ 18
	Deutsche Bank branches vacant (n.5)	CBRE Valuation S.p.A.	Discounted Cash Flow	5.20%	avr. 6.61%	avr. 7.92%	1.40%	3 /4
MH Real Estate Crescita	Gioiaotto (Offices)	CBRE Valuation S.p.A.	Discounted Cash Flow	6.40%	6.40%	5.00%	1.40%	15
	Gioiaotto (Tourism/leisure)	CBRE Valuation S.p.A.	Discounted Cash Flow	6.90%	8.55%	5.50%	1.40%	10
	2331 Eurcenter (Offices)	CBRE Valuation S.p.A.	Discounted Cash Flow	6.30%	6.30%	4.95%	1.40%	14
Coima Res SIINQ I	Deruta Buildings A -B	CBRE Valuation S.p.A.	Discounted Cash Flow	6.00%	7.50%	5.75%	1.40%	5.5

Changes compared to the previous half were largely attributable to the market yield compression in the first half of 2017.
Please note that the building located in via Deruta 19 has not changes in fair value from the amount identified for the interim consolidated financial statements as for March 31st, 2017.

13. Investments accounted for using the equity method

The item, amounting to Euro 16,645 thousand, includes:

- Porta Nuova Bonnet equity investment of Euro 14,620 thousand, whose units have been subscribed to the Company on December 20th, 2016;
- Co – Investment 2 SCS equity investment of Euro 2,025 thousand, owned indirectly through MHREC S.à.r.l., which owns a 33.33% stake.

These investments have been valued using the equity method. It should be noted that during the first half of the year the Porta Nuova Bonnet Fund made a capital call in the amount of Euro 464 thousand.

14. Available for sale financial assets

The increase in available for sale financial assets, amounting to Euro 1,482 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 June 30th, 2017 is given below:

(in thousands of euro)	June 30th, 2017	December 31th, 2016
Bond fund	602	-
Equity fund	134	-
Alternative fund	151	-
Other investments	595	-
Available for sale financial assets	**1,482**	**-**

The available for sale financial assets have been valued at fair value, in accordance with IAS 39, paragraph 55. Please note that, at the date of these interim condensed consolidated financial statements, all funds in the portfolio have a market price.

15. Derivatives

Derivatives instruments, amounting to Euro 690 thousand, were entered into to hedge 80.9% of our floating interest rate exposure as of June 30th,2017.
The Company has recorded the hedging instruments on the basis of hedge accounting principles.
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 the contractual and underlying terms (notional, indexing, etc.). Finally, the hypothetical derivative must be executed under market conditions at the start of the hedging process.
Hedging tests were conclusive as the derivative instruments were proven to be 100% effective.
The valuation of derivatives at fair value could require adjustments as a result of potential deterioration of the creditworthiness of counterparty banks or the Company itself, also taking into consideration any guarantees given by the Company to the banks.

16. Financial, trade and other non – current receivables

Long term financial assets relate to loans granted by MHREC S.à.r.l. to the associated company Co – Investment 2 SCS.
Non-current trade receivables refer entirely to the VAT refund request of August 1st 2016, resulting from the acquisition of Vodafone Village. We expect to recoup the amount in 2018. Based on Italian fiscal law, the Company accrues interest of 2% on the outstanding amount.

17. Inventories

Inventories, amounting to Euro 12,140 thousand, include the remaining vacant Deutsche Bank branches.
The decrease of Euro 80 thousand compared to the previous year reflects the adjustment of the fair value as a result of the appraisals performed by the independent expert appointed by the Company.

18. Trade and other current receivables

The breakdown of trade receivables and other current receivables as of June 30th, 2017 is given below.

(in thousands of euro)	June 30th, 2017	December 31th, 2016
Trade receivables		
Rental receivables	1,032	851
Total trade receivables	**1,032**	**851**
Other receivables		
Tax receivables	4,932	6,261
Advance payment	19	52
Other advances	-	1,000
Security deposits	4	-
Other current activities	47	194
Prepayment and accrued income	2,304	381
Total other receivables	**7,306**	**7,888**
Trade and other current receivables	**8,338**	**8,739**

Receivables are mainly made up of VAT receivables, amounting to Euro 4,932 thousand, and accrued income and prepaid expenses in an amount of Euro 2,304 thousand.

19. Cash and cash equivalents

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

(in thousands of Euro)	June 30th, 2017	December 31th, 2016
Banca Passadore	9,657	3,388
Intesa Sanpaolo	3,081	5,244
Banco Popolare	783	33,554
Banco Popolare - Time Deposit	55,000	55,000
ING Bank	1,308	-
Pictet & Cie	1,015	-
BNP Paribas	2,811	1,616
State Street Bank	3,715	4,689
Group Société Générale	292	6,305
Receipts from COIMA CORE FUND IV	-	3,305
Cash	1	-
Cash and cash equivalents	**77,663**	**113,102**

Cash and cash equivalents decreased due to the investment in Milan, via Deruta 19, the payment of dividends to shareholders, the call for capital from the Porta Nuova Bonnet Fund and the movement of net working capital during the period.

20. Shareholders'equity

Shareholders' equity as at June 30th, 2017 amounts to Euro 383,177 thousand and breaks down as illustrated in the interim condensed consolidated financial statements.
The share capital comprises Euro 36,007,000 ordinary shares with no nominal value and amounts to Euro 14,451 thousand.
Reserves, which amounted to Euro 343,340 thousand, include:

- share premium reserves in an amount of Euro 335,549 thousand;
- valuation reserves in an amount of Euro 58 thousand, related to the change in fair value of available for sale financial assets and derivative hedging contracts, as required by IAS 39;
- other reserves of Euro 7,733 thousand.

The minority equity amounts to Euro 11,290 thousand, of which Euro 643 thousand is related to the minority interest for the period.

21. Bank borrowings and other non-current lenders

As of June 30th, 2017, the item "*bank borrowings and other non-current lenders*" amounts to Euro 302,908 thousand and includes the financial debt taken on by the Company, by MH Real Estate Crescita Fund and by COIMA RES SIINQ I.

(in thousands of Euro)	December 31th, 2016	Bank borrowing	Amortised costs	Reimburseme nt	June 30th, 2017
Coima Res	211,973	-	276	(1,656)	210,593
MH Real Estate Crescita	78,000	-	(378)	(5,000)	72,622
Coima Res SIINQ I	-	20,000	(307)	-	19,693
Bank borrowing and other non-current lenders	**289,973**	**20,000**	**(409)**	**(6,656)**	**302,908**

The table below summarises the financial details of the loans:

(in thousands of Euro)	June 30th, 2017	Maturity date	Rate	Arrangement fee	Agency fee	Covenant	% Coverage	Bank
COIMA RES - Senior Line	170,546	June 29th, 2021	Eur 3M +180bps	90 bps	30	LTV Portfolio: <60% LTV Consolidated: <60% ICR Portfolio >1.80x ICR/DSCR Consolidated >1.40x	60%	BNP (25%) Banca IMI (25%) ING Bank N.V. (25%) UniCredit (25%)
COIMA RES - VAT Line	40,047	June 29th, 2019	Eur 3M +150bps				95%	
MH Real Estate Crescita	72,622	March 31st, 2022	Eur 3M +150bps	50 bps	25	LTV: <60% ICR >1.75x	87%	CA -CIB (33%) ING Bank N.V. (33%) UBI Banca (33%)
COIMA RES SIINQ I	19,693	January 16st, 2022	Eur 3M +160bps	90 bps	N/A	LTV: <55% ICR >3.00x	81%	ING Bank N.V.

The COIMA RES SIIQ loan comprises a Senior Line originally amounting to Euro 172,275 thousand and a VAT Line, originally amounting to Euro 44,000 thousand. As for the latter, Euro 1,937 thousand was repaid during 2016 and Euro 1,656 during the first six months of 2017.
On March 31st, 2017, MHREC Fund signed a refinancing agreement to reduce the outstanding loan amount to Euro 73,000 thousand, based on a repayment of Euro 5,000 thousand. The new loan is extended by almost 3.7 years from the original maturity date with a margin reduction of 25 bps, which is expected to result in net savings of approximately Euro 110 thousand per year, including the upfront fee.
On January 16th, 2017 COIMA RES SIINQ I signed a loan agreement with ING Bank for an original amount of Euro 20,000 thousand in order to acquire the building located in Milan, Via Deruta 19.

The entities signed derivative hedging contracts in the form of interest rate caps.
These transactions fall into the category of hedge accounting, described in the section related to derivative financial instruments.
The hedge on the rate has been qualified as highly effective and the other comprehensive income includes the net unrealised gain related to hedging instruments, amounting to Euro 17 thousand.
The loan covenants the Company has to comply with as of June 30th, 2017 are listed below.

Covenant	Limit	June 30th, 2017
LTV Consolidated	<60.0%	48.0%
DSCR Consolidated	>1.40x	4.40x

22. Provisions for risks and charges

The provision for risks and charges, amounting to Euro 171 thousand, includes the discounted value of the long-term incentive plan granted to some employees. The incentives are on a three-year basis and have a performance-component and a significant component related to the retention of beneficiaries.

23. Trade and other non-current payables

Trade payables and other non-current liabilities, amounting to Euro 582 thousand, include:

- Euro 396 thousand related to the fair value of the financial instruments granted to key managers;
- Euro 186 thousand related to cash deposits received from tenants.

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 396 thousand (Euro 391 thousand at December 31st, 2016).
The instrument issued by the company gives the right to owners to receive an annual return of 60% of the minimum between:

- the sum of 10% of the *Shareholder Return Outperformance* if the *Shareholder Return* for such year exceeds 8% (i.e. 10% of the amount in euro by which the *Shareholder Return* for the year exceeds the *Shareholder Return* that would have produced an 8% *Shareholder Return*), and 20% of the *Shareholder Return Outperformance*, if the *Shareholder Return* for such year exceeds 10% (20% of the amount in euro by which the *Shareholder Return* for the year exceeds the *Shareholder Return* that would have produced a 10% *Shareholder Return*);
- 20% of the excess of NAV (Net Asset Value) per Share at the end of the *Accounting Period* (as adjusted in order to (a) include dividends and any other payment per Share declared in each *Accounting Period* following the *Reference Period*, and (b) exclude effects of issuance of Shares in the above-mentioned period) with respect to a minimum level ("*Relevant High Watermark*").

The valuation was conducted applying the financial criterion. This estimates the value of an asset as being the sum of its expected cash flows, discounted at a rate reflecting the systematic risk of the investment. The valuation model was set as follows:

- the reference date is June 30th, 2017;
- the estimate was calculated primarily by taking the expected annual cash flows related to the *Promote Fee*, in 2017 and thereafter. In particular the weighted-average cash flows were considered in three distinct scenarios (*worst, basic and best*) with a different level of probability for each of them. These probabilities were selected based on our knowledge of the business and assumptions used;
- as for the estimation of annual cash flows, 60% of the annual Promote Fee was considered attributable to the owners of the instrument in line with the Financial Instruments Rules;
- as of June 30th, 2017 the weighted-average cash flows attributable to the owners of the instrument were discounted at COIMA RES's cost of capital. The discount rate, amounting to 6.1%, was calculated 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 with business activities on which cash flows depend.

The discount rate was estimated base on the following assumptions:

- risk-free rate of 2.16%. This figure is equal to the average of the returns (without considering taxes) recorded on June 30th, 2017, of Italian public debt securities with a residual maturity of 10 years;
- Beta coefficient of 0.50. In particular, the Beta coefficient of the Company was determined (i) assuming the average unlevered Beta (0.50) of a set of companies carrying out activities comparable to those of COIMA RES; (ii) re-levering such Beta (using the "Hamada" formula) in order to take into account the target financial structure of COIMA RES, as presented by the management of COIMA;
- Equity risk premium of 6.05%. This figure represents a forward looking value, based on empirical market observations (source: NYU Stern School of Business).

24. Trade and other current payables

The breakdown of trade payables and other current payables, amounting to Euro 4,562 thousand is given in the table below.

(in thousands of Euro)	Coima Res SIIQ	DB Portfolio	Gioaotto and 2331 Eurcenter	MHREC S.à.r.l.	Deruta	June 30th, 2017	December 31st, 2016
Trade payables							
Accounts payables	992	20	273	5	-	1,290	4,139
Invoices to be received	803	120	338	-	31	1,292	1,711
Total trade payables	**1,795**	**140**	**611**	**5**	**31**	**2,582**	**5,850**
Other liabilities							
Personnel payables	136	-	-	-	-	136	194
Security providers payables	69	-	-	-	-	69	78
Board of Directors payables	38	-	-	-	-	38	21
Tax payables	30	3	18	-	-	51	82
Accruals and deferred income	1,311	155	54	-	18	1,538	1,488
Other debts	108	40	-	-	-	148	-
Total other liabilities	**1,692**	**198**	**72**	**-**	**18**	**1,980**	**1,863**
Trade payables and other current liabilities	**3, 487**	**338**	**683**	**5**	**49**	**4,562**	**7,713**

25. Information on transfers of financial asset portfolio

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

26. Information on fair value

IFRS 13 states 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.

The general rules for preparing fair value measurement techniques should be adjusted based on the specific circumstances and established pursuant to the measurement method used (multiples method, income method and cost method). Additionally, reliance on observable inputs should be maximized. Specifically, fair value measurement techniques should:

1) be 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 categorised either as observable or unobservable using various examples of markets from which fair values can be calculated.

3) Classify fair value measurement techniques into three hierarchical levels based on 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. In 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 states that it is possible to use this 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 states 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 cash flows that will be generated by the asset. This method allows estimation of 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 replace the asset (replacement cost). The fair value will be equal to the cost that a market participant would incur to acquire or build an asset of 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 June 30th, 2017 and December 31st, 2016 is given below.

(in thousands of Euro)	June 30th, 2017		December 31st, 2016	
Assets	**Net book value**	**Fair value**	**Net book value**	**Fair value**
Real estate investments	534,850	534,850	480,900	480,900
Other tangible assets	29	29	3	3
Investments accounted for using the equity method	16,465	16,465	16,187	16,187
Available for sale financial assets	1,482	1,482	-	-
Non - current deferred tax assets	8	8	6	6
Derivatives	690	690	613	613
Non- current financial and trade receivable	39,620	39,620	39,621	39,621
Inventories	12,140	12,140	12,220	12,220
Current financial and trade receivable	8,338	8,338	8,739	8,739
Cash and cash equivalents	77,663	77,663	113,102	113,102
Total assets	**691,465**	**691,465**	**671,391**	**671,391**
Liabilities				
Bank borrowings	302,908	304,579	289,973	292,263
Other liabilities	4,983	4,983	8,035	8,035
Financial instruments	396	396	391	391
Total liabilities	**308,287**	**309,958**	**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 June 30th, 2017.

(in thousands of Euro)				
Assets	**June 30th, 2017**	**Quoted prices in active markets (Level 1)**	**Observable inputs (Level 2)**	**Unobservable inputs (Level 3)**
Real estate investments	534,850	-	-	534,850
Other tangible assets	29	-	-	29
Investments accounted for using the equity method	16,465	-	-	16,465
Available for sale financial assets	1,482	1,482	-	-
Non - current deferred tax assets	8	-	-	8
Derivatives	690	-	690	-
Non- current financial and trade receivable	39,620	-	-	39,620
Inventories	12,140	-	-	12,140
Current financial and trade receivable	8,338	-	-	8,338
Cash and cash equivalents	77,663	-	-	77,663
Total assets	**691,465**	**1,482**	**690**	**689,293**
Liabilities				
Bank borrowings	304,579	-	304,579	-
Other liabilities	4,983	-	-	4,983
Financial instruments	396	-	396	-
Total liabilities	**309,958**	**-**	**304,975**	**4,983**

(in thousands of Euro)				
Assets	**December 31st, 2016**	**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
Investments accounted for using the equity method	16,187	-	-	16,187
Non - current deferred tax assets	6	-	-	6
Derivatives	613	-	613	-
Non- current financial and trade receivable	39,621	-	-	39,621
Inventories	12,220	-	-	12,220
Current financial and trade receivable	8,739	-	-	8,739
Cash and cash equivalents	113,102	-	-	113,102
Total assets	**671,391**	**-**	**613**	**670,778**
Liabilities				
Bank borrowings	292,263	-	292,263	-
Other liabilities	8,035	-	-	8,035
Financial instruments	391	-	391	-
Total liabilities	**300,689**	**-**	**292,654**	**8,035**

27. Risks, guarantees and commitments

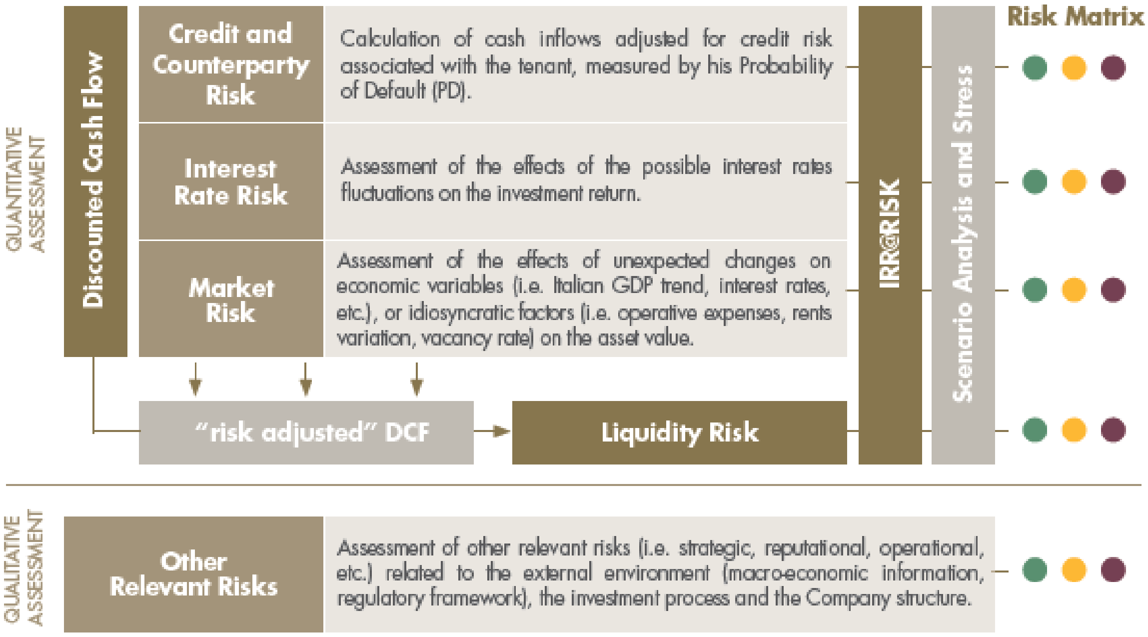
Risks

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

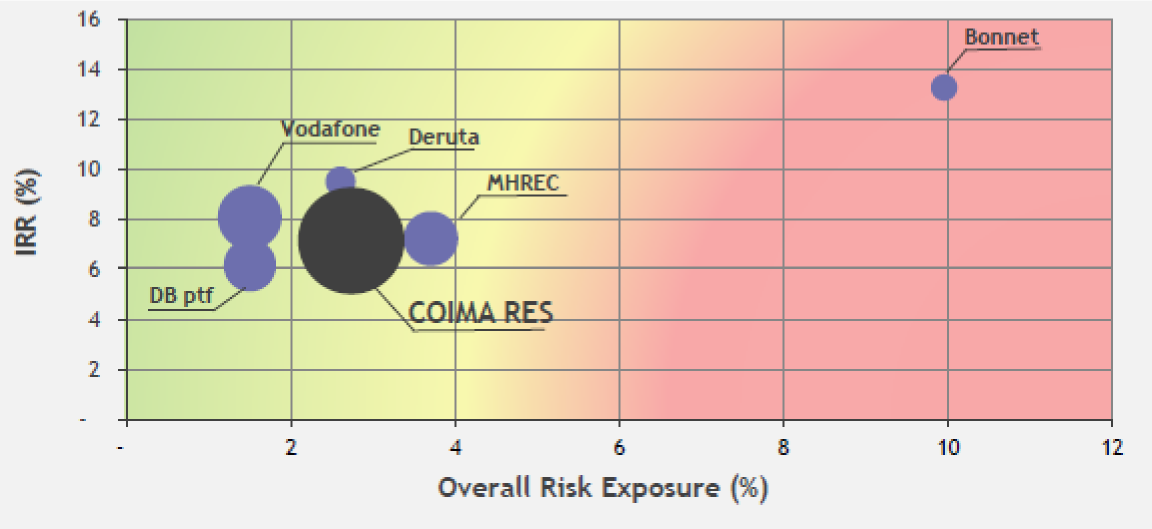
	Risks	COIMA RES mitigation
1	**Market risk** - the risk of losses related to the fluctuation in the prices of properties in the portfolio resulting from adverse changes of macroeconomic variables, the property market and/or the specific characteristics of the properties owned by the Company. This risk 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 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. Furthermore ca. 35% of the overall stabilised rent is 100% indexed to CPI and ca. 65% is 75% indexed to CPI. Regarding vacancy risk, the Company deals with reputable and well capitalized tenants, and concludes 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. The risk of not being able to re-rent vacant spaces left unoccupied by tenants vacating premises after lease-end is also mitigated by the high quality of the Company's real estate assets.
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 (e.g. through transactions in derivatives and/or trading of options) 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 does not involve 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. The Company also periodically monitors these risks through suitable risk assessment techniques based on international best-practices.

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 (for example, 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 thousands;
- 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.

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 thousands;
- 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.

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

The Company has a commitment of Euro 25,000 thousand to the Porta Nuova Bonnet Fund. Note that as of June 30th, 2017 the Porta Nuova Bonnet Fund drew Euro 13,678 thousand and therefore has a residual claim of Euro 11,322 thousand on the Company.

28. Related parties

Related party transactions are listed below:

Related parties (in thousands of Euro)	Receivables	Liabilities	Revenues	Costs
Coima SGR S.p.A.	-	1,073	-	2,044
Coima S.r.l.	-	108	-	58
Coima Image S.r.l.	-	1	-	-
Co - Investment 2 SCS	1,620	-	-	-
Key managers	-	114	-	144
Directors	46	419	-	264
Board of Statutory Auditors	-	64	-	62
Others	-	19	-	19

Also note that the Company has signed the following service agreements with related parties, namely:

- 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.

The related parties occurred the period are the followings:

- **New registered office**: On July 21th, 2017, the Company entered into a lease agreement with the Porta Nuova Garibaldi Fund managed by COIMA SGR S.p.A., a related party, for its new headquarter that will be located in Milan (Porta Nuova district). In addition, the Company has entered into an agreement with COIMA SGR S.p.A. for the sharing of certain spaces on the ground floor and on the fourth floor. The lease will last for years with the possibility of extending it for two additional six-year periods. As two contracts with related parties, the Company has initiated its related party procedure, which have enacted the Control and Risk Committee as its Related Parties Committee, which has prepared a reasoned opinion on the Company's interest, as well as on the convenience and substantive correctness of the relevant conditions, and then submitted to the Board of Directors. The opinion was also drafted based on three opinions obtained from external consultants. The first opinion helped the Committee to determine whether the transactions in question should be managed by the Committee in view of its type, the second opinion has been required to assess whether legal clauses were in line with the standards used in the market and in particular in the Porta Nuova district. The last opinion was used to assess the congruity of the economic aspects of the lease agreement.

29. Net liquidity

The table below sets forth the Company's net liquidity as of June 30th, 2017 determined in accordance with the ESMA/2013/319 recommendation.

(in million Euro)	*June 30th, 2017*	*December 31st, 2016*
(A) Cash	77.7	109.8
(B) Cash equivalent		3.3
(C) Trading securities		
(D) Liquidity (A)+(B)+ (C)	**77.7**	**113.1**
(E) Current financial receivables		
(F) Current bank debt		
(G) Current portion of non-current debt		
(H) Other current financial debt		
(I) Current financial debt (F)+(G)+(H)		
(J) Net current liquidity (I)+(E)+(D)	**77.7**	**113.1**
(K) Non-current bank loans	(302.9)	(290.0)
(L) Bonds issued		
(M) Other non-current financial loans		
(N) Non-current financial indebtedness (K)+(L)+(M)	**(302.9)**	**(290.0)**
(O) Net liquidity (J)+(N)	**(225.2)**	**(176.9)**

Publication of the audit fees pursuant to art. 149-duodecies of Consob Regulation dated 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:

Type of service (in thousands of Euro)	Party providing the service	Fee
Auditing (*)	EY S.p.A.	76
Total		**76**

(*)The fees refer to the Legal Audit of interim condensed consolidated financial statement of COIMA RES SIIQ and to Legal Audit of financial statement of COIMA RES SIINQ I. Please note that the amount reported above does not include the expenses and the CONSOB contribution.

STATEMENT OF THE CEO AND THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS REGARDING THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30TH, 2017

pursuant to art. 154-bis, paragraph 5, of the Legislative Decree No. 58 of February 24th, 1998 and art. 81-ter of the 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 interim condensed consolidated financial report 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 interim condensed consolidated financial statements.
2. In this regard, we also note that:
   - the adequacy of the administrative and accounting procedures adopted in preparing the interim condensed 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 interim condensed 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 interim condensed consolidated 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 to which the Company is exposed.

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

Milan, July 26th, 2017

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

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 31 December 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 15, 2015 by and between COIMA RES and COIMA SGR and modified on November 15, 2015.
Bad Leaver	A serious and repeated breach of obligations provided for by applicable laws and regulations, due to gross negligence or wilful misconduct of a member of the Board of Directors, which irreparably compromises the trust relationship between the relevant director and the Company and which does not allow to continue, even temporarily, the management relationship.
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 share capital.
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 properties are located in strategic areas and are maintained in the portfolio for long periods so as to make the most of the cash flows that may produce.
Core plus	The *core plus* assets can be traced back to the *core* category, except that some investments may be enhancement (such as partially vacant or tenants whose contracts expire in the short term). For this type of risk, the profile is considered medium-low.
Coupon	The value accrued on the Financial Instrument.
Deruta 19 o 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 significant measure of a company's operating performance as it indicates earnings regardless of the company's means of financing, taxes or investment cycle. 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 Leaver	Cases of Good Leaver are: (i) failure to appoint the members of the Board of Directors according to the terms and conditions set forth in the Director Service Agreement and/or non-confirmation/ratification of such members after Listing; (ii) termination of the office of the member of the Board of Directors upon occurrence of one of the termination events set forth in the Asset Management Agreement; (iii) failure to re-appoint the member of the Board of Directors for a subsequent three-year period, upon expiration of the first and second three-year periods; (iv) refusal of a member of the Board of Directors of the proposed reappointment at conditions which are worse than those of the previous three-year period; (v); revocation of the member of the Board of Directors without cause; (vi) resignation by a member of the Board of Directors upon occurrence of a Bad Leaver; or (vii) death of a member of the Board of Directors.
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 taking into account 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.
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 "2331 Eurcenter"	The building located in Roma, in Piazza Don Luigi Sturzo, held through the MHREC Fund.
Porta Nuova Bonnet	Fund established on October 20, 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	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 uncut, usually vacant or with high rate of vacancy. Compared to the *core* category, real estate value added has a medium-high risk profile and generate returns by relying on the growth of real estate values over time.

INDIPENDENT AUDITOR'S REPORT

Building a better working world

EY S.p.A.
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20123 Milano

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

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

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statements of income, the statement of comprehensive income, the statement of changes in equity and cash flows and the related explanatory notes of COIMA RES S.p.A. SIIQ and its subsidiaries (the "COIMA RES Group") as of 30 June 2017. The Directors of COIMA RES S.p.A. SIIQ are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of COIMA RES Group as of June 30, 2017 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, July 31, 2017

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 reader

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
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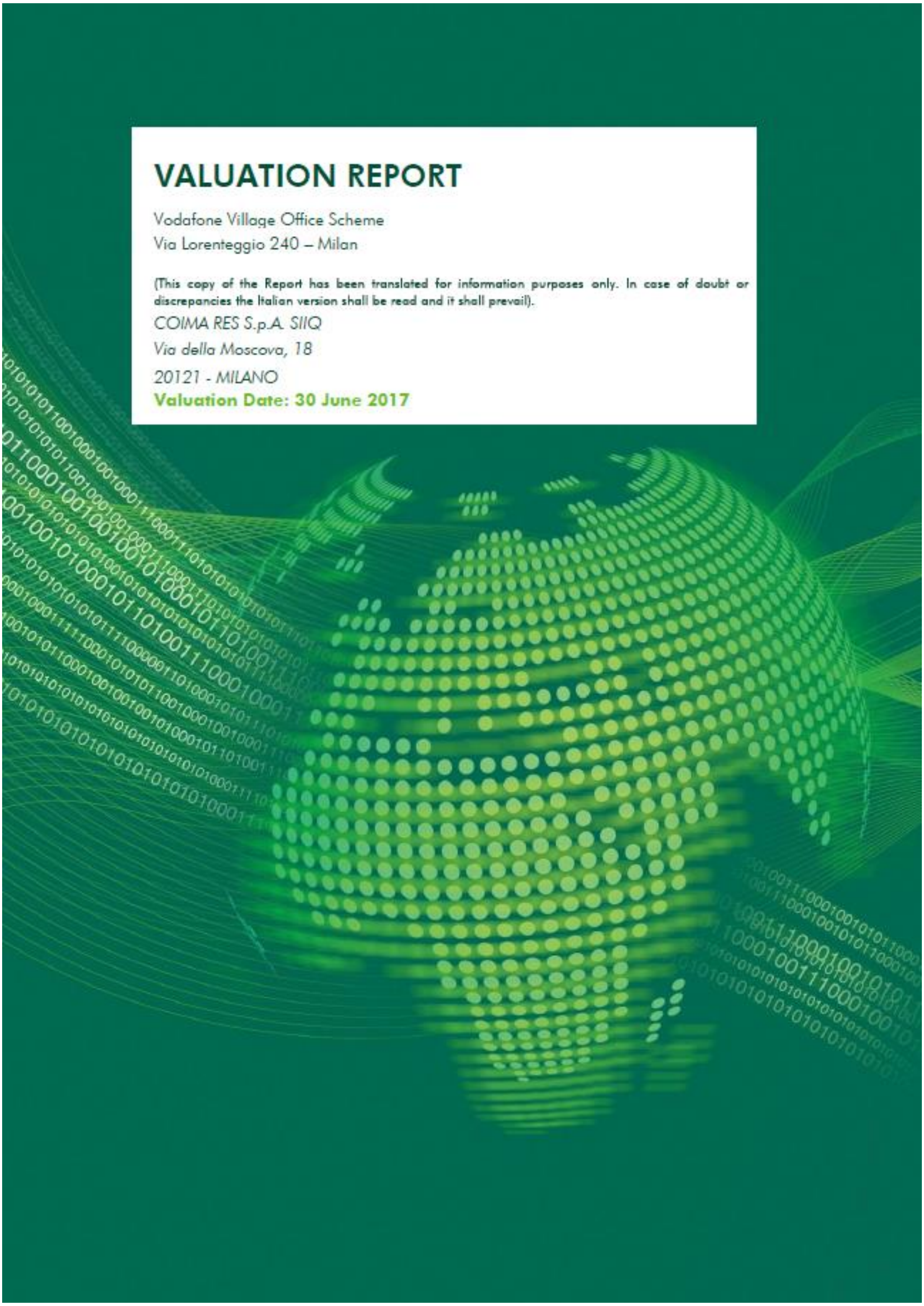
INDIPENDENT APPRAISERS' REPORTS



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

Via della Moscova, 18

20121 - MILANO

Valuation Date: 30 June 2017

TABLE OF CONTENTS

The contents of this Report may only be relied upon by:

- *Addressees of the Report.*

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page 17. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel.

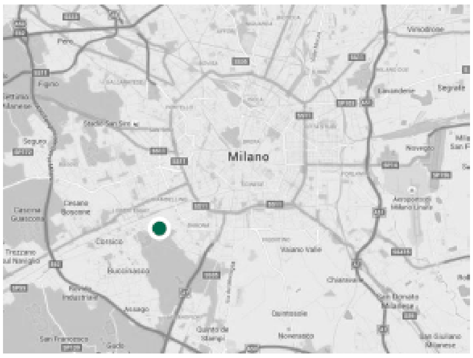
CBRE

1

EXECUTIVE SUMMARY

CBRE

EXECUTIVE SUMMARY



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", for a total area of some 91,000 sq m of 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 30 June 2017 is:

€ 208,000,000

(TWO HUNDRED EIGHT MILLION EUROS)

exclusive of VAT and acquisition costs

Yield Profile

Net Initial Yield	6.12%
Net Exit Cap rate	5.75%
Gross Exit Yield	6.36%

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 achor 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

- 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.

2

VALUATION REPORT

CBRE

VALUATION REPORT

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

18th July 2017

Addressees

COIMA RES S.p.A. SIIQ

Via della Moscova, 18

20121 – 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", for a total area of some 91,000 sq m of 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 15 July 2017.

Valuation Date	30 June 2017
Capacity of Valuer	External.
Purpose	Half-yearly valuation
Market Value	Market Value as at 30 June 2017: € 208,000,000 (TWO HUNDRED EIGHT MILLION 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 – Professional Standards (January 2014) ("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	We have made various assumptions as to tenure, letting, and town planning as per 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.

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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.

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.

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: 8831

CBRE

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:

- Floor plans (partial)
- Cadastral documentation
- Building areas
- LEED Platinum certification
- Lease contract
- Rent Roll
- Property taxes (I.M.U., TA.S.I.)
- Building insurance
- Encumbrances or restrictions on the property.

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 06 December 2016.

Areas

We have not measured the Properties but have relied upon the floor areas provided. We have not checked these on sites.

Unless advised specifically to the contrary, we have made the Assumption that the floor areas supplied to us have been calculated in accordance with local practice as appropriate. All areas quoted in this Valuation Report are approximate.

During the inspections, we did not verify any of the measurements provided by the Client, nor did we verify the functional purposes of the various properties and have therefore assumed all data provided to be correct.

We have taken into consideration Gross Areas, as provided by the Client, for each asset with a breakdown of the surfaces as per use and floor, and excluding technical spaces, shafts, staircases and elevator blocks.

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 2014), 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.

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.

VALUATION REPORT

Market Value of n. 88 properties belonging to the Investment Closed Fund called
COIMA CORE FUND IV

(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 SGR S.p.A.
Via della Moscova, 18
20121 - Milano

Valuation Date: 30 June 2017

CBRE

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The contents of this Report may only be relied upon by:

(i) Addressees of the Report; or

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter.

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page 13. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel.

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VALUATION REPORT

CBRE

VALUATION REPORT

CBRE VALUATION S.p.A.
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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	06 July 2017
Addressee	**COIMA S.G.R. S.p.A. for and on behalf of the Fund "COIMA CORE FUND IV"** Via della Moscova, 18 20121 Milano (MI) - Italia
The Property	Investment Closed Fund called *Coima Core Fund IV* The Property, as at valuation date, consists of n. 88 properties after the sale (Deed of Sale dated 23 February 2017) of the portion located in Gravedona e Uniti, Viale Stampa, 3. The subject properties are divided for the subject anaysis into n. 94 units – bank agencies and offices, located in Italy and used by Deutsche Bank Group. For further details please refer to the attached detailed table.
Ownership Purpose	Income properties
Instruction	To value, on the basis of Market Value, the freehold-equivalent interest in the Property as at the Valuation Date in accordance with our Offer n. 271/14 dated 15 October 2014.
Valuation Date	30 June 2017
Capacity of Valuer	Independent Valuer

Valuation purpose	Biannual update of the Fund
Market Value	Market Value of the freehold-equivalent interest in the properties belonging to the Fund "COIMA CORE FUND IV", as at 30 June 2017: **€ 138,300,000.00** **(ONE HUNDRED THIRTY EIGHT MILLION THREE HUNDRED THOUSAND EUROS)** exclusive of VAT and marketing. The Market Value has been determined on the basis of the following valuation criteria. 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 Standards (January 2014) ("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	Each valuation is based on the information (relative to tenure, town planning and project planning) 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.
Market Conditions	The values stated in this report represent the information collected during our local market research. These values 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.

However, we cannot exclude the presence of further demand and/or supply segments which could modify, even if not considerably, the adoption of the unit parameters chosen as reference.

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of the information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable.

Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The properties have 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 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 revenues in Italy.

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.

We inform that the present report has been prepared by:

- Barbara Crupi (RICS Registered Valuer);

under the supervision of Laura Mauri.

Yours faithfully

Davide Cattarin

Amministratore Delegato

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

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Project Reference: 8820

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SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

We have carried out our work based upon information collected and supplied to us by the Client for the present update, which we have assumed to be correct and comprehensive.

- ✓ Deed of Sale, dated 23 February 2017, of the portion located in Gravedona e Uniti, viale della Stampa, 3;
- ✓ Update of the Property Tax.

The Property

The Property, as at valuation date, consists of n. 88 properties after the sale (Deed of Sale dated 23 February 2017) of the portion located in Viale della Stampa, 3.

The subject properties are divided for the subject anaysis into n. 94 units – bank agencies and offices, located in Italy and used by Deutsche Bank Group.

Inspection

As instructed, for the present valuation we have inspected about the half of the properties internally in May and June 2017.

Areas

We have not measured the properties, but have relied upon the floor areas provided, assumed to be complete and correct.

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 made Planning enquiries by the public administration. 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.

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.

The subject analysis aims to determine the Market Value of the subject property and not potential commercial licenses and/or relative start-ups.

VALUATION ASSUMPTIONS

Capital Values

The valuations have been prepared on the basis of **Market Value** which, in accordance with the RICS Valuation – Professional Standards (January 2014) ("the Red Book"), which has been translated into Italian in "Standard Professionali di valutazione RICS 2014"., 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

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.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the Properties are not contaminated and is 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 Properties possesses or will posses current energy performance certificates (APE) 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 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 requirements

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 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 meet/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 agency fees, etc.

We have not made any allocations or deductions for duties and direct or indirect taxes of any kind.

All rents and capital values, costs and other figures stated in this report are exclusive of VAT.

LEGAL NOTICE

This Valuation Report (the "**Report**") has been prepared by CBRE Valuation S.p.A. ("**CBRE**") exclusively for COIMA SGR (the "**Client**") in accordance with the terms of engagement entered into between CBRE and the addressee n. 271/14 dated 15 October 2014 ("the **Instruction**"). 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) €15 million (Fifteen 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 CRITERIA

Valuation criteria

Market Value

In accordance with the RICS Valuation – Professional Standards (January 2014) ("the Red Book"), the Market Value 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".

Discounted Cash Flow Method

The valuation through the discounted cash flow has been carried out discounting the rents deriving from the in force lease contracts; at the end of the relative leases or lease periods, we assume, where necessary, a refurbishment for the change of use or a renewal of the properties in order to optimized and let them at congruous market rents; the optimized income has been capitalized.

Costs for the change of use and final capitalized value have been discounted at a rate (different for each asset), which considers the risks deriving from the specific cases. The result of this operation determines the current value of each asset.

The elements considered in the DCF are:

- gross annual income deriving from the lease contracts;
- indexation of the current rents;
- time schedule relative to spaces occupation according to the lease contracts (use plan);
- management costs of the rented buildings (Property tax - I.M.U., TA.S.I.);
- time schedule for the optimization and re-lease, considering, where necessary, the current urban situation tempi and relative limitations;
- Capital Gain assumption;
- market rents;
- discounted and capitalization rates for each asset.

With all abovementioned elementrs we have developed the discounted cash flow for each asset in order to determine the "Market Value".

Valuation methodologies

The market value of the subject properties has been obtained through on-site inspections carried out by CBRE VALUATION S.p.A., in order to determine the real estate situation at the present date (quality, conditions, characteristics, etc..) in addition to the documentation provided (floor area, uses, etc.).

Information on local market has been collected in order to determine all data necessary to develop valuation considerations (rental values and current prices, demand and supply levels, operators' expectations).

All data have been referred to the different functional uses of the properties, either the current use, in order to the determine the congruous rental value , and future use, in order to determine the highest and best use of the asset.

The highest and best use is defined as the reasonably probable and legal use which is physically possible, financially feasible, and that may confer the highest value to the property.

All data collected have been properly adjusted in order to be adapted to the specific characteristics of the properties under valuation; they have also been used to determine their attractiveness on the market itself.

In case of poor state of maintenance and repair of the buildings, we have determined costs and time schedule necessary to recover their physical condition in order to be in line with reference real estate market.

Floor area

Our valuation is based on data provided directly by the Property owner.

Lease situation

Our valuation is based on rental data (such as annual rents and lease expiry) provided by the Property; the tenant is the Deutsche Bank Group.

In particular, the occupancy situation and the minimale expiry dates provided are summarised as follows:

5 units are **free and immediatley available**:

- ✓ Milano, via dei Martinitt 3;
- ✓ Torino, via Arcivescovado 7;
- ✓ Livorno, via dei Carabinieri 30;
- ✓ Novedrate, Via Provinciale Novedratese 8 (portion not used as Bank agency);
- ✓ Padova, via Tommaseo (portion not used as Bank agency).

The follwoing units are **rented**:

- ✓ n. 3 leases with break option as at 2016 and 2017, renewed with the current Tenant, are:

  1. Desio (MB), C.so Italia (80,000.00 €/annum in addition to

250,000.00€, to be paid by the Property in 2017 for extraordinary maintenance intervention;

2. Prato (PO), via Ferrucci (250,000.00 €/annum);
3. Genova (GE), via Garibaldi (320,000.00 €/annum in addition to 1,500,000.00€, to be paid by the Property in 2017 for extraordinary maintenance intervention).

For these assets, the expiry date of the renewed leases is 31/12/2026, with potential renewal for additional 6 years (31/12/2032).

✓ **Annual lease increase** for n. 6 assets:

1. Como (CO), via Cavallotti 3/A (528,314.00 €/annum);
2. Verona (VR), Corso di Porta Nuova (225,404.00 €/annum);
3. Mestre (VE), Riviera XX Settembre (194,732.00 €/annum);
4. Napoli (NA), via Santa Brigida (629,014.00 €/annum);
5. Napoli (NA), via Santa Brigida (582,011.00 €/annum);
6. Sorrento (NA), Piazza Angelina Lauro (252,262.00 €/annum).

The first lease expiry of the rented buildings is on 31/12/2026, without right of early withdrawal.

Also for renewed positions, the new lease assumes a first lease expiry on 31/12/2026 and renewal for additional 6 years. Considering the strategic value of the bank agencies, during the valuation we have assumed that 75% of them (in terms of total rent) shall maintain its lease situation until the second lease expiry.

For all lease contracts the Tenant shall pay the ordinary and extra ordinary maintenance, the administration and insurance costs.

The Property Owner shall pay the property taxes (IMU-TASI) and the recording fees (0.5% of the annual perceived rent).

State of maintenance and repair

CBRE have not undertaken a structural survey, nor tested the services. We have not carried out verification in order to establish whether there is any potential for contamination (asbestos or other toxic material) and have therefore assumed that none exists.

In case of poor state of maintenance and repair we have included in the D.C.F. capex in line with the Italian market habit.

Low verification

We have carried out the present valuation assuming that all properties are in line with the in force regulation relative to their use as at valuation date. We have not carried out any verification in relation to urban and administrative regulations.

Taxes, other Management costs and Miscellaneous

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 direct and indirect taxes, legal costs and transaction costs, etc.

Portfolio valuations, Companies' Disposal, Postponed Payments

Each property has been valued singularly and not as belonging to a portfolio.

In Italy properties are often transferred through capital disposal of real estate companies (thus having often a fiscal profit). Our valuations do not take into consideration this possibility, if existing.

Information

We have relied up information provided by the Property owner and we assumed such information to be exact and complete.

Mortgage

We have not considered the potential presence of mortgages or similar which could be connected to the subject properties.

Basis of Value

Money indicators

The money indicators used (prices, costs, rents) derive from the local market surveys, supported both by our data base and by real estate publications, and are referred to the date of the present valuation.

Please note that the abovementioned considerations develop flows (costs-revenues) at **nominal** money and **real** money.

Time schedule

In order to develop the valuation considerations, in addition to the income deriving from the in force leases, we have considered the refurbishment and re-lease periods, assuming the interventions of specialized operators aiming to the highest and best use of the properties.

Where the case, we have also considered the state of the buildings sites, in relationship with the assumed time schedule necessary to complete the urban iter (if not completed yet).

Consequently, each intervention presents a different time schedule.

Management costs

The considered costs to be paid by the Property owner are:

- Property taxes (IMU+TASI): provided by the Client;
- Recording fee: equal to 0.50% of the perceived rents.

CapEx

In contrast to the Reserves for extra ordinary maintenance, the Capex are precise costs necessary to optimize and/or change the use of the property before its re-lease/disposal. The amounts stated in the report, as at valuation date, are obviously overrated when considered in the DCF.

Rents

The rents necessary for the valuation have been provided by the Client.

Market rents / Market prices

The market rents or market prices to consider at the end of the in force leases or relative to the vacant portions have been determined according to market data collected in the subject area.

Assumed inflation

Where the case, we assumed an inflation equal to 1.40% for the whole period considered.

Growth of Market Rent

Where the case, we have assumed a market growth equal to the inflation assumed to be 1.40%.

Rates (for the Discounted Cash Flow Method)

Each asset has been valued singularly. The rates considered as basis of valuation are:

- Discounted rate of the perceived rent;
- Discounted rate of the re-lease/disposal;
- Capitalization rate of the net final income after the re-lease.

Each rate includes the spread, the illiquidity and the segment risk, assuming a financial structure made by equity and by third party capital.

The rate relative to equity is determined by adding to the risk free rate, assumed to be equal to the Rendistato Index, which is the weighted average yield on a basket[1]

[1] The basket on which is determined the Rendistato index consists of all treasury bonds ("BTP") quoted on MOT, with more than 1 year residual life. The BTP indexed to the inflation of the Euro zone are excluded. For further information please refer to the institutional web site of Bank of Italy

of government securities, calculated monthly by the Bank of Italy and used as reference index, a spread which considers the investment lack of liquidity and an additional spread which considers the specific investment risk (segment risk).

The **Risk free** rate is the Rendistato Index with homogeneous expiry compared with the investment period.

The lack of liquidity could be defined as the difficulty to convert the investment value in cash; it is a risk connected to the transaction period; this risks depend on the building features.

The segment risk is connected to the specific characteristics of the investment; the higher is the possibility that an expected result is not achieved, the higher is the risk of that investment. It is a risk which depends on the reference market characteristics and on the competitiveness of the property under valuation within the reference market.

These two factors determine the spread on equity.

The remuneration of debt (third party capital) is equal to the "I.R.S." rate at 15 years plus a spread connected to the total risk of the subject development initiative. The **I.R.S. rate** (Interest Rate Swap) is the benchmark rate calculated by the European Banking Federation that indicates the average rate at which the major European banks stipulate swaps to hedge interest rate risk. It is used as an indexation parameter in the financial markets and for the stipulation of bank loans.

The **Spread** is the additional delta that banks add to the above mentioned index in order to determine the loan rates. It depends on the investor's warranties and on the specific investment risk

The return on equity is determined by adding to the Risk free rate a spread on equity (lack of liquidity + segment risk). Third party capital remuneration, instead, is equal to the "I.R.S" rate a spread.

Considering the percentage basis of the financial structure, normally 50% and 50% respectively, we obtain the rate used in the valuation.

This is used either to determine the discounted rate of rents and the discounted rate of the re-lease.

Vice versa the **capitalization rate** represents the "synthetic" factor, which allows the conversion from expected income into current value. This rate is deduced from the market as it represents the ratio between rental value and transaction price.

(§http://www.bancaditalia.it/banca_centrale/operazioni/titoli/tassi/rendi)

Rates (for the Residual Method)

The rates considered as basis of each valuation are:

- Discounted rate of the transformation/disposal operation.

Each rate used has been considered congruous with the current market rates, considering the inflation and real estate market perpectives, and has beeen determined considering a financial structure made of 50% equity and 50% third party capital. This financial mix has been used as valuation assumption considering an economic operation referring to an "ordinary" entrepreneur. An "ordinary" entrepreneur features good technical and organization skills, he can have access to third party financial means in order to finance the development operation, i.e. he is someone who produces a good at an average cost as the majority of the businessmen; all "not-ordinary" transformation operations would create positive or negative extra profit.

The rate relative to equity is determined by adding to the risk free rate, assumed to be equal to the **Rendistato Index**, which is the weighted average yield on a basket[2] of government securities, calculated monthly by the Bank of Italy and used as reference index, a spread which considers the investment lack of liquidity, a spread which considers the urban risk connected to the development operation and an additional spread which considers the specific investment risk (segment risk).

The **Risk free** rate is the Rendistato Index with homogeneous expiry compared with the investment period.

The lack of liquidity could be defined as the difficulty to convert the investment value in cash; it is a risk connected to the transaction period; this risks depend on the building features.

The urban risk derives from the development operations or operations including strong building and urban requalification; it reflects the difficulty and/or temporary uncertainty to obtain the necessary titles to carry on the subject operation.

The segment risk is connected to the specific characteristics of the investment, reflecting also a percentage of the profit of the initiative promoter, i.e. the person who manages and dispose the property under development; the higher is the possibility that an expected result is achieved, the higher is the risk of that investment. It is a risk which depends on the reference market characteristics and on the competitiveness of the property under valuation within the reference market.

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[2] The basket on which is determined the Rendistato index consists of all treasury bonds ("BTP") quoted on MOT, with more than 1 year residual life. The BTP indexed to the inflation of the Euro zone are excluded. For further information please refer to the institutional web site of Bank of Italy (§http://www.bancaditalia.it/banca_centrale/operazioni/titoli/tassi/rendi)

These three factors determine the spread on equity, defining the return on invested capital.

The remuneration of debt (third party capital) is equal to the "I.R.S." rate at 15 years plus a spread connected to the total risk of the subject development initiative. The **I.R.S. rate** (Interest Rate Swap) is the benchmark rate calculated by the European Banking Federation that indicates the average rate at which the major European banks stipulate swaps to hedge interest rate risk. It is used as an indexation parameter in the financial markets and for the stipulation of bank loans.

The **Spread** is the additional delta that banks add to the above mentioned index in order to determine the loan rates. It depends on the investor's warranties and on the specific investment risk.

The return on equity is determined by adding to the Risk free rate a spread on equity (lack of liquidity + urban risk + segment risk). Third party capital remuneration, instead, is equal to the "I.R.S" rate at 15 years plus a spread. Considering the percentage basis of the financial structure, we obtain the rate.

Fundamental Data of the used Rates

In the present valuation as at 30 June 2017 the considered fundamental data are specified as follows:

- Planned inflation: 1.40%;
- Equity: 50% of the invested capital;
- Equity – mobile average on 12 months gross Rendistato: 1.09%
- Debt: 50% of the invested capital;
- Third party - mobile average on 12 months I.R.S. at 15 years: 0,94%.

All valuations include net discounted cash flows according to the assumption of *"Half of Period - End of Period"*, that is assuming an annual discount of the flows after the first half of each period, with the exception of the last year where the discount is at the end of the period.

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VALUES

NO.	CITY	ADDRESS	MARKET VALUE AS AT 30.06.2017
26	Abbadia Lariana	Via Nazionale, 44	360,000.00
85	Acquaviva Delle Fonti	Piazza Vittorio Emanuele, 50	420,000.00
85b	Acquaviva Delle Fonti	Piazza Vittorio Emanuele, 50	100,000.00
59	Albenga	Via Martiri Della Liberta', 72	1,180,000.00
11	Asso	Piazza Monsignor Ratti, 5	460,000.00
65	Barga	Via Pascoli, 23/25	220,000.00
84	Bari	Via Della Resistenza, 54	870,000.00
27	Barzio	Via Roma, 47/49	470,000.00
82	Battipaglia	Piazza Della Repubblica, 7	780,000.00
54	Biella	Via Losanna, 22	850,000.00
64	Bologna	Via Emilia Levante, 113	760,000.00
28	Brivio	Piazza Della Vittoria, 3/4/5	500,000.00
49	Brugherio	Viale Lombardia, 179	2,030,000.00
75	Caivano	Via Buonfiglio, 34	280,000.00
12	Canzo	Via Mazzini, 12/14	350,000.00
9	Capriate San Gervasio	Via Vittorio Veneto, 28/B	580,000.00
29	Casargo	Via Italia, 5	180,000.00
30	Casatenovo	Via Cavour, 10/12	850,000.00
80	Caserta	Piazza Matteotti, 68/70	970,000.00
81	Caserta	Via Roma, 38	700,000.00
76	Casoria	Via Marconi, 109/115 - Via Pio XXII	620,000.00
31	Cassago Brianza	Piazza Visconti, 10	410,000.00
52	Castellanza	Corso Matteotti, 19/A	880,000.00
57	Cicagna	Piazza Garibaldi, 1/R / Via Queirolo, 77	110,000.00
32	Civate	Via Manzoni, 1	420,000.00
13	Civenna	Via Provinciale, 52	100,000.00
33	Colico	Via Nazionale, 126 / Via Baronia, 1	1,240,000.00
10	Como	Viale Cavallotti, 3/A	9,780,000.00
34	Dervio	Via Diaz, 62	300,000.00
50	Desio	Corso Italia, 65/67	1,100,000.00
14	Erba	Via Volta, 2	1,020,000.00
87	Francavilla Fontana	Via Roma, 49/51	800,000.00
35	Galbiate	Piazza Don Gnocchi, 12 / Via Crocefisso	640,000.00
56	Genova	Largo S. Francesco Da Paola, 20/D	530,000.00
55	Genova	Via Garibaldi, 5 / P.zza Portello, 6	3,920,000.00
15	Grandate	Via Statale Dei Giovi, 11/B	650,000.00
16	Gravedona ed Uniti	Viale Stampa, 3	SOLD
36	Introbio	Piazza del Sagrato, 9	460,000.00
58	Lavagna	Via Nuova Italia, 89/91	1,160,000.00
89	Lecce	Via Salandra, 49/65 / Via Japigia, 12/D	1,430,000.00
23	Lecco	Corso Emanuele Filiberto, 108/110	460,000.00
22	Lecco	Piazza Carducci, 8	1,010,000.00
24	Lecco	Via Alla Spiaggia, 7	SOLD
21	Lecco	Via Belfiore, 15/A / Via G.Vittorio, 30	580,000.00
25	Lecco	Viale Turati, 48 / Via Petrarca, 4	1,030,000.00
37	Lierna	Via Roma, 124/126	510,000.00
17	Lipomo	Via Belvedere, 1	680,000.00
17b	Lipomo	Via Belvedere, 1	720,000.00
66	Livorno	Via Carabinieri, 30	1,980,000.00
18	Lurago D'Erba	Via Roma, 23	1,190,000.00

NO.	CITY	ADDRESS	MARKET VALUE AS AT 30.06.2017
38	Malgrate	Via San Leonardo, 14/B/C	390,000.00
39	Mandello Del Lario	Via Manzoni, 21	1,240,000.00
7	Melzo	Largo Gramsci, 1	950,000.00
40	Merate	Via Carlo Baslini, 6 / Via Trento, 29	1,760,000.00
61	Mestre	Riviera XX Settembre, 15	3,360,000.00
3	Milano	Corso Sempione, 77	1,620,000.00
2	Milano	Piazza De Angeli	3,380,000.00
6	Milano	Via Dei Martinitt, 3	2,740,000.00
1	Milano	Via Larga, 16	2,890,000.00
4	Milano	Via Pierluigi Da Palestrina, 2	2,140,000.00
5	Milano	Viale Famagosta, 7	560,000.00
68	Montemurlo	Via Provinciale Scarpettini, 413	860,000.00
74	Napoli	Corso Novara, 3	810,000.00
73	Napoli	Via Santa Brigida, 10	11,050,000.00
73b	Napoli	Via Santa Brigida, 10	9,970,000.00
19	Novedrate	Via Provinciale Novedratese, 8	780,000.00
19b	Novedrate	Via Provinciale Novedratese, 8	510,000.00
41	Oggiono	Via Marco d'Oggiono, 15	1,020,000.00
42	Olgiate Molgora	Via Canova, 39	790,000.00
43	Olginate	Via Redaelli, 24	680,000.00
88	Oria	Piazza D. Albanese, 11	380,000.00
44	Paderno d'Adda	Via Volta, 10/12	850,000.00
62	Padova	Piazza Alcide De Gasperi, 34/35/45 A	610,000.00
62b	Padova	Piazza Alcide De Gasperi, 34/35/45 A	2,040,000.00
72	Pescara	Viale Marconi, 260-262/Via Tibullo	890,000.00
77	Piano di Sorrento	Corso Italia, 64	1,850,000.00
69	Pisa	Via Bonaini 115 / Via Puccini	500,000.00
83	Pontecagnano Faiano	Corso Umberto I, 131	610,000.00
78	Portici	Via Roma, 54/56	480,000.00
67	Prato	Via Francesco Ferrucci, 41	3,260,000.00
71	Roma	Piazza Ss Apostoli, 70	9,000,000.00
45	Rovagnate	Via Vittorio Veneto, 8 / Via Rododentro, 20	570,000.00
86	Rutigliano	Via San Francesco D'Assisi, 16	260,000.00
70	Sesto Fiorentino	Via Lucchese, 4/R	430,000.00
79	Sorrento	Piazza Angelina Lauro, 22/27	4,680,000.00
90	Taranto	Corso Umberto, 137/139/141/143	1,280,000.00
63	Thiene	Piazza Cesare Battisti, 5	880,000.00
53	Torino	Via Arcivescovado, 7	6,300,000.00
8	Trezzano Sul Naviglio	Viale Cristoforo Colombo, 23 / Viale Fermi	1,110,000.00
20	Valbrona	Via Vittorio Veneto, 9/11	220,000.00
46	Valmadrera	Via Stoppani, 2	650,000.00
47	Varenna	Via IV Novembre, 4	300,000.00
51	Vedano al Lambro	Viale Cesare Battisti, 42/B	2,010,000.00
48	Vercurago	Via Roma, 66	450,000.00
60	Verona	Corso Porta Nuova, 135	4,440,000.00
60b	Verona	Via Locatelli, 6	110,000.00

€ 138,300,000

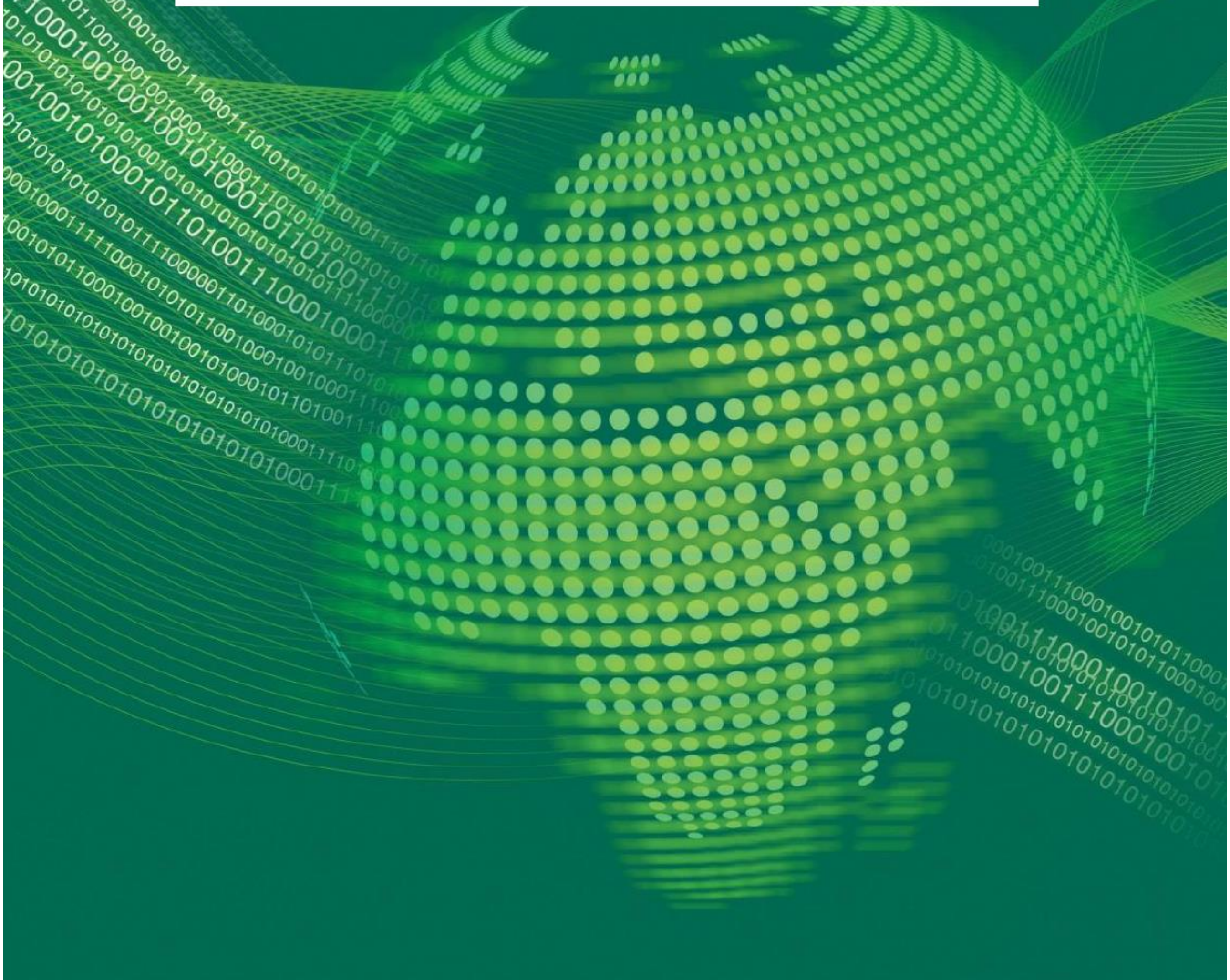
VALUATION REPORT

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.
via della Moscova 18
20121 Milano

Valuation Date: 30 June 2017



CBRE

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1 EXECUTIVE SUMMARY

The contents of this Report may only be relied upon by:

(i) Addressees of the Report; or

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter.

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page 16. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel.

1

EXECUTIVE SUMMARY

CBRE

EXECUTIVE SUMMARY

CBRE

CBRE VALUATION S.P.A.
Via del Lauro 5/7
20121 Milano

T +39 02 65 56 701
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	07 July 2017
Addressee (Client)	**COIMA S.G.R. S.p.A. for and on behalf of the Fund "MHREC"** Via della Moscova, 18 20121 Milano (MI) - Italy
The Property	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	30 June 2017.
Capacity of Valuer	Independent.

Purpose

Bi-annual update valuation.

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 30 June 2017:

€ 153,390,000.00

(ONE HUNDRED FIFTY THREE MILLION THREE HUNDRED NINETY THOUSAND EUROS)

exclusive of VAT.

The amounts relative to "tenant incentive" and "deductions and warranty" which, according to the accounting information provided by the Client, are already included in the historical costs of the building, are:

- Tenant contribution € 3,171,489.91
- Deductions and warranty € 156,536.95

So, as required by the Client, in order to determine the Market Value of the subject properties according to the methods described in the present Report, the abovementioned amounts have been considered as already charged.

We have valued the Property individually, without considering discounts or rewards which could be negotiated on the market, if all or part of the portfolio were disposed at the same time, lot by lot or entirely; please see the summary table attached at the end of the present valuation certificate.

Compliance with Valuation Standards

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards (January 2014) ("the Red Book").

Besides, the valuations have been prepared in accordance with the valuation criteria specified in the Provision of Banca d'Italia dated 19 January 2015 regarding the "Regulation of savings management", Title V, Chapter IV, Section II, paragraphs 2.5 "Real estate" and 4 "Independent Valuers".

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to

CBRE

undertake the valuation competently.

Special Assumptions

No.

Assumptions

Each valuation is based on the information (relative to tenure, town planning and project planning) provided by the Client.

For the valuation as at 30/06/2017 of the economic capital of MHREC Real Estate Sàrl, a Luxembourg-based company held by Coima SGR on behalf of the MH.R.E.C. Real Estate Investment Fund, the Client requested us to use the balance data as at 31/03/2017 as it appears that no significant events occurred after that date which could significantly modify MHREC Sàrl's accounting data as at June 30, 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 the information collected during our local market research. These values 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.

However, we cannot exclude the presence of further demand and/or supply segments, which could modify, even if not considerably, the adoption of the unit parameters chosen as reference.

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of the information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable.

Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

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 2014).

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 revenues in Italy.

Disclosure

The principal signatory of this report has not continuously been the signatory of valuations for the same addressee and valuation purpose as this report. CBRE VALUATION S.p.A. has not continuously been carrying out valuation instructions for the addressee of this report.

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.

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.

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.

We inform that the present report has been prepared by:

- Giovanni Angelini MRICS
- Dario Marchese MRICS
- Raffaella Peloso MRICS
- Cesare Carbonchi

Under the supervision of Laura Mauri MRICS.

Yours faithfully

Laura Mauri MRICS

Advisor

RICS Registered Valuer

For and on behalf of

CBRE Valuation S.p.A.

T: 039 02 6556 701

E: laura.mauri@cbre.com

Yours faithfully

Raffaella Peloso MRICS

Director

For and on behalf of

CBRE Valuation S.p.A..

T: 039 02 6556 701

E: raffaella.peloso@cbre.com

CBRE Valuation S.p.A.

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Project Reference: 8834

Report Version: Standard Valuation Report template updated 5-5-2015.dotm

MARKET VALUE SCHEME

Market Value as at 30 June 2017 asset by asset

	City	Address	Asset	Market Value (€)
1	Roma	Piazzale Luigi Sturzo, 23-31	Offices/Shops/Attic floor converted to inhabitable space	81,540,000.00
2a	Milano	Via Melchiorre Gioia, 6/8	Office portion/Shops	44,300,000.00
2b	Milano	Via Melchiorre Gioia, 6/8	Hotel Portion	23,650,000.00
		Participation in the company		3,900,000.00
		Total		**153.390,000.00**

exclusive of VAT

Both properties located in Milano and Roma, mainly for office use, present retail portions, which value is equal to € 16,000,000.00 for the property in Roma and equal to € 5,720,000.00 for the property in Milano.

The amounts relative to "tenant incentive" and "deductions and warranty" which, according to the accounting information provided by the Client, are already included in the historical costs of the building, are:

- Tenant contribution € 3,171,489.91
- Deductions and warranty € 156,536.95

So, as required by the Client, in order to determine the Market Value of the subject properties according to the methods described in the present Report, the abovementioned amounts have been considered as already charged.

SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

We have carried out our work based upon information supplied to us by the Client, 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 31/10/2016, confirming them if unchanged.

The Property

Our report contains in attachment short reports including a brief summary of the property details on which our valuation has been based as well as the relative valuation scheme.

Inspection

We inspected the Property internally on 2 and 6 December 2016.

The inspection was undertaken by:

- Giovanni Angelini MRICS
- Sara Capitta
- Dario Marchese MRICS

Areas

We have not measured the Property but have relied upon the floor areas provided.

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 made Planning enquiries by the public administration offices of the municipalities of Roma and Milano.

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. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasize, 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.

The subject analysis aims to determine the Market Value of the subject property and not potential commercial licenses and/or relative start-ups.

VALUATION ASSUMPTIONS

Capital Values

The valuations have been prepared on the basis of "Market Value" which, in accordance with the "RICS Valuation – Professional Standards" (Red book January 2014) 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 stated in the "RICS Valuation – Professional Standards".

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.

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.

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 which are regulated by environmental legislation are properly licensed by the appropriate authorities;

(c) the Property possesses current energy performance certificates (A.P.E.) 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 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 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 meet/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.

LEGAL NOTICE

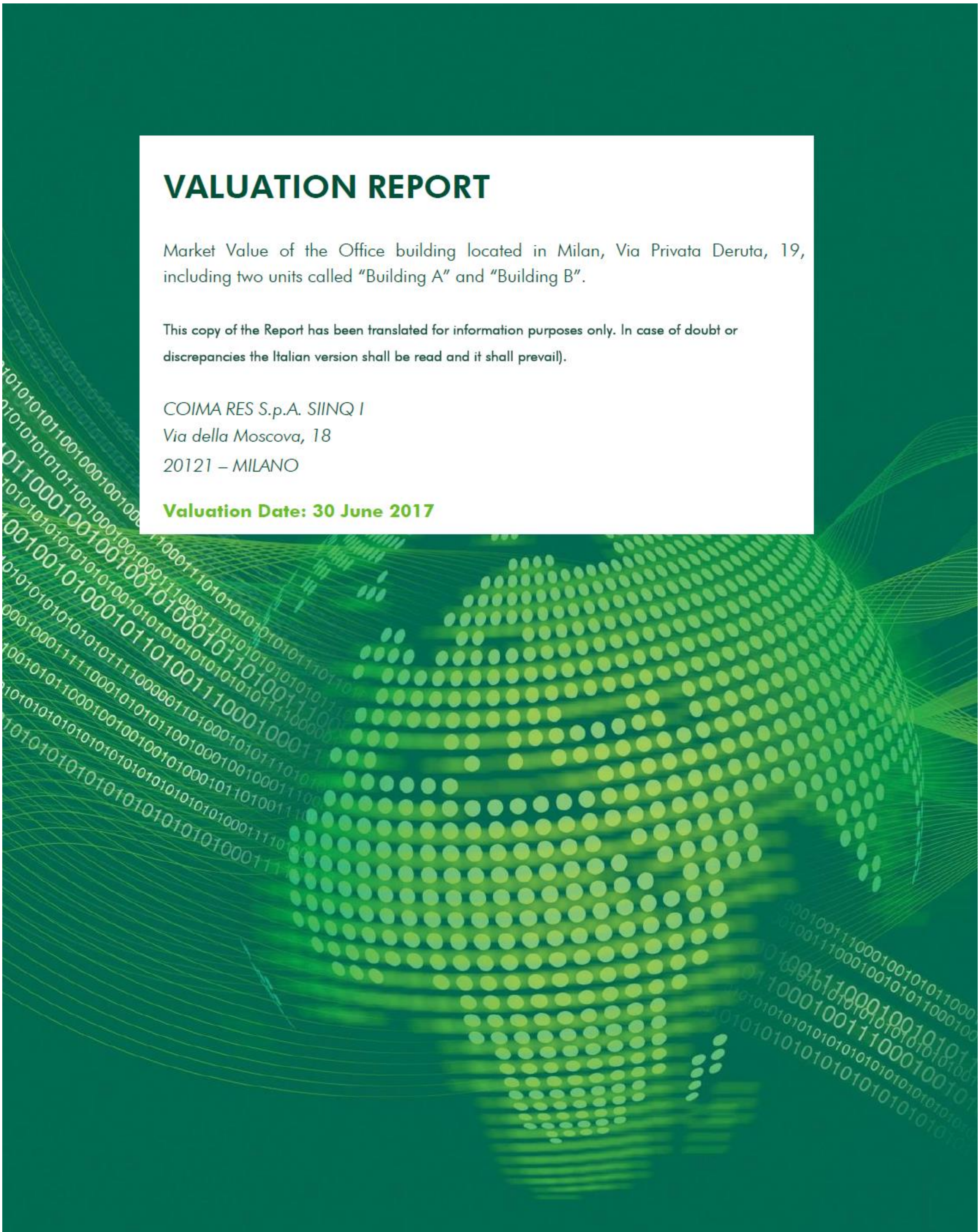
This Valuation Report (the "**Report**") has been prepared by CBRE VALUATION S.p.A. ("**CBRE**") exclusively for COIMA S.G.R. S.p.A. (the "**Client**") in accordance with the terms of engagement entered into between CBRE and the addressee n. 175bis dated 7 June 2012 and following extension with letter of instruction dated 30/12/2014 (the "**Instruction**"). 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.



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
Via della Moscova, 18
20121 – MILANO

Valuation Date: 30 June 2017

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The contents of this Report/Valuation Report/Fairness Opinion/Opinion of Value may only be relied upon by:

(i) Addressees of the Report; or

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter.

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page 18. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel

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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 30 June 2017 is:

€ 51,200,000.00

(FIFTY ONE MILLION TWO HUNDRED THOUSAND EUROS)

exclusive of VAT and marketing

split up as follows:

Building A: € 23,500,000.00 (TWENTY THREE MILLION FIVE HUNDRED THOUSAND EUROS) exclusive of VAT and marketing

Building B: € 27,700,000.00 (TWENTY SEVEN MILLION SEVEN HUNDRED THOUSAND EUROS) exclusive of VAT and marketing

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Yield Profile

Discounted rate 1 (Building A and B) (in the period of the in force lease contracts)	6.00%
Discounted rate 2 (Building A and B) (in the period of the in force lease contracts)	7.50%
Net Cap rate (Building A and B)	5.75%
Gross Initial Yield (Building A)	7.05%
Net Initial Yield (Building A)	6.19%
Gross Exit Yield (Building A)	6.59%
Gross Initial Yield (Building B)	6.86%
Net Initial Yield (Building B)	6.00%
Gross Exit yield (Building B)	6.57%

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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2

VALUATION REPORT

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VALUATION REPORT

CBRE

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	4 July 2017
Addressees (Client)	COIMA RES S.p.A. SIINQ I Via della Moscova, 18 20121 – 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	30 June 2017.

Capacity of valuer	Independent
Purpose	Half-yearly update
Market Value	Market Value as at 30 June 2017: € 51,200,000.00 (FIFTY ONE MILLION TWO HUNDRED THOUSAND EUROS) exclusive of VAT and marketing split up as follows: Building A: € 23,500,000.00 (TWENTY THREE MILLION FIVE HUNDRED THOUSAND EUROS) exclusive of VAT and marketing Building B: € 27,700,000.00 (TWENTY SEVEN MILLION SEVEN HUNDRED THOUSAND EUROS) exclusive of VAT and marketing 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 Standards (January 2014) ("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	Details on the subject Property, used as basis of valuation, are specified in the present Report. We have made various assumptions as to tenure, letting, and town planning as per 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 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 not continuously been the signatory of valuations for the same addressee and valuation purpose as this report. CBRE VALUATION S.p.A. has not continuously been carrying out valuation instructions for the addressee of this report.

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.

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:

- 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.

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Yours faithfully

Laura Mauri MRICS

Consigliere

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SCHEDULE OF MARKET VALUES

Properties Held for Investment

Address	Freehold	Leasehold	Market Value TOTAL
Building A, Milan, Via Privata Deruta, 19	X		23,500,000.00
Building B, Milan, Via Privata Deruta, 19	X		27,700,700.00
TOTAL			**51,200,000.00**

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, we have not inspected all the properties for the purpose of this valuation. Such valuation has been carried out on a desktop basis, as the Client has confirmed that there have not been changes since our last inspection dated 8 September 2016. We assume that this information is correct.

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.

VALUATION ASSUMPTIONS

Capital Values

The present valuation has been prepared on the basis of "Market Value" (RICS edition 2014), 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".

Non sono state considerate alcune indennità/detrazioni riguardanti le spese di realizzazione o tassazioni che possono sorgere nel caso di vendita. I costi di acquisizione non sono stati compresi nella nostra valutazione.

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 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.

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 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 (EPA) 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.

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;

(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 agency fees, etc.

All rents and capital values, costs and other figures stated in this report are exclusive of VAT.

LEGAL NOTICE

This Valuation Report (the "**Report**") has been prepared by CBRE Valuation S.p.A. ("**CBRE**") exclusively for COIMA RES S.p.A. SIINQ I (the "**Client**") in accordance with the terms of engagement entered into between CBRE and the addressee no.118/2017 dated 29 May 2017 ("the **Instruction**"). 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.