Report & Valuation

Italian Shopping Centre Portfolio

on behalf of
Goldman Sachs International
1 October 2013

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

For the attention of Mr Alessandro Luca

Dear Sir,

Asset: Italian Shopping Centre Portfolio
Borrower: Morgan Stanley Real Estate Investing

In accordance with the instructions contained in our engagement letter dated 28 June 2013, we have inspected the Properties and made such enquiries as are sufficient to provide you with our opinion of value on the bases stated below. A copy the letter is enclosed at Appendix 2.

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuations have been prepared, details of which are provided at the rear of our report.

Yours faithfully

For and on behalf of Savills Advisory Services Limited

Nick Harris MRICS     Gianni Flammini MRICS
RICS Registered Valuer     RICS Registered Valuer
Director – European Valuation    Director – Head of Valuation Italy
1.0 Instructions

You have instructed us to provide our opinion of the following:
- Market Value of the Assets as at the valuation date.
- Reinstatement Cost of the Properties for insurance purposes.
- Market Value on the assumption of a portfolio sale.

We understand that our valuation is required in connection with the provision of finance by you, your affiliates or other finance parties to the Borrower or its affiliates in relation to the above Portfolio.

We are not aware of any conflict of interest, either with the Borrower or with the Properties, preventing us from providing independent valuation advice. We have acted as External Valuers, as defined in the Red Book.

The valuation date is 30 June 2013.

The Properties were inspected between 17 and 26 June 2013. We assume, in all respects, that the Properties, on the valuation date, are as we found it on the dates of inspection and that no material changes to the physical attributes of the Properties and the area in which they are situated have occurred.

In order to carry out our valuation, we have been provided with documentation relating to the Assets, which we have assumed to be correct. In order to complete our valuations, we have made certain specific as well as general assumptions, which are detailed in the body of our reports. We do not accept any responsibility for any errors or omissions in information and documentation provided to us. We reserve the right to modify our valuations as necessary should any of the assumptions made prove subsequently to be incorrect.

Our maximum aggregate liability arising from, or in relation to, this valuation shall not in any circumstances exceed €75,000,000 (Seventy-Five Million Euros), as detailed in our engagement letter, attached at Appendix 2.

2.0 Confidentiality and Responsibility

In accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed, but the party to whom it is addressed may disclose the report on a non-reliance and without liability basis:

(i) to its directors, officers, employees and professional advisers;
(ii) to its affiliates and their directors, officers, employees and professional advisers
(iii) to potential providers of finance and their professional advisers;
(iv) to rating agencies
(v) as required by any law, rule or regulation or as required by a court of competent jurisdiction; and
(vi) any issuer of a commercial mortgage backed security related to the Financing,

and provided that, in relation to the parties listed in paragraphs (i) – (ii) above, you procure such parties are bound to keep the report confidential and as regards potential providers of finance in (iii) you will also ensure that they undertake to keep the report confidential.

No responsibility is accepted to any third party for the whole or any part of the report’s contents, unless otherwise documented in a separate reliance letter (a pro-forma of which is attached as Appendix 4 to our engagement letter, but which may be subject to reasonable amendments requested by the party seeking reliance in each case). Any third parties rely upon this report at their own risk (unless otherwise documented in a separate reliance letter). Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval. We confirm that we consent to any issuer of a commercial mortgage backed security publishing the report in any offering document.
or related documentation for any securitisation in relation to the Financing, provided the report shall not be published until such time as you and/or the issuer of such offering document have consulted with us in good faith in relation to the report being published in such a manner that the report and the conclusions contained therein are not misleading and makes clear (to the extent reasonably practicable) that we are only responsible for that part of the offering document or related documentation comprising the report.

3.0 Portfolio

The Italian Shopping Centre Portfolio which is subject to this valuation comprises the following 14 assets:

<table>
<thead>
<tr>
<th>Savills Ref.</th>
<th>Asset</th>
<th>City (Province)</th>
<th>Address</th>
<th>GLA (sqm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>Cuneo Retail Gallery and Retail Park</td>
<td>Cuneo</td>
<td>Via Margherita 8</td>
<td>18,664</td>
</tr>
<tr>
<td>002</td>
<td>Torino Retail Gallery</td>
<td>Turin</td>
<td>Corso Romania 460</td>
<td>6,343</td>
</tr>
<tr>
<td>003</td>
<td>Mazzano Retail Gallery</td>
<td>Mazzano (Brescia)</td>
<td>Via Alcide de Gasperi 6</td>
<td>12,118</td>
</tr>
<tr>
<td>004</td>
<td>Padova Retail Gallery</td>
<td>Padua</td>
<td>Via Venezia 61</td>
<td>1,774</td>
</tr>
<tr>
<td>005</td>
<td>Vicenza Retail Gallery</td>
<td>Vicenza</td>
<td>Strada delle Cattane 71</td>
<td>1,959</td>
</tr>
<tr>
<td>006</td>
<td>Ancona Retail Gallery</td>
<td>Ancona</td>
<td>Via Scataglini 6</td>
<td>7,644</td>
</tr>
<tr>
<td>007</td>
<td>Senigallia Retail Gallery</td>
<td>Senigallia (Ancona)</td>
<td>Via abbagnano 7</td>
<td>2,414</td>
</tr>
<tr>
<td>008</td>
<td>Porto Sant’Elpidio Retail Gallery</td>
<td>Porto Sant’Elpidio (Ascoli Piceno)</td>
<td>Via Fratte 41</td>
<td>8,035</td>
</tr>
<tr>
<td>009</td>
<td>Grottamare Retail Gallery</td>
<td>Grottamare (Ascoli Piceno)</td>
<td>Via C. A. Dalla Chiesa 2/A</td>
<td>4,887</td>
</tr>
<tr>
<td>010</td>
<td>Cepagatti Retail Gallery</td>
<td>Villanova di Cepagatti (Pescara)</td>
<td>Via Nazionale 74</td>
<td>17,620</td>
</tr>
<tr>
<td>011</td>
<td>Pescara Retail Gallery</td>
<td>Pescara</td>
<td>Via Tiburtina Valeria 386</td>
<td>6,052</td>
</tr>
<tr>
<td>012</td>
<td>Giugliano Retail Gallery</td>
<td>Giugliano in Campania (Naples)</td>
<td>Via San Francesco a Patria</td>
<td>16,467</td>
</tr>
<tr>
<td>013</td>
<td>Giugliano Retail Park</td>
<td>Giugliano in Campania (Naples)</td>
<td>Via San Francesco a Patria</td>
<td>41,693</td>
</tr>
<tr>
<td>014</td>
<td>Catania Retail Gallery</td>
<td>Catania</td>
<td>Stradale Gelso Bianco</td>
<td>52,360</td>
</tr>
</tbody>
</table>

In terms of location, most of the GLA (Gross Lettable Area) is located in the South of Italy, in Campania and Sicily, where the two largest retail galleries of the portfolio are located. A smaller percentage is located in Veneto and Lombardy, while the remaining GLA is evenly spread across Piedmont, Marche, and Abruzzo.
4.0 Basis of Valuation

Our valuation has been carried out in accordance with the RICS Valuation – Professional Standards published in March 2012, Incorporating the International Valuation Standards (the ‘Red Book’), which is effective from 30 March 2012. Our valuation, therefore, also complies with the IVS.

As instructed, we have valued the Asset on the basis of Market Value, the definition of which is set out at Valuation Standard 3.2 of the ‘Red Book’ and which is defined as follows:

“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.”

5.0 Valuation Methodology and Factors

5.1 Valuation Methodology

Our valuations have been carried out utilising internationally acceptable valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (divestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rates (exit yields) have been considered as appropriate for these specific assets and for investment comparables to those in question. The sum of the discounted net cash-flow represents the Market Value of the assets at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the assets.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analyses have been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the assets.

Specific assumptions, integral to the analyses, are contained within the single valuation reports.

5.2 Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate deemed appropriate in consideration of the current capital markets conditions, reflecting in our opinion the risk related to the returns for the real estate investment which is the object of the single valuations.

5.3 Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Assets at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Details of the gross exit yields applied to the MGR and to the income generated by the temporary lettings and/or to the turnover rent are contained within the single valuation reports.
5.4 Acquisition Costs

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analyses specifically exclude any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Assets.

6.0 Valuation

6.1 Market Value

Following our inspections of the Properties and having regard to the information available to us and specific assumptions as contained within the single Valuation Reports, we are of the opinion that the Market Values of the freehold interest of the single Assets comprised in the 'Italian Shopping Centre Portfolio', as at 30 June 2013, are as follows:

<table>
<thead>
<tr>
<th>Savills Ref.</th>
<th>Asset</th>
<th>City (Province)</th>
<th>Address</th>
<th>Market Value as at 30 June 2013 (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>Cuneo Retail Gallery and Retail Park</td>
<td>Cuneo</td>
<td>Via Margarita 8</td>
<td>57,500,000</td>
</tr>
<tr>
<td>002</td>
<td>Torino Retail Gallery</td>
<td>Turin</td>
<td>Corso Romania 460</td>
<td>42,900,000</td>
</tr>
<tr>
<td>003</td>
<td>Mazzano Retail Gallery</td>
<td>Mazzano (Brescia)</td>
<td>Via Alcide de Gasperi 6</td>
<td>46,500,000</td>
</tr>
<tr>
<td>004</td>
<td>Padova Retail Gallery</td>
<td>Padua</td>
<td>Via Venezia 61</td>
<td>15,300,000</td>
</tr>
<tr>
<td>005</td>
<td>Vicenza Retail Gallery</td>
<td>Vicenza</td>
<td>Strada delle Cattane 71</td>
<td>7,770,000</td>
</tr>
<tr>
<td>006</td>
<td>Ancona Retail Gallery</td>
<td>Ancona</td>
<td>Via Scataglini 6</td>
<td>42,500,000</td>
</tr>
<tr>
<td>007</td>
<td>Senigallia Retail Gallery</td>
<td>Senigallia (Ancona)</td>
<td>Via abbagnano 7</td>
<td>13,060,000</td>
</tr>
<tr>
<td>008</td>
<td>Porto Sant'Elpidio Retail Gallery</td>
<td>Porto Sant'Elpidio (Ascoli Piceno)</td>
<td>Via Fratte 41</td>
<td>36,700,000</td>
</tr>
<tr>
<td>009</td>
<td>Grottamare Retail Gallery</td>
<td>Grottamare (Ascoli Piceno)</td>
<td>Via C. A. Dalla Chiesa 2/A</td>
<td>8,140,000</td>
</tr>
<tr>
<td>010</td>
<td>Cepagatti Retail Gallery</td>
<td>Villanova di Cepagatti (Pescara)</td>
<td>Via Nazionale 74</td>
<td>11,310,000</td>
</tr>
<tr>
<td>011</td>
<td>Pescara Retail Gallery</td>
<td>Pescara</td>
<td>Via Tiburtina Valeria 386</td>
<td>25,300,000</td>
</tr>
<tr>
<td>012</td>
<td>Giugliano Retail Gallery</td>
<td>Giugliano in Campania (Naples)</td>
<td>Via San Francesco a Patria</td>
<td>92,000,000</td>
</tr>
<tr>
<td>013</td>
<td>Giugliano Retail Park</td>
<td>Giugliano in Campania (Naples)</td>
<td>Via San Francesco a Patria</td>
<td>64,800,000</td>
</tr>
<tr>
<td>014</td>
<td>Catania Retail Gallery</td>
<td>Catania</td>
<td>Stradale Gelso Bianco</td>
<td>162,600,000</td>
</tr>
</tbody>
</table>

The overall value of the Assets comprised in the subject Portfolio, as at 30 June 2013, is in the order of €626,380,000

(Six Hundred Twenty-Six Million Three Hundred Eighty Thousand Euros)

Please note that each Asset has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal. The total stated above is the aggregate of the individual Market Values.
6.2 Valuation Certainty

In view of the current markets, with reference to Continental Europe and in particular to South-European countries, there is currently a situation which has a material effect on the degree of certainty and confidence that can be applied to our valuation opinions of real estate assets. It is clear that any property valuations undertaken at the present time are affected by "market instability" together with reduced "liquidity and market activity". RICS Guidance Note 1 (GN1) refers to such circumstances thus:

"Disruption of markets can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the valuation date coincides with, or is in the immediate aftermath of, such an event there may be a reduced level of certainty that can be attached to a valuation, due to inconsistent or absent empirical data, or the valuer being faced within an unprecedented set of circumstances on which to base a judgement. In such situations demands placed on the valuer can be unusually testing. Although the valuer should still be able to make a judgement, it is important that the context of that judgment is clearly expressed."

"In markets that are inactive with low levels of liquidity there is a reduced amount of data to provide empirical support for valuations. In such cases the valuer should be as explicit and transparent as possible to demonstrate the degree to which the conclusion is based on subjectivity. Similarly, in liquid and functioning markets the valuer should state that there is an abundance of empirical data to support the conclusions drawn."

Accordingly, please be advised that such circumstances exist and that we have advised you in the context above. It follows that notwithstanding this wider uncertainty in the financial markets, we necessarily assume debt finance is available in the market on reasonable and acceptable commercial terms.

In any case, we would wish to point out that our valuation is a snapshot of the market as at the date of valuation. Despite the lack of recent transactions, we consider our valuations reflect current market conditions. We are of the opinion that they are well supported by reference to the constant interaction with our transaction teams and external market participants. Through this, we can evaluate current asking and offering prices and make appropriate adjustments to reflect current market conditions. Finally, we consider our opinions of value as detailed above can be reported with a reasonable degree of confidence.

6.3 Indication of Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Assets, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the overall Reinstatement Cost for the Properties comprised in the 'Italian Shopping Centre Portfolio' is in the order of **€330,350,000** (Three Hundred Thirty Million Three Hundred Fifty Thousand Euros). (excl. VAT). Details of the Reinstatement Cost estimated for the single Assets are contained within the individual Valuation Reports.
6.4 Portfolio Sale Assumption

As per your instruction, we have been asked to provide our estimate of the Market Value of the Assets based on the assumption of a Portfolio Sale. We believe it is highly unlikely that a buyer could be identified for the entire Portfolio at this time. A portfolio sale would have to be at a significant discount to reflect the break-up strategy. In our opinion a portfolio sale would need to reflect a price to entice a buyer for yield margin or for re-sale. We believe that this discount would be in the region of 35% of the price that could be realised in the event of individual asset sales.

We are of the opinion that the Market Value of the ‘Italian Shopping Centre Portfolio’ would be in the order of €416,650,000 (Four Hundred Sixteen Million Six Hundred Fifty Thousand Euros).

7.0 General Assumptions and Conditions

7.1 General Assumptions

Our valuations have been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuations, as there may be an impact on them.

1. That the Properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Freehold Title. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.

2. That we have been supplied with all information likely to have an effect on the value of the properties, and that the information supplied to us and summarised in this report is both complete and correct.

3. That the buildings have been constructed and are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).

4. That the properties are not adversely affected, nor are likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).

5. That the buildings are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the buildings we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the properties and this report do not constitute a building survey.

6. That the properties are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

7. That in the construction or alteration of the buildings no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

8. That the properties have not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.

9. That the tenants are capable of meeting their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.
10. That there are no adverse site or soil conditions, that the properties are not adversely affected by the Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.

7.2 General Conditions

Our valuations have been carried out on the basis of the following general conditions:

1. Unless differently stated in the body of this report, we have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the properties.

2. Our valuations are exclusive of VAT (if applicable).

3. No allowance has been made for any expenses of realisation.

4. Excluded from our valuations is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupiers.

5. Each property has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal. The total stated is the aggregate of the individual Market Values.

6. We have not taken account of any possible effect that the appointment of an Administrator, Administrative Receiver or a Law of Property Act Receiver might have on the perception of the properties in the market and their subsequent valuation, or the ability of such a Receiver to realise the value of the properties in either of these scenarios.

7. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant EEC legislation.

8. Our valuations are based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often provided in verbal form. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.
Appendix 1
MGR Summary Table
<table>
<thead>
<tr>
<th>Savills Ref.</th>
<th>Asset</th>
<th>City (Province)</th>
<th>MGR as at 30 June 2013</th>
<th>MGR as at 1 July 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>Cuneo Retail Gallery and Retail Park</td>
<td>Cuneo</td>
<td>3,776,821</td>
<td>3,756,356</td>
</tr>
<tr>
<td>002</td>
<td>Torino Retail Gallery</td>
<td>Turin</td>
<td>2,911,870</td>
<td>2,912,794</td>
</tr>
<tr>
<td>003</td>
<td>Mazzano Retail Gallery</td>
<td>Mazzano (Brescia)</td>
<td>3,401,800</td>
<td>3,405,554</td>
</tr>
<tr>
<td>004</td>
<td>Padova Retail Gallery</td>
<td>Padua</td>
<td>1,047,133</td>
<td>1,047,133</td>
</tr>
<tr>
<td>005</td>
<td>Vicenza Retail Gallery</td>
<td>Vicenza</td>
<td>440,577</td>
<td>441,357</td>
</tr>
<tr>
<td>006</td>
<td>Ancona Retail Gallery</td>
<td>Ancona</td>
<td>2,871,961</td>
<td>2,876,957</td>
</tr>
<tr>
<td>007</td>
<td>Senigallia Retail Gallery</td>
<td>Senigallia (Ancona)</td>
<td>931,293</td>
<td>932,573</td>
</tr>
<tr>
<td>008</td>
<td>Porto Sant'Elpidio Retail Gallery</td>
<td>Porto Sant'Elpidio (Ascoli Piceno)</td>
<td>2,493,478</td>
<td>2,503,842</td>
</tr>
<tr>
<td>009</td>
<td>Grottamare Retail Gallery</td>
<td>Grottamare (Ascoli Piceno)</td>
<td>711,816</td>
<td>614,179</td>
</tr>
<tr>
<td>010</td>
<td>Cepagatti Retail Gallery</td>
<td>Villanova di Cepagatti (Pescara)</td>
<td>1,421,103</td>
<td>1,423,549</td>
</tr>
<tr>
<td>011</td>
<td>Pescara Retail Gallery</td>
<td>Pescara</td>
<td>1,748,419</td>
<td>1,748,419</td>
</tr>
<tr>
<td>012</td>
<td>Giugliano Retail Gallery</td>
<td>Giugliano in Campania (Naples)</td>
<td>6,996,273</td>
<td>6,999,342</td>
</tr>
<tr>
<td>013</td>
<td>Giugliano Retail Park</td>
<td>Giugliano in Campania (Naples)</td>
<td>6,914,215</td>
<td>6,914,215</td>
</tr>
<tr>
<td>014</td>
<td>Catania Retail Gallery</td>
<td>Catania</td>
<td>12,828,900</td>
<td>12,880,834</td>
</tr>
</tbody>
</table>
General Overview

The Italian retail market was highly fragmented in the past, as it comprised a large number of small and local retailers. However, over the past years both national and international retailers have increased their presence in shopping centres, retail parks, and high street retail areas in major Italian cities. International retailers, in fact, account for an increasing market share, as Italy continues to be an attractive market, despite declining retail sales.

In addition to retailers such as Zara, H&M, and C&A (fashion), over the past years, some of the main international brands have shown an increasing interest in the Italian market. A number of retailers, such as Apple, Abercrombie & Fitch, GAP, Jack & Jones, and Desigual, have started the development of their network of stores, while other, already-established brands are planning for the expansion of their existing networks. Interest from cross-border retailers is not only limited to the main Italian cities, such as Milan and Rome, as it was at the beginning of their Italian operations, but is also focused on the best shopping centres across the country.

Although the above mentioned expansion is a fact, it must be noted that over the past three years, due to the current economic situation, tenants have adopted a more cautious development strategy, mainly focusing on prime, low-risk shopping centres, with solid track records and high footfall levels, while some retailers have started an intense reorganisation of their store network. Only a few retailers have maintained an active expansion strategy, especially in consideration of the fluctuating trends registered in consumption over the past three years. In view of decreasing consumption and lower sales, retailers have increased their attention to occupancy costs and are adopting a prudential approach, especially when considering new openings in newly-built schemes, offering no track records, or in schemes with suffering performances. Notably, the hypermarket format has also suffered from a decrease in sales, especially in the non-food sectors, where turnover has been affected by the increasing competition from specialised chains in the vicinity of the schemes or within the malls. As a result, some hypermarket brands have opted for a reduction of their sales areas, from the 10,000-12,000 sq m to the 6,000-8,000 sq m format.

With regard to performances, it should be noted that decreasing retail sales have had an impact on both local and international retailers who had to adapt to the changing consumer behaviour, focusing more on value products and discounts. Smaller retailers are suffering more from the crisis, while large-scale retail formats show better results. Private consumption remains weak and family spending cautious, reflecting a persistent concern about the general economic situation and labour market prospects. According to the May 2013 ISTAT data, the consumer confidence index has reached 85.9, confirming the negative trends dominating the second half of 2012 and the first months of 2013. At regional level, consumer confidence seems to be slightly improving in the North-West, but is worsening in the rest of the country.

After increasing slightly during 2010 (+0.2% on 2009), the overall value of retail sales decreased by 1.3% in 2011. In particular, food sales remained stable, while non-food sales decreased by 1.8%. In 2012, the overall value of retail sales further decreased by 2.2%, compared to 2011. The large-scale food distribution sector registered the only positive trend, with +0.6% in food sales. (Source: ISTAT).
As at April 2013, the situation has further deteriorated with overall sales down by 3.4% for the January-April period, compared to 2012.

During 2012, the sale of non-food products has continued to deteriorate, while food sales had a more oscillating trend. In 2012, compared to 2011, all products have shown a worsening performance, especially 'Magnetic Goods, Musical Instruments' (-4.5%), 'Furniture, Textile, Interior Decoration' (-3.8%), and 'Stationer’s, Books, Newspapers and Magazines' (-3.7%) (Source: ISTAT).

As at April 2013, the situation has further deteriorated with overall sales down by 3.4% for the January-April period, compared to 2012.

During 2012, the sale of non-food products has continued to deteriorate, while food sales had a more oscillating trend. In 2012, compared to 2011, all products have shown a worsening performance, especially 'Magnetic Goods, Musical Instruments' (-4.5%), 'Furniture, Textile, Interior Decoration' (-3.8%), and 'Stationer’s, Books, Newspapers and Magazines' (-3.7%) (Source: ISTAT).
**Current Supply**

The real estate retail market comprises different types of retail schemes, the main ones being retail parks, factory outlets, and, of course, shopping centres. This analysis also includes family entertainment centres, which are mainly dedicated to leisure activities but are often integrated within retail schemes.

As at 30 June 2013, of the total GLA in the retail schemes described above, shopping centres accounted for 83.7%, followed by retail parks (10.8%), and by factory outlet centres (3.8%). Family entertainment centres represented 1.7% of the total GLA, as shown in the chart below:

![Breakdown of GLA by Type of Retail Scheme](chart)

**Shopping Centre Density by Region (June 2013)**

With reference to shopping centres in particular, as at 30 June 2013, the total Italian stock comprises more than 1,000 schemes, corresponding to a GLA of circa 15 million sq m. Distribution throughout the territory is not homogeneous. More than half of the existing GLA (56.2%) is located in Northern Italy, with more than 3.3 million sq m concentrated in Lombardy alone (22.3), followed by Emilia Romagna (9.4%), and Veneto (9.2%). In the rest of Italy, Latium (8.7%), Campania (5.9%), and Sicily (6.0%) have the highest concentration of GLA.

The chart below shows the density (shopping centres’ GLA/1,000 inhabitants) by region, as at 30 June 2013:

![Shopping Centre Density by Region (June 2013)](chart)

**Source:** Savills Italy Database
The average density in Italy today is equal to 253 sq m GLA/1,000 inhabitants, with significant differences among the single regions. The record for the highest density is held by Friuli Venezia Giulia, Lombardy, and Emilia Romagna in Northern Italy, by Abruzzo in Central Italy, and by Sardinia in the South. The density is still well below the Italian average in some southern regions, such as Sicily and Campania, where, however, the development of new retail schemes is being planned, albeit progressing at a slower pace due to the current economic situation.

Types of Retail Centres

The classifications of Retail Centres currently used in Italy are provided by the Consiglio Nazionale dei Centri Commerciali (CNCC), which defines them as follows:

**Neighbourhood Shopping Centres** – usually very small centres set in suburban and residential locations with a GLA less than 5,000 sq m.

**Small/Classic Shopping Centres** – centres with a GLA between 5,000 – 19,999 sq m and located primarily in urban locations, but sometimes also in suburban locations.

**Medium Shopping Centres** – located in both urban and suburban locations with a GLA between 20,000 – 39,999 sq m and anchored by a hypermarket.

**Large Shopping Centres** – centres with a GLA between 40,000 – 79,999 sq m, usually including a hypermarket, several anchor tenants, a food court, cinemas, and a large mix of medium- and small-sized units.

**Regional Shopping Centres** – usually multiple use centres, with a combination of retail and leisure facilities, comprising a GLA of 80,000 sq m or larger and attracting visitors from a wide catchment area.

**Retail Parks** – relatively new in Italy and usually comprising several medium- and large-sized retail warehouse units with direct access from parking or pedestrian areas. They comprise a GLA of 5,000 m or greater and every retail unit has an appropriate loading/unloading area separate from the main entrance.

**Factory Outlets** – consistently designed, planned and managed schemes with separate store units, where manufacturers and retailers sell merchandise at discounted prices that may be surplus stock, last season’s collection or slow selling items.

**Family Entertainment Centres** – leisure centers currently mainly anchored by multiplex cinemas, and characterized by the presence of bars and restaurants and of other leisure activities, such as arcades, fitness centres, etc.

---

**Breakdown of GLA by Shopping Centre Category**

- Neighbourhood SC: 43.9%
- Small SC: 2.7%
- Medium SC: 35.5%
- Large SC: 14.7%

*Source: Savills Italy Database*
With reference to the size of shopping centres, the most common formula is that of the Small Shopping Centre, which represents about 43.9% of the existing GLA, followed by Medium and Large Shopping Centres, representing respectively 35.5% and 14.7% of the total GLA in Italy. Still marginal is the role played by Regional Shopping Centres, which represent only 3.2% of the total GLA.

Pipeline and New Openings

Although Italy remains one of the most interesting retail markets in Europe, development activity has registered a significant decrease over the past years. Both the economic uncertainty which is dominating Europe and the crisis that is affecting the Italian economy, caused a slow-down in new developments. During 2010, about 430,900 sq m of GLA was delivered to the Italian market, showing a 31% decrease compared to the 625,500 sq m of GLA delivered in 2009. 2011 brought more positive results, with new openings adding about 539,000 sq m GLA to the existing stock, corresponding to a 25% increase on 2010. This result is mainly due to the opening, in 2011, of some large retail schemes, such as Centro Sicilia Shopping Centre and Retail Park (96,000 sq m GLA) and Settimo Cielo Retail Park (ca 45,000 sq m GLA). In 2012 about 326,000 sq m of new retail space has been delivered onto the market, a -39% change compared to the previous year. Further confirming the overall market slowdown, during the first half of 2013, the new retail space amounted to approximately 50,000 sq m GLA, including two medium-sized shopping centres, a retail park, and two factory outlet extensions/phases.

We highlight below the main openings that occurred during 2012 and the first half of 2013:

<table>
<thead>
<tr>
<th>Retail Scheme</th>
<th>Location</th>
<th>Region</th>
<th>GLA (sqm)</th>
<th>Category</th>
<th>Opening Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emisfero SC</td>
<td>Bassano del Grappa (Vicenza)</td>
<td>Veneto</td>
<td>21,700</td>
<td>Medium Centre</td>
<td>27/06/2013</td>
</tr>
<tr>
<td>Grotte Center SC *</td>
<td>Camerano (Ancona)</td>
<td>Marche</td>
<td>31,700</td>
<td>Medium Centre</td>
<td>06/06/2013</td>
</tr>
<tr>
<td>Città dei Templi</td>
<td>Villaseta (Agrigento)</td>
<td>Sicily</td>
<td>21,700</td>
<td>Medium Centre</td>
<td>19/10/2012</td>
</tr>
<tr>
<td>L’Altro Centro</td>
<td>San Giuliano Milanese (Milan)</td>
<td>Lombardy</td>
<td>26,000</td>
<td>Medium Centre</td>
<td>11/10/2012</td>
</tr>
<tr>
<td>La Cartiera SC</td>
<td>Pompei (Naples)</td>
<td>Campania</td>
<td>30,500</td>
<td>Medium Centre</td>
<td>14/06/2012</td>
</tr>
<tr>
<td>CorridoMnia Shopping Park</td>
<td>Corridonia (Macerata)</td>
<td>Marche</td>
<td>20,000</td>
<td>Retail Park</td>
<td>07/06/2012</td>
</tr>
<tr>
<td>Campi Bisenzio RP</td>
<td>Campi Bisenzio (Florence)</td>
<td>Tuscany</td>
<td>4,258</td>
<td>Retail Park</td>
<td>07/06/2012</td>
</tr>
<tr>
<td>Le Centurie SC</td>
<td>S. Giorgio delle Pertiche (Padova)</td>
<td>Veneto</td>
<td>21,000</td>
<td>Medium Centre</td>
<td>31/05/2012</td>
</tr>
<tr>
<td>Le Officine SC</td>
<td>Savona</td>
<td>Liguria</td>
<td>17,500</td>
<td>Small Centre</td>
<td>29/03/2012</td>
</tr>
<tr>
<td>Le Terrazze SC</td>
<td>La Spezia</td>
<td>Liguria</td>
<td>38,600</td>
<td>Medium Centre</td>
<td>21/03/2012</td>
</tr>
<tr>
<td>Conca D’Oro SC</td>
<td>Palermo</td>
<td>Sicily</td>
<td>55,000</td>
<td>Large Centre</td>
<td>13/03/2012</td>
</tr>
</tbody>
</table>

* Grotte Center Retail Gallery occupies the areas that previously accommodated Emmezeta (ex Conforama).

Source: Savills Research

In terms of size, the small and medium centres still represent the most common formulas in the market, accounting for 53.7% of 2012-2013 new openings’ GLA. One shopping centres with a GLA of more than 40,000 sq m opened during 2012, while there were no new openings of regional centres.
The chart below shows the breakdown of the 2012-2013 new openings:

With reference to new schemes, we must highlight that the increasing difficulties met by developers in obtaining loans and the decrease in letting activity have caused a significant slowdown in the construction process. Several openings have been postponed, while a number of developments have been put on hold, waiting for better economic and market conditions. In this situation, estimating the total square metres of GLA that will be delivered to the market over the next years becomes very difficult. On the other hand, it is clear that development activity is expected to continue to suffer from the economic uncertainty that is affecting Italy. This situation will likely result in a persistent reduction of the number new openings, although it is worth mentioning that the 2015 Expo could give new impulse to the new developments in the greater Milan area, such as the Westfield project to the east of the city, the Cascina Merlata mixed-use development to the west, and the larger redevelopment of the former Alfa Romeo industrial site in Arese to the north-west.

Based on the data currently available on the market, it is estimated that, over the next three years, about 1.8 million sq m GLA will be added to the current supply. However, it is our opinion that the realization of most projects will be postponed or even fall through. The recession, the drop in consumption, and the lack of financing are the main drivers of this concern. The proposed pipeline up to 2015 shows that approximately 53.5% of the entire GLA is expected to come from shopping centres, thus confirming this format as the most common formula in the market, followed by retail parks (19.5%) and factory outlets (18.6%). Moreover, it is worth pointing out that extensions of old structures will represent 4.4% of the total GLA in the pipeline, as investors and developers are focusing more and more on the refurbishment and extension of successful schemes.
Considering the regional data provided in the chart below, the most intensive building activity will concern the regions of Latium, Veneto, and Tuscany. In the South, the main projects will be concentrated in the regions of Sicily and Campania.

Rental Levels

The trends we have observed in rental levels during over the past years vary greatly depending on the quality of the schemes and of their catchments. In fact, despite the economic crisis, rental levels in prime shopping centres, as well as in secondary but well-established shopping centres with good catchment areas, have remained fairly stable, also thanks to the limited offer of good quality schemes that characterises the Italian retail market. However, we have noted that even in these schemes, more and more new leases contemplate rental concessions in the form of stepped rents and/or early break options.

The situation is quite different for secondary shopping centres with poor catchments, where the impact of weaker consumption trends has been felt more strongly. Since 2011, these schemes have registered significant decreases in the rental levels achieved for new leases, and rental concessions were also granted to tenants experiencing particularly difficult times. As a consequence, the structure of property and business leases has seen an increase in stepped-rent provisions and early break options.

Investment Market

Disclaimer: Given the opacity still characterizing the Italian real estate market and the lack of official data, we would point out that the information provided in this section should not be considered as official Savills research. The reported data, where the source is not expressly specified as Savills, have been collected from both official and informal sources. Therefore, as the information provided may possibly contain inaccuracies, we wish to inform that the following paragraph is provided merely for informative purposes, and that the use and the interpretation of the reported information requires a knowledge of the relevant real estate market and of investment-specific details, such as agreements regarding deferred tax liability, capex, etc., that may have an impact on the deal and its relative benchmarking.
As in other global markets, the investment volume in Italy has been decreasing from the second half of 2007. However, while other European countries have seen a renewed interest in the retail market and increasing investment activity, Italy is yet to experience a real recovery.

The number of transactions closed remains limited, due to the consistent decrease in activity by international investors. A number of negotiations were stopped due to difficulties in finding affordable financing and to an overall concern about investing in Southern Europe. Therefore, investors have been looking and continue to look to countries that are perceived as less risky in terms of investments, especially when involving well performing centres with strong catchments. It is evident that the risks/rewards associated with investing in Italy have yet to regain the trust of International investors.

**Historical Trend**

**Period up until 2004**

This was a period marked by a relatively low activity in the retail sector, which registered an average investment volume of some €460 million per year. If on one hand the presence of Italian institutional players investing in the retail sector was still limited, on the other hand well-established, international investors, such as Eurocommercial, Corio, Aareal (not yet Schroder) and Henderson, were playing an active role in the retail investment arena.

Although the majority of the deals closed in that period involved transactions well below €100 million each, signs of a forthcoming changing phase were evident, with some significative transactions being completed, such as Corio’s purchase of Shopville Le Gru and Campania Shopping Centre, respectively for €108 million and €200 million. Le Gru Shopping Centre, acquired in 2001 is located in Turin and has a GLA of 78,500 sq m, while Campania Shopping Centre, which opened in 2007, is situated in Marcianise (Naples) and has a GLA of 64,600 sq m GLA.

It should be noted, however, that during this period, the retail offer was characterised by a lack of supply, and consequently most development projects were successful. This was the case for the FOC (Factory Outlet) format. The McArthur Glenn development in Serravalle (Piedmont region), with a GLA of 30,000 sq m, was acquired by Henderson Global Investors for some €150 million, with a reported yield of 6.75%.

**Period from 2005 to 2008**

This phase represented the peak of the cycle in the last ten years. The momentum substantially ended in 2008, after the global downturn, which is recognized as having started in September 2007 with Lehman’s collapse.

On a yearly basis, the average investment volume for that period reached some €1.8 billion, while the total volume, was in excess of €7 billion.

In this phase the Italian retail market saw a massive injection of equity and debt coming mostly from international players that entered the Italian market, whose fundamentals were considered particularly appealing. In fact, consumers’ attitude, undersupplied market and relatively interesting yield premiums, when compared with continental Europe’s more mature markets, were main drivers of investment decisions.

While average investment volume per asset was just below €100 million, some major transactions were registered during this period. This is the case of Credit Suisse Euroreal which, in 2005, purchased Le Befane Shopping Centre in Rimini (Emilia Romagna region). The scheme, with a GLA of 78,500 sq m, was transacted for some €240 million, registering a yield below 5.5%.

As a consequence of the market being of increasing interest for investors, a yield compression trend was recorded during this period, with some investors starting to approach secondary locations, and thus achieving more interesting yields than for prime locations. In 2005, SEB Immolnvest purchased Megalò Shopping Centre in Chieti (Abruzzo region). The scheme, comprising 48,600 sq m, was acquired for some €125 million, resulting in a yield in the region of 7.5%.

However, prime assets remained the focus of institutional investors, who were willing to further compress the yields in order to acquire dominant assets. Adopting this core approach, in 2006, ING REIM (currently CBRE GI) increased their Italian exposure and purchased the retail gallery of Carrefour Limbiate Shopping Centre (Lombardy region), which has a GLA of some 21,000 sq m. This acquisition was included in a small portfolio, which also comprised the retail gallery of Carrefour Siracusa Shopping Centre (Sicily region), with a GLA of some 13,000 sq m. The total amount invested was in the order of €230 million for a yield respectively in the region of 6% (Limbiate) and 7% (Siracusa). In the same year, ING REIM also closed the acquisition of 8 Gallery Shopping Centre in Turin. The scheme, with a GLA of 22,500 sq m, was purchased for some €92 million, resulting in a yield below 6%.
In the meantime, also in Italy, FOC (Factory Outlet) schemes became an asset class of interest for international players. With regard to this, it is worth mentioning DEGI (currently Aberdeen AM), which in 2006 purchased the Foiano della Chiana (Tuscany region) Factory Outlet. The scheme, with a GLA of 17,500 sq m, was acquired for some €88.5 million, resulting in a 6.4% yield.

During 2007, the interest for the Italian retail market on the part of international investors further increased, along with yield compression and gross yields for prime shopping centres reaching record-low levels, around 5.00%. This was the case of Union Investment’s purchase of the retail gallery of Carrefour Pavia Shopping Centre (Lombardy region). The scheme, which has a GLA of some 20,000 sq m, was purchased for €75 million, reflecting a yield just above 5%

In this scenario, with financial markets benefiting from a general liquidity, investment volume continued to increase. ING REIM, in joint venture with GIC (Government of Singapore), closed a significant transaction in Rome, purchasing the 102,000 sq m RomaEst Shopping Centre for approximately for €400 million, with an initial yield in the region of 6.5%. Again, in 2008, ING REIM purchased Fiumara Shopping Centre in Genoa (Liguria region), a scheme with a GLA of 40,500 sq m, investing some €240 million, for an impressive yield in the order of 5%.

Period from 2009 to 2010

The Italian real estate market has been resilient and less volatile, when compared with other markets in continental Europe. As a consequence, although partly due to the fact that some investors had already made commitments that had to be executed, consistent activity was recorded until 2010. On a yearly basis, the average investment volume for this period reached some €1.0 billion, while the amount invested per asset was reduced to an average of around €75 million. However, some major transactions were recorded in this period. For instance, Corio acquired Le Vele Shopping Centre in Cagliari (Sardinia region), a scheme of 31,900 sq m, investing some €103.3 million and resulting in a yield in the region of 7%

Factory Outlets continued to draw the interest of investors, especially of the institutional ones. In 2009, Barberino Designer Outlet Village (Tuscany region), was purchased by Henderson for €125 million, with a reported yield of 6.50%. The following year, another significant deal was closed by the JV Allianz RE Germany/Corio NV. They acquired the Porte di Roma Shopping Centre (Latium region), a regional scheme of 73,500 sq m, for an investment volume of €440 million, reflecting a yield of 6.40%.

Period from 2011 to mid 2013

While the beginning of 2011 showed an increase in investment volume and in the number of transactions, the international concern over the Italian economic and political situation since September 2011 led to a slowdown in investment activity that continued in 2012. Interest in the Italian market is weaker than in the past years, and many foreign investors have put their investments in Italy on hold, waiting for a better and more stable political and economic scenario. Although we have observed an increasing interest on the part of international opportunistic players, they have yet to enter the arena. As a result, no significant transactions were recorded during 2012, with the exception of the sale of the Rinascente department store building in Rome (17,500 sq m GLA) for €130 million to an international investor.

Total retail transactions in 2012 amounted to circa €223 million, compared to €1.6 billion in 2011. Moreover, it is worth pointing out that more than half of the deals closed in 2011 involved international investors, two of which entered the Italian market for the first time: the Australian group Westfield and the German ECE Projektmanagement. In Q3, Westfield acquired 50% of a project under development located near Milan, which will lead to the construction of the largest shopping centre in Italy. According to the project, the scheme will have a GLA of 170,000 sq m and will accommodate the main luxury brands. The deal represents the first transaction closed by the Westfield Group in Continental Europe. In Q4, ECE acquired Megalò Shopping Centre, in Chieti (Abruzzo region), from SEB Asset Management. The scheme, with a GLA of 48,600 sq m, was purchased for an amount in excess of €140 million. This purchase showed that retail schemes located in central/southern regions, when well-performing and with a solid track record, could also appeal to investors.
Looking at the present, as at Q2, the 2013 retail investment volume amounted to nearly €200 million, with 46% of investments related to high street properties. With regard to this, it is worth pointing out that the high-street sector has been less affected by general consumer trends and provides more stability in terms of interest and yields.

An interesting trend seems to be the one initiated by institutional core investors that are entering the market through JVs. This is the case of Allianz Real Estate, that, following the Porta di Roma JV with Corio in 2010, has recently set a preliminary agreement (JV at 50%) with the SES Spar Group for a multi-country portfolio (Austria, Slovenia, Italy). The Italian portion comprises two shopping centres in Veneto for a total GLA of approximately 50,000 sq m. This partnership formula with qualified operators, also considering the amount of equity invested, certainly represents a way to reduce the risk associated with the management of the assets.

On 14 May, Foruminvest announced the sale of their 50% share of Granshopping Mongolfiera Shopping Centre, in Molfetta (Apulia region), to a private investor. The other 50% was acquired by Orion Capital Managers in 2011. The centre will continue to be managed by Foruminvest.

The table below provides an overview of the main retail transactions closed since Q4 2011:

<table>
<thead>
<tr>
<th>Transaction Date</th>
<th>Property</th>
<th>Location</th>
<th>Vendor</th>
<th>Buyer</th>
<th>GLA (sq m)</th>
<th>Price (€)</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2013</td>
<td>Granshopping Mongolfiera SC (only retail gallery) (i)</td>
<td>Molfetta (Apulia)</td>
<td>Foruminvest</td>
<td>Private Investor</td>
<td>35,000</td>
<td>67 m</td>
<td>n.a.</td>
</tr>
<tr>
<td>Q3 2012</td>
<td>Rinascente Building (ii)</td>
<td>Rome (Latium)</td>
<td>Prelios</td>
<td>CRC (Central Retail Corporation)</td>
<td>17,500</td>
<td>130 m</td>
<td>n.a.</td>
</tr>
<tr>
<td>Q4 2011</td>
<td>10 Coop Supermarkets (iii)</td>
<td>Varvios (Tuscan - Latium)</td>
<td>Unicop Tirreno</td>
<td>Castello SGR</td>
<td>16,500</td>
<td>49.3 m</td>
<td>7.00%</td>
</tr>
<tr>
<td>Q4 2011</td>
<td>Punta di Ferro SC (only retail gallery)</td>
<td>Forlì (Emilia Romagna)</td>
<td>Coopsette</td>
<td>Unipol</td>
<td>21,200</td>
<td>92 m</td>
<td>n.a.</td>
</tr>
<tr>
<td>Q4 2011</td>
<td>Megalò SC</td>
<td>Chieti (Abruzzo)</td>
<td>SEB Immolinvest</td>
<td>ECE</td>
<td>48,500</td>
<td>140+ m</td>
<td>n.a.</td>
</tr>
<tr>
<td>Q4 2011</td>
<td>Il Pellicano SC</td>
<td>Treviglio (Lombardy)</td>
<td>Unicredit Leasing Spa</td>
<td>Fabrica Immobiliare SGR</td>
<td>29,400</td>
<td>26.4 m</td>
<td>7.04%</td>
</tr>
<tr>
<td>Q4 2011</td>
<td>Il Ducate SC (only retail gallery)</td>
<td>Vigevano (Lombardy)</td>
<td>IGD</td>
<td>Beni Stabili</td>
<td>16,000</td>
<td>40 m</td>
<td>7.00%</td>
</tr>
</tbody>
</table>

The above information was gathered from both official and informal sources.
(i) 50% share – the other 50% is held by Orion Capital Managers
(ii) To be refurbished and due to open in 2015
(iii) Sale & lease back

According to market sentiment, prime yields for prime shopping centres are in the region of 7.00%, while prime yields for secondary, well-performing shopping centres and for prime retail parks are in the region of 7.75%. According to market rumors, some investment approaches have been made by different players, offering much higher yields. However, given the absence of transactions, there is no evidence that said offers are bringing about a new market phase.
The following table summarises the yield trend over the last decade.

<table>
<thead>
<tr>
<th>Year</th>
<th>Shopping Centres</th>
<th>Retail Parks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>4.00%</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>4.50%</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>5.00%</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>5.50%</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>6.00%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>6.50%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>7.00%</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>7.50%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>8.00%</td>
<td></td>
</tr>
<tr>
<td>2012 Q2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Outlook**

The Italian economy was hit hard by the euro-area sovereign-debt crisis, and the recession extended throughout 2012 and the first half of 2013. Real GDP is projected to contract by a further 1.3% in 2013, while in 2014, driven by resuming domestic demand and improving financing conditions, it is anticipated to expand by 0.7. Unemployment is expected to rise to 12.2% in 2013, while a stabilization is projected in 2014. HICP inflation (Harmonised Index of Consumer Prices) is expected to average 1.6% in 2013 as a whole and to remain well below 2.0% also in 2014. The main feature characterising 2012 and expected to persist over the first half of 2013 is overall illiquidity. In the absence of renewed tensions in financial markets and with improving confidence, private consumption and investment are set to stabilise in the second half of 2013. (Source: European Commission’s European Economic Forecast, Spring 2013).

The Italian market continues to be affected by a widespread uncertainty about the future, with still high levels of unemployment, and fluctuating private consumption. All these factors, combined with lengthy authorization procedures and continued difficulties in obtaining financing, have contributed to putting many real estate development projects on hold, especially in Central and Southern Italy, which are considered by many investors as high risk. Furthermore, banks are implementing ever stricter lending policies, making access to credit extremely difficult for investors/developers.

In this scenario, Italy is no longer perceived as a core market by international investors, many of which have put their investment activity in the peninsula on hold. Given this climate, it is likely that over the next years the investment volume will be negatively affected. Due to the difficulty in accessing credit that will still characterize the next months, equity investors could play an important role in the market, although not a substantial one in terms of volume.
Appendix 3
Engagement Letter
Date 28 June 2013
European Valuation / Terms of Engagement / Italian Shopping Centres

Goldman Sachs International
Peterborough Court
133 Fleet Street
London
EC4A 2BB

FAO Alessandro Luca

Dear Alessandro

BORROWER: MORGAN STANLEY REAL ESTATE INVESTING (the “Borrower”)  
PROPERTY: ITALIAN SHOPPING CENTRE PORTFOLIO

Thank you for your e-mail of 14 June in which you confirmed your instructions to us to undertake a valuation of the above portfolio in connection with the provision of finance by you, your affiliates or other finance parties to the Borrower or its affiliates in relation to the above portfolio (the “Financing”). This followed our various earlier telephone conversations with you. The assets within the portfolio are as follows:

1. Cuneo Retail Gallery
2. Torino Retail Gallery
3. Mazzano Retail Gallery
4. Padova Retail Gallery
5. Vicenza Retail Gallery
6. Ancona Retail Gallery
7. Senigallia Retail Gallery
8. Porto S.Epistio Retail Gallery
9. Grottamare Retail Gallery
10. Cepagatti Retail Gallery
11. Pescara Retail Gallery
12. Giugliano Shopping Mall
13. Giugliano Retail Park
14. Porte di Catania Retail Gallery

In accordance with the RICS Valuation – Professional Standards Incorporating the International Valuation Standards (the “Red Book”) effective from 30 March 2012, we confirm in writing the terms on which the valuation will be undertaken, as set out below.

We are not aware of any conflict of interest, either with the Borrower or with the Properties, preventing us from providing independent valuation advice, and therefore we are pleased to accept your instructions. We will be acting as External Valuers, as defined in the Red Book.

In the event of a proposal to place the loan on the subject property in a syndicate, the client must notify the valuer, with a view to agreeing responsibility to the further named parties.
We confirm the following:

(a) The valuation is:

(i) For the purpose of loan security.
(ii) Of the freehold interest in the Properties.
(iii) The properties are predominantly used for retail purposes.
(iv) At the date of the Report
(v) Adopting the RICS definition of Market Value.
(vi) On the basis

Valuation Standard VS 3.2 of the Red Book defines Market Value (MV) 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."

Valuation Standard VS 3.3 of the Red Book defines Market Rent (MR) as:

"The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

(b) We are being supplied with the following information, upon which we will be relying:

- Scaled plans of every floor and of the site.
- Merchandising plan.
- Current Tenancy schedule: list of tenants’ trading name, GLA occupied, merchandise category, with details of the lease contracts or preliminary contracts in place (type of contract, start and expiry date, break options, annual Minimum Guaranteed Rent, ISTAT indexation %, turnover rent %).
- Temporary Lettings income for the current year and the past three years (if available).
- Turnover Rent for the current year and the past three years (if available).
- Turnover figures and pedestrian flow of the last two years (if available).
- Service charges: budget for the current year and for the previous year.
- Non-recoverable costs: IMU (latest available estimate), insurance, property management fee (on rent collection), extraordinary maintenance (if available), bad debt/rental arrears, non-recoverable service charges, etc.
- Copy of the standard property lease and business lease contracts.
- Copy of the technical due diligence carried out on the property (regarding plants and equipment, maintenance, town-planning and cadastral situation, etc.) – if available.
- Copy of the legal due diligence carried out on the property (regarding tenure, leases in place, servitudes or easements, etc.) – if available.
- Copy of the environmental due diligence carried out on the property – if available.
- Information regarding refurbishment works carried out or planned for the property (date, description, costs, etc.).
- Any further documentation in you possession that could be relevant for the purposes of the valuation, especially with regard to finishes, plants, dates of construction and refurbishment.

We do not accept responsibility for any errors or omissions in information and documentation provided to us.
We would comment specifically on your instructions as follows:

(i) The due diligence enquiries and report preparation will be undertaken by my colleagues Gianni Flammini MRICS, Mario Nicolini MRICS, Celine Cattaneo and Cristina Brunalli of Savills valuation team in Italy. Gianni and I (both Directors and RICS Registered Valuers) will be signing the report.

(ii) Please note that we will not be measuring the properties, but relying upon the floor area figures provided.

(iii) You have not advised us of any of the details of the proposed loan.

(iv) We accept responsibility for our Report to you only and to no one else, unless otherwise documented in a separate reliance letter.

(v) We confirm that we hold sufficient Professional Indemnity Insurance Cover for the purpose of this valuation, subject to the liability cap referred to in this letter.

(vi) In connection with your request for advice on tenants’ covenant, we will advise on the market’s perception of the strength of covenant of the tenants. You will appreciate that we are not qualified to interpret accounts or financial statements.

(vii) We will provide general comments without liability on the likelihood of land contamination, but we will not be commissioning an environmental audit.

(viii) We will provide general comments without liability on the condition of the properties, but we will not be undertaking a building survey.

(ix) In response to your request for advice on the reinstatement cost for insurance purposes, we will provide you, without liability, with an approximate estimate of the current reinstatement cost of the Properties. Since we will not be undertaking a detailed building survey we will not be in a position to provide accurate assessment based on a detailed consideration of the construction.

(x) We will provide Market Values based upon individual asset disposal, together with a Market Value on the assumption of a portfolio sale.

This will be a valuation in accordance with the Red Book, and for this purpose we attach the following Appendices:-

1. Formal confirmation of the terms of engagement stated in the Red Book under VS 2.1 and following their format of paragraphs listed 'a) to (t) and which are mandatory upon us.

2. (a) The format of our Standard General Assumptions and Conditions and Confidentiality Clause, which we will be adopting for the purpose of our valuation.

(b) Standard format for provision of approximate estimate of reinstatement cost.

3. Our Standard Terms and Conditions of Business for Valuations, of which we would highlight the following:

(i) They set out the agreed limit to the level of liability that we may incur for our advice. This is calculated by reference to the level of agreed fee and the level of value of the Property and is an integral part of the overall package of terms and conditions upon which we are prepared to act.
(ii) In relation to payment of our fees, these Terms shall prevail in the event of any inconsistency between them and any terms specified in your instructions.

(iii) Although we have agreed the fee (see below) with the Borrower, our terms of business are that the Client guarantees payment thereof.

(e) The agreed fee for providing the services specified in this letter is [REDACTED] and exclusive of out-of-pocket expenses. Our invoice will be submitted with our report direct to and will be addressed to yourselves and the Borrower, and expressed to be payable by the Borrower. Please note the terms for its payment set out at Appendix 3.

We have agreed upon a break-away fee structure in the event that the instruction aborts before release of final signed reports.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Fee (exclusive of expenses and VAT)</th>
<th>% of total fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs incurred to 21 June</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs to 28 June (Draft Figures)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Draft Reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final reports with PI and reliance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We would be grateful if you could please sign, date and return to us the enclosed copy of this letter confirming your acceptance of its contents.

Yours sincerely

Nick Harris MRICS  
RICS Registered Valuer  
Director, European Valuation  
On behalf of Savills Advisory Services Limited

Encs
I confirm our agreement to the contents of this letter, including fees for which we are liable.

FOR AND ON BEHALF OF GOLDMAN SACHS INTERNATIONAL

Name  

Position  

Date  

RED BOOK CONFIRMATION OF INSTRUCTIONS

Confirmation of Instructions in compliance with paragraph VS 2.1 of the Valuation Standards of the Red Book, using the same numbering, is listed below.

The covering letter forming part of these Terms of Engagement states

(a) The identification of the client and any other intended users;

(b) The purpose of the valuation;

(c) The subject of the valuation;

   The valuation will include all fixtures and fittings and plant and machinery that are normally regarded as part of the land and buildings.

(d) The interest to be valued;

(e) The type of asset or liability and how it is used or classified by the client;

(f) The basis, or bases, of value;

(g) The valuation date;

(h) Disclosure of any material involvement, or a statement that there has not been any previous material involvement;

(i) The status of the valuer;

(j) Our valuation will be expressed in € Euros

(k) We will be adopting our standard General Assumptions which are attached. We reserve the right to revert to you during the course of our instructions to seek your agreement to any additional assumptions;

(l) The extent of the valuer’s investigations is as stated in the covering letter forming part of these Terms of Engagement;

(m) The nature of information provided by the Client/his advisors and the extent to which we are to rely upon that information are as stated in the covering letter forming part of these Terms of Engagement;

(n) Our standard requirements of consent to publication shall apply, as set out in our standard Confidentiality Clause, as attached;

(o) Our standard limits/exclusion of liability to parties other than the Client shall apply, as set out in our standard Confidentiality Clause, as attached;

(p) We confirm that the valuation will be undertaken in accordance with these Standards and the IVS, where appropriate;

(q) We confirm that the valuer has the knowledge, skills and understanding to undertake the valuation competently;
(r) The agreed fee and associated charges are as set out in the covering letter forming part of these Terms of Engagement. The circumstances in which these are payable are as set out in our Standard Terms and Conditions of Business for Commercial Valuations, as attached;

(s) Savills Advisory Services Limited is registered at 33 Margaret Street, London, W1G 0JD. We further confirm that a complaints handling procedure is in place, a copy of which is available on request;

(t) The valuation may be subject to monitoring under the Institution’s conduct and disciplinary regulations.
FORMAT OF STANDARD GENERAL ASSUMPTIONS AND CONDITIONS
AND CONFIDENTIALITY AND RESPONSIBILITY CLAUSE

GENERAL ASSUMPTIONS AND CONDITIONS

General Assumptions

Our valuation has been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation(s), as there may be an impact on it/them.

1. That the Property(ies) is/are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Freehold Title. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.

2. That we have been supplied with all information likely to have an effect on the value of the property(ies), and that the information supplied to us and summarised in this report is both complete and correct.

3. That the building(s) has/have been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).

4. That the property(ies) is/are not adversely affected, nor is/are likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).

5. That the building(s) is/are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building(s) we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the property and this report do not constitute a building survey.

6. That the property(ies) is/are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

7. That in the construction or alteration of the building(s) no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

8. That the property(ies) has/have not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.

9. That the tenant(s) is/are capable of meeting its/their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.
10. That there are no adverse site or soil conditions, that the property(ies) is/are not adversely affected by the 
Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground 
does not contain any archaeological remains, nor that there is any other matter that would cause us to 
make any allowance for exceptional delay or site or construction costs in our valuation.

General Conditions

Our valuation(s) has/have been carried out on the basis of the following general conditions:

1. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a 
sale of the property(ies).

2. Our valuation(s) is/are exclusive of VAT (if applicable).

3. No allowance has been made for any expenses of realisation.

4. Excluded from our valuation(s) is any additional value attributable to goodwill, or to fixtures and fittings 
which are only of value in situ to the present occupier.

5. Each property has been valued individually and no allowance has been made, either positive or negative, 
should it form part of a larger disposal. The total stated is the aggregate of the individual Market Values.

6. We have not taken account of any possible effect that the appointment of an Administrator, 
Administrative Receiver or a Law of Property Act Receiver might have on the perception of the 
property(ies) in the market and its/their subsequent valuation, or the ability of such a Receiver to realise 
the value of the property(ies) in either of these scenarios.

7. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 
1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies 
with the relevant EEC legislation.

8. Our valuation(s) is/are based on market evidence which has come into our possession from numerous 
sources. That from other agents and valuers is given in good faith but without liability. It is often 
provided in verbal form. Some comes from databases such as the Land Registry or computer databases 
to which Savills subscribes. In all cases, other than where we have had a direct involvement with the 
transactions, we are unable to warrant that the information on which we have relied is correct although 
we believe it to be so.
CONFIDENTIALITY AND RESPONSIBILITY

In accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed, but the party to whom it is addressed may disclose the report on a non-reliance and without liability basis:

(i) to its directors, officers, employees and professional advisers;
(ii) to its affiliates and their directors, officers, employees and professional advisers
(iii) to potential providers of finance and their professional advisers;
(iv) to rating agencies
(v) as required by any law, rule or regulation or as required by a court of competent jurisdiction; and
(vi) any issuer of a commercial mortgage backed security related to the Financing,

and provided that, in relation to the parties listed in paragraphs (i) – (ii) above, you procure such parties are bound to keep the report confidential and as regards potential providers of finance in (iii) you will also ensure that they undertake to keep the report confidential.

No responsibility is accepted to any third party for the whole or any part of the report's contents, unless otherwise documented in a separate reliance letter (a pro-forma of which is attached as Appendix 4, but which may be subject to reasonable amendments requested by the party seeking reliance in each case). Any third parties rely upon this report at their own risk (unless otherwise documented in a separate reliance letter). Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval. We confirm that we consent to any issuer of a commercial mortgage backed security publishing the report in any offering document or related documentation for any securitisation in relation to the Financing, provided the report shall not be published until such time as you and/or the issuer of such offering document have consulted with us in good faith in relation to the report being published in such a manner that the report and the conclusions contained therein are not misleading and makes clear (to the extent reasonably practicable) that we are only responsible for that part of the offering document or related documentation comprising the report.
APPENDIX 2(b)

STANDARD FORMAT FOR PROVISION OF INDICATION OF REINSTATEMENT COST

INDICATION OF REINSTATEMENT COST

You have sought from us an indication for insurance purposes of the current reinstatement cost of the building(s) in its/their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the property has not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

APPENDIX 3

STANDARD TERMS AND CONDITIONS OF BUSINESS FOR VALUATIONS

1. VAT will be added at the prevailing rate to all fees and expenses payable.

2. Unless otherwise agreed, all reasonable documented expenses incurred during the provision of our valuation will be added to the agreed fee. Such expenses shall include the cost of travelling, photography, plans, artwork for preparation of report appendices, town planning documents, copying charges, faxes, couriers, international phone calls and subsistence. This is not an exhaustive list.

3. The agreed fee and expenses become due for payment upon submission of our report (or if no report, upon completion of the service). Our invoice will be submitted at that time, and becomes due for payment in full, in Euros immediately upon its receipt.

4. Invoices unpaid for 90 days or more will incur interest at a rate of 5% above Barclays Bank base rate from the date of invoice.

5. In the event of our instructions being terminated at any time prior to completion of the instruction, a fee will become payable on a time basis (at our prevailing rates) for work carried out up to the moment of termination, subject to a minimum of 30% of the agreed fee, plus all expenses incurred and VAT.

6. In the event of our incurring any expenditure on solicitors or other third parties in order to recover the fee due, this expenditure will be payable by the Client.

7. In the case of valuations for loan security purposes where it is agreed that the Borrower is responsible for payment of Savills’ fees, the Client nevertheless guarantees payment thereof. Payment of our invoice is not conditional upon drawdown or any other aspect of the proposed loan.

8. Should we be asked to provide any additional services, these will be charged at fees to be agreed with the Client, subject to a minimum fee equal to our time charges (at our prevailing rates) expended thereon.

9. Where appropriate, and subject to your consent, we may sub-contract the provision of certain services to firms or companies that are affiliated with us, including any other Savills group companies. If we choose to do so:-
(a) we will remain responsible to the Client for provision of those services;

(b) the relevant affiliate may invoice the Client or (subject always to paragraph 7 above) the Borrower directly for those of our fees which relate to work carried out by the affiliate. In these circumstances, the fees in question are to be paid directly to the affiliate and we will be entitled to assign to the affiliate any rights that we have in respect of those fees.

10. So far as items 1 to 9 above are concerned, should there be any inconsistency between them and any prior letter or other communication from the Client, these Terms of Business shall prevail.

11. We will be providing the services as specified in these Terms of Engagement. No variation of these terms shall be binding unless agreed in writing between Savills and the Client.

12. These Terms of Engagement are subject to English law.

13. Liability Cap.

Our aggregate liability under or in connection with these Terms of Engagement, however that liability arises (including, without limitation, a liability arising by breach of contract, arising by tort including, without limitation, the tort of negligence, or arising by breach of statutory duty) shall be limited to €75,000,000 (Seventy Five Million Euros) provided that this clause shall not exclude or limit our liability for death or personal injury caused by our negligence or any other liability that cannot be excluded at law.

We shall not be liable under or in connection with these Terms of Engagement in tort (including negligence), breach of contract, breach of statutory duty or otherwise due to, under and/or arising out of or in connection with these Terms of Engagement to the extent such loss or damage is consequential, indirect, special or punitive.

14. We acknowledge that you may request that reliance on each of the reports that we prepare pursuant to this engagement is extended to any finance parties involved in the Financing (as defined in the engagement letter) or to any issuer of a commercial mortgage backed security which is related to the Financing. We confirm that, for a period of six months from the date of the issue of the report (or such longer period as may be agreed by us, in our sole discretion) we will extend reliance on the reports to such finance parties involved in the Financing and such issuers if requested to do so by you, provided such parties first sign and return to us a reliance letter, a pro-forma of which is attached as Appendix 4 (but which may be subject to reasonable amendments requested by the party seeking reliance in each case).

15. In these Terms of Engagement the following expressions have the meaning stated:

(a) “Red Book” means the Royal Institution of Chartered Surveyors’ Valuation Professional Standards (March 2012).

(b) “Savills” means Savills Advisory Services Limited. The words “we” and “our” shall be construed accordingly.

(c) “Client” means the addressee of the covering letter forming part of these Terms of Engagement. The words “you” and “your” shall be construed accordingly.

(d) The “Property” means the land and buildings (if applicable) at the address stated in the heading of the covering letter forming part of these Terms of Engagement.

(e) The “Borrower” (if applicable) means the party stated in the heading of the covering letter forming part of these Terms of Engagement.
16. In accordance with the RICS Code of Conduct for Frms, Savills Advisory Services Limited operates a formal procedure for dealing with complaints from clients and others. Details of this procedure are available from the Company Secretary, 25 Finsbury Circus, London EC2M 7EE. The procedure does not apply to fee disputes. For unresolved business-to-business complaints there are provisions for matters to be referred to mediation or arbitration as appropriate. We are also members of the ‘Ombudsman Services: Property’ for the resolution of any consumer complaints that are not satisfactorily resolved between the parties.

17. Savills does not accept responsibility for any health, safety and welfare matters. We will be undertaking these instructions on the basis that, in accordance with the Health and Safety at Work etc Act 1974, these responsibilities are retained in full by the owner/occupier of the relevant property. It will be that party’s responsibility to advise Savills of any hazards to which its staff may be exposed. Site visits should be hosted by a representative of the owner/occupier of the property, where possible.


(a) We are obliged to identify our clients in accordance with the requirements of the Money Laundering Regulations 2007. We are likely to request from you, and retain, some information and documentation for these purposes and/or make searches of appropriate databases electronically. For the avoidance of doubt, searches may also be conducted on directors and “beneficial owners” of the client as is required by the legislation. If satisfactory evidence of your identity is not provided within a reasonable time, there may be circumstances in which we are not able to proceed with the instruction.

(b) The provision of our services is a business in the regulated sector under the Proceeds of Crime Act 2002 and, as such, we are required to comply with this legislation which includes provisions that may require us to make a money laundering disclosure in relation to information we obtain as part of our normal work. It is not our practice to inform you when such a disclosure is made or the reasons for it because of the restrictions imposed by the ‘tipping off’ provisions of the legislation.
RELIANCE LETTER

[To be typed on the Savills' headed notepaper]

(together the "Addressees")

Dear Sirs

MORGAN STANLEY REAL ESTATE INVESTING

ITALIAN SHOPPING CENTRE PORTFOLIO

In this letter Report means our valuation report relating to [ ] dated [ ] and addressed to Goldman Sachs International (the "Original Addresssee")

1 We confirm that the Addressees are entitled to rely upon the Report subject to the following:

   (a) We shall have no liability by virtue of this letter which is greater or for a longer duration than we would have had if the Addressees had been original addressees of the Report and we shall, in defence of any claim be entitled to raise the same defences as we would be entitled to raise against the Original Addresssee.

   (b) The Report refers to the position as at the date it was originally issued and we have not taken any action to review or update the Report since the date it was originally issued.

   (c) Our aggregate liability due to or under and/or arising out of or in connection with the Report, to any one or more or all the Addressees (including the Original Addresssee), in tort (including negligence), breach of contract, misrepresentation, breach of statutory duty or otherwise whatsoever shall not exceed €75million (save in respect of matters where we cannot limit or exclude our liability by law).

   (d) We shall not be liable for any use of the Report for any purpose other than that for which the Report was prepared for the Original Addresssee.

   (e) In any event no action or proceedings shall be commenced against us after the expiry of six years from the date of the Report.

   (f) Save as set out above, this letter is given for the sole benefit of the Addressees and may not be relied upon by any other party, and may not be disclosed to any other party.

   (g) Each Addresssee shall not be entitled to rely upon the Report on the terms of this letter until such time as that Addresssee (including those whose identity is not known on the date of this letter) signs and returns the enclosed duplicate copy of this letter, agreeing in writing to be bound by the terms of this letter and acknowledging the limitations on our liability.

   (h) The benefit of this letter is personal to the Addresssee and may not be assigned.

2 We shall not be obliged to provide an Addresssee with the Report until such time as that Addresssee has complied with its obligations pursuant to paragraph 2 above.
This letter is governed by and shall be construed in accordance with English law and the English courts shall have exclusive jurisdiction.

Yours faithfully

Duly authorised signatory

for and on behalf of

Savills Advisory Services Limited

[insert name of Addressee] acknowledges and agrees to the terms and limitations of liability set out in this letter. Signed for and on behalf of [insert name of Addressee] by its duly authorised signatory:

Signature: ________________________________

Name: ________________________________

Date: ________________________________
Appendix 4
Single Valuation Reports
001
Auchan Cuneo Retail Gallery and Retail Park
Cuneo, Italy
Table of Contents

1.0 Valuer Details and Inspection................................................................................................................................. 3
2.0 Documentation Provided ........................................................................................................................................... 3
3.0 Location ....................................................................................................................................................................... 3
4.0 Situation ....................................................................................................................................................................... 4
5.0 Catchment ................................................................................................................................................................... 5
6.0 Description ................................................................................................................................................................. 8
7.0 Accommodation ........................................................................................................................................................ 9
8.0 Condition ................................................................................................................................................................... 11
9.0 Services, Plant, and Equipment ............................................................................................................................ 11
10.0 Environmental Considerations ........................................................................................................................... 12
11.0 Statutory Requirements and Town Planning ...................................................................................................... 12
12.0 Cadastral Information .......................................................................................................................................... 13
13.0 Tenure ..................................................................................................................................................................... 13
14.0 Occupational Tenancies and Income .................................................................................................................. 13
15.0 Management, Service Charges, and Non-recoverable Costs ............................................................................. 18
16.0 Performance .......................................................................................................................................................... 20
17.0 Local Retail Supply ............................................................................................................................................... 20
18.0 Market Rent .......................................................................................................................................................... 21
19.0 Principal Valuation Considerations ..................................................................................................................... 22
20.0 Valuation Methodology and Factors .................................................................................................................. 23
21.0 Valuation ............................................................................................................................................................... 25
22.0 Reinstatement Cost .............................................................................................................................................. 25

Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plan
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Céline Cattaneo, valuer of Savills Milan.

The Property was inspected on 26 June 2013 by Céline Cattaneo. We were able to inspect the whole of the Property externally, while internally the inspection was limited to the areas of the retail gallery accessible to the public. The weather on the date of our inspection was dry.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file 'Project Granato - Lease DB_v4.xls');
- 2012 IMU Property Tax (Excel file 'IMU_v2.xls');
- Insurance (Excel file 'Insurance.xls');
- 2009-2012 mall income and turnover rent figures (Excel file 'Temporary and Turnover rents.xls');
- 2013 Service Charges Budget (Excel file 'Common Expenses - Budget 2013.xlsx') and capped service charges (Pdf file 'Lease Data - Capped Service Charges v5 Compared.pdf');
- Agency fees and project management fees (Pdf file 'Project Granato_GCI Fee and Rental Guarantee.pdf');
- 2012-2013 total discounts (Excel file 'Discounts 2012 - 2013.xls');
- Capital Expenditure (Excel files 'Granato Capex Split_sent.xls' and '130131_Capex Plan.xlsx'; Pdf file '130830 Project Granato_DD_Report.pdf');
- Bad debt information (Excel file 'Arretrati Storico FSC 09-10-11-12.xls');
- Copies of a business lease contract (Pdf file '2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF') and copy of a property lease contract (Pdf file 'LOC. 20 - JADIS DI SEBASTIANELLI.PDF');
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file 'Non Recoverable Expenses v3.xls');
- 2012 total key money (Excel file 'Key Money.xls');
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file 'BEP Due Diligence Report-Final.pdf');
- Town Planning Report (Pdf file 'Relazione Urbanistica integrativa Fino.pdf');
- Gross floor areas (Excel file 'Summary_Surfaces.xls');
- Floor plans (Pdf file 'CUNEO planimetria.pdf');
- Property Brochure (Pdf file 'BROCHURE CUNEO.pdf').

3.0 Location

Auchan Cuneo Shopping Centre is located in the municipality of Cuneo, province capital of the Piedmont region, in the north-west of Italy. The shopping centre is approximately 4 km to the east of the city centre, in the small light-industrial area of Via Torre Acceglio.
Accessibility by car is good both from the city and from the A33- Autostrada delle Langhe motorway, with the Cuneo Est exit less than 5 km from away. The A33 motorway in turn leads to the A6-La Verdemare, leading to Turin, 90 km to the north, and to Savona on the Ligurian Sea, 95 km to the south-east. The area is also served by a local bus line with a stop in front of the shopping centre, along Provincial Road SP422.

The closest railway station is at 5 km in Cuneo. The international airport of Torino-Caselle is located approximately 125 km to the north.

4.0 Situation

As mentioned above, the subject Shopping Centre and Retail Park are located in a small light industrial area, with farmland all around and some residential clusters.
The Property is bordered by Provincial Road SP422 to the east, the railway tracks to the south, warehouses to the west, and by green areas to the north. Via Margarita runs through the Property between the shopping centre and the retail park.

5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Piedmont region had approximately 4,360,000 residents. 13.5% of the inhabitants of the region are concentrated in the province of Cuneo (586,113 people), with a density per sq km of 85 inhabitants (compared to the 172 inhabitants per sq km of the Piedmont region), mainly due to the presence of the Alps mountain chain to the west. The municipality of Cuneo has a population of approximately 54,980.

As to the age structure of the population in the province of Cuneo, 18.5% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 59.1% is aged 20 to 64 (Italy 60.4%), while the remaining 22.4% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Cuneo is of approximately €30,297, in line with the average for North-West Italy, and above the national average of €25,727 (2010 data). With reference to the national added value, the province of Cuneo ranks 22nd among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (66.77%), followed by the industrial sector (29.44%) and by agriculture (3.79%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Cuneo is high compared to the Italian average (+12.4 points). The consumption per capita, however, is much lower than the Piedmont average (-10.3 points) and in line with the Italian average (+0.3 points). The non-food component of the total family spending is still predominant at 82.10% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Cuneo was 6.1%, well below both the Piedmont regional average (9.2%) and the Italian average (10.7%).

Specifically, in the Piedmont region, the unemployment rate increased to 9.2% in 2012, compared to 7.6% in 2011 and 2010. (Source: ISTAT)
5.2 Catchment Analysis

We have defined 10 and 20 minute drive time catchment areas for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 and 10-20 isochrones analysed for the subject shopping centre are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>76,196</td>
<td>56.6%</td>
<td>76,196</td>
</tr>
<tr>
<td>10-20</td>
<td>58,537</td>
<td>43.4%</td>
<td>134,733</td>
</tr>
</tbody>
</table>
To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 20 minutes away. However, we would expect the most frequent visitors to come from the 0-10 minute drive time area, corresponding to the above estimate of 76,196 inhabitants (nearly 57% of the total catchment population). This is the most densely populated area thanks to the presence of Cuneo, with its 55,000 residents.

- The 20-minute catchment area covers some 713 sq km and has a density of 189 inhabitants/sq km (compared to the Italian average of 197/sq km). The density reaches 268 inhabitants/sq km in the 0-10 minute catchment area, which includes the town of Cuneo.

- The region overall is quite wealthy, although consumption per capita in the province of Cuneo is below the regional average, but in line with the Italian average.

- We have identified one shopping centre with adjacent retail park located just outside the 10-minute isochrone to the north of Cuneo city centre (for details and comments on the competition, please refer to Section 17.0 of this report).

### 6.0 Description

Auchan Cuneo Shopping Centre opened to the public in 2004 and its Retail Gallery and Retail Park have a total GLA (Gross Lettable Area) of 18,664 sq m.

The Shopping Centre consists of a gallery developed on a single level, comprising 35 small retail units, 2 medium-sized units, 1 large-sized unit, 6 bars and restaurants, and an Auchan hypermarket (29 checkout counters), which is not part of the Property under valuation.

The Retail Gallery (7,671 sq m GLA) is developed in a figure ‘8’ in front of the hypermarket, with the medium- and large-sized units occupying the north portion of the centre and the food court occupying the south portion. The gallery is accessible directly from the open-air car park via two main entrances situated at either end of the figure-‘8’ gallery. The shopping centre does not seem to have any ‘cold’ areas suffering from poor visitor traffic. The exterior of the shopping centre has a rather low profile characterised by the bright green and yellow colours of the walls and highly visible entranceways. The internal finishes are of good quality. In the gallery, the ceilings are either plastered or suspended, with skylights providing some natural illumination. Artificial lighting is provided by recessed light fixtures in the suspended ceilings or suspended lamps. The flooring is in light-coloured marble tiles.
The Retail Park (10,993 sq m GLA) comprises four large-sized units, with the one in the middle having been recently subdivided into two units that have yet to undergo some finalizing works, as Brico Center will complete its floor area reduction at the end of the year.

The shopping centre is served by an open-air car park at ground level, providing 1,800 parking spaces.

Auchan Shopping Centre is open every day from 9:00 a.m. to 9:00 p.m.

A selection of Photographs is attached at Appendix 1.

The Floor Plans are attached at Appendix 2.

The Merchandising Plan is attached at Appendix 3.

### 7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 18,664 sq m, sub-divided into 48 units, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>64</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,996</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>1,828</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>250</td>
<td>1</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>1,372</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>&gt;1,000</td>
<td>1,438</td>
<td>1</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>Bars &amp; Restaurants</td>
<td>722</td>
<td>6</td>
</tr>
<tr>
<td>Retail Park</td>
<td>10,993</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>18,664</td>
<td>48</td>
</tr>
</tbody>
</table>
The Retail Gallery offers a diversified merchandising mix, characterised by the strong presence of the Fashion sector (53.6% of the total GLA), followed by Bars & Restaurants (9.4%), and by Services (9.1%), as shown in the chart below:

The offer of the Retail Gallery is further enhanced by the offer of the Retail Park, which includes Sporting Goods, Do-It-Yourself, and Electronics & Telecom. The following chart shows the merchandising mix of the Retail Park at the completion of the subdivision works. The vacant unit will then be occupied by a Fashion operator.

A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.
8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in good condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.
11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Piedmont region, the retail sector is regulated by Regional Laws no. 28 dated 12 November 1999 and no. 10 dated 6 July 2005.

The law decree known as ‘Decreto Salva Italia’, which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the ‘possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage’. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence provided to us, with reference to the Shopping Centre, the application for Building Pardon Procedure, and the subsequent cadastral updating, have not been submitted yet. Furthermore, based on the Legal Due Diligence as well, the Occupancy Certificate of the building will not be issued until the urbanization works have undergone final tests. However, based on the Town Planning Report dated 11 September 2013, we understand that all works have been carried out in accordance with the agreement with the Municipality. We also understand that in order to regularize some building irregularities a SCIA has been filed with the Municipality for the retail park, while the procedure for the retail gallery has not been started yet. We would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

Based on the Legal Due Diligence provided to us, we understand that the Comprehensive Authorizations that currently regulate the Shopping Centre and the Retail Park are the following:
- Shopping Centre: Comprehensive Authorization no. 225 issued by the Region on 18 June 2001 for a total sales area of 12,000 sq m (hypermarket 7,500 sq m, two medium-sized units of 920 sq m and 1,480 sq m, and 30 small retail units for a total of 2,100 sq m);
- Retail Park: Comprehensive Authorization no. 226 issued by the Region on 27 August 2001 for 3 large-sized retail units of 3,950 sq m, 3,000 sq m, and 2,550 sq m.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Cuneo in full compliance with the current uses.

Based on the Technical Due Diligence provided to us, some sub-parcels of the Centre should be ‘split as they are destined for new communal use’.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

Based on the Technical Due Diligence provided to us, some areas outside the Retail Park ‘are still to be subject to public easement as standard areas of the Shopping Centre’.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, the Retail Gallery of Auchan Cuneo Shopping Centre had 5 vacant retail units, for a total GLA of 503 sq m.

- Unit 15BIS (53 sq m GLA): this unit was previously occupied by Debbilandia and negotiations are underway with possible tenants;
- Unit 16 (99 sq m GLA): this unit was previously occupied by a beauty salon, and negotiations are underway with a new operator;
- Unit 23 (111 sq m GLA): this unit was previously occupied by Biagetti, and negotiations are underway with a possible tenant;
- Unit 34 (99 sq m GLA): this unit was previously occupied by Vodafone, which moved to Unit 24 effective as of 1 July;
- Unit 42 (140 sq m GLA): this unit was previously occupied by De Blasio, and it is estimated that it will take approximately 6 months to regain possession of the unit.

With reference to the Retail Park, the Brico unit is in the process of reducing its size. Of the original 4,717 sq m, 800 sq m have already been released, while a further 800 sq m will be released by the end of December. The Brico unit will then have a GLA of 3,032 sq m, while the remaining 1,685 sq m will be occupied by Scarpe & Scarpe. Brico will have a new 6+7-year lease contract at €409,320 p.a., while Scarpe & Scarpe’s new lease will have a duration of 15 years and an annual rent of €252,750 (€235,900 in year 1).

14.2 Lease Terms

Of the 41 leases currently in place, 31 are business leases and 10 are property leases. A temporary lease agreement of 1 year is also in place for TEGE (Unit 9+10).

From the documentation provided we understand that:

- 26 of the 31 tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 3.0% to 11.0%). 7 of the 10 property leases contain turnover-rent provisions (with percentages ranging from 1.0% to 8.0%).
- The duration of the business lease contracts varies from unit to unit, ranging from 5 to 18 years. The 5 property leases in place have a 6+6-year duration.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT.
- 4 of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.

Considering the assumed expiry dates, the majority of the signed leases will have expired by the end of 2017 (55%), as shown in the following chart:
We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

### 14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

| Parties: | Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona) |
| Duration: | 6+6 years |
| Break Option: | Break option after 36 months with 6 months notice. |
| Rent: | The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%). |
| Indexation: | The rent will be increased annually by 75% of the ISTAT index from the 2nd year. |
| Stepped Rent: | The lease does not contemplate any stepped rents. |
| Maintenance: | With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit. |
| Insurance: | The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company. |
| Service Charges: | The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities. |
| Lease registration Tax: | 50% of the tax will be paid by the tenant and 50% by the landlord. |
| Right to sublet: | The Tenant has no right to sublet the unit or any portion of it. |
| Assignment: | Assignment of the lease contract is permitted. |

### 14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

| Parties: | Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin) |
| Duration: | 7 years |
| Break Option: | Break option after 36 months with 6 months notice. |
| Rent: | The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%). |
| Indexation: | The rent will be increased annually by 100% of the ISTAT index from the 2nd year. |
| Stepped Rent: | The lease does not contemplate any stepped rents. |
| Maintenance: | With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit. |
| Insurance: | The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company. |
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.

Lease registration Tax: 100% of the tax will be paid by the tenant.

Right to sublet: The Tenant has no right to sublet the unit or any portion of it.

Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following 6 tenants can still exercise their break options:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
<th>Notice Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>49 B1 EXT</td>
<td>EURONICS</td>
<td>16/06/2005</td>
<td>rolling</td>
</tr>
<tr>
<td>50 B2 EXT</td>
<td>BRICO CENTER</td>
<td>15/12/2013</td>
<td></td>
</tr>
<tr>
<td>51 B3 EXT</td>
<td>DECATHLON</td>
<td>16/12/2013</td>
<td></td>
</tr>
<tr>
<td>45 MS 01 A</td>
<td>CO.IMPORT</td>
<td>15/06/2014</td>
<td></td>
</tr>
<tr>
<td>47 MS 02 INT</td>
<td>OVS</td>
<td>01/12/2006</td>
<td>rolling</td>
</tr>
<tr>
<td>26 NEG 25+27</td>
<td>TEZENIS</td>
<td>28/08/2011</td>
<td></td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

4 of the leases in place have stepped-rent provisions. As a result, the stabilised situation will be reached in 2017.

We report below the list of tenants benefitting from stepped-rent agreements:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3 NEG 03</td>
<td>IL CALICE</td>
<td>32,647</td>
<td>35,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>19 NEG 18</td>
<td>EDICOLA TABACCHI</td>
<td>18,500</td>
<td>26,209</td>
<td>26,209</td>
<td>26,209</td>
<td>28,000</td>
</tr>
<tr>
<td>46 NEG 18BIS</td>
<td>TABACHERIA GALLERY</td>
<td>4,990</td>
<td>8,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>25 NEG 24</td>
<td>VODAFONE ONE</td>
<td>35,000</td>
<td>41,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

14.7 Rental Concessions

According to the information provided, we understand that no rental concessions were granted in 2013.

14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €4,021,659, corresponding to an average of €215 per sq m of GLA per annum. This has been calculated based on the information provided by you and taking into account the stepped rents agreed. For the units whose leases expire before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry, and we have applied our estimate of market rent to those units that are currently vacant until the assumed re-letting date. The gross Effective MGR at the valuation date is in the order of €3,776,821 (excluding the potential rent of the currently vacant units).
The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>64</td>
<td>36,156</td>
<td>0.9%</td>
<td>568</td>
</tr>
<tr>
<td>50-150</td>
<td>1,996</td>
<td>1,996</td>
<td>828,338</td>
<td>20.6%</td>
<td>415</td>
</tr>
<tr>
<td>150-250</td>
<td>1,828</td>
<td>1,828</td>
<td>800,750</td>
<td>19.9%</td>
<td>438</td>
</tr>
<tr>
<td>250-500</td>
<td>250</td>
<td>250</td>
<td>35,536</td>
<td>0.9%</td>
<td>142</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>1,372</td>
<td>278,325</td>
<td>6.9%</td>
<td>203</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>1,438</td>
<td>247,045</td>
<td>6.1%</td>
<td>172</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>722</td>
<td>722</td>
<td>255,861</td>
<td>6.4%</td>
<td>354</td>
</tr>
<tr>
<td>Retail Park</td>
<td>10,993</td>
<td>10,993</td>
<td>1,539,647</td>
<td>38.3%</td>
<td>140</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,664</strong></td>
<td><strong>4,021,659</strong></td>
<td><strong>100.0%</strong></td>
<td></td>
<td><strong>215</strong></td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>722</td>
<td>255,861</td>
<td>6.4%</td>
<td>354</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>219</td>
<td>111,605</td>
<td>2.8%</td>
<td>510</td>
</tr>
<tr>
<td>Fashion</td>
<td>4,112</td>
<td>1,222,586</td>
<td>30.4%</td>
<td>297</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>236</td>
<td>129,824</td>
<td>3.2%</td>
<td>550</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>441</td>
<td>209,005</td>
<td>5.2%</td>
<td>473</td>
</tr>
<tr>
<td>Household Goods</td>
<td>565</td>
<td>170,722</td>
<td>4.2%</td>
<td>302</td>
</tr>
<tr>
<td>Services</td>
<td>699</td>
<td>179,749</td>
<td>4.5%</td>
<td>257</td>
</tr>
<tr>
<td>Leisure</td>
<td>174</td>
<td>22,337</td>
<td>0.6%</td>
<td>128</td>
</tr>
<tr>
<td>Vacant</td>
<td>503</td>
<td>180,323</td>
<td>4.5%</td>
<td>359</td>
</tr>
<tr>
<td><strong>Total Retail Gallery</strong></td>
<td><strong>7,671</strong></td>
<td><strong>2,482,011</strong></td>
<td><strong>61.7%</strong></td>
<td><strong>324</strong></td>
</tr>
<tr>
<td>Sporting Goods</td>
<td>2,964</td>
<td>417,295</td>
<td>10.4%</td>
<td>141</td>
</tr>
<tr>
<td>DIY</td>
<td>3,032</td>
<td>471,107</td>
<td>11.7%</td>
<td>155</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>3,312</td>
<td>533,295</td>
<td>13.3%</td>
<td>161</td>
</tr>
<tr>
<td>Vacant</td>
<td>1,685</td>
<td>117,950</td>
<td>2.9%</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total Retail Park</strong></td>
<td><strong>10,993</strong></td>
<td><strong>1,539,647</strong></td>
<td><strong>38.3%</strong></td>
<td><strong>140</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,664</strong></td>
<td><strong>4,021,659</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>215</strong></td>
</tr>
</tbody>
</table>

The gross Potential Headline MGR is equal to €4,086,664 (€219 per sq m per annum). As mentioned above, the stabilised situation will be reached in 2017. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, the turnover rent accrued in 2012 and paid in 2013 is equal to €38,942.

14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €71,595.
15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €1,161,000. Of these, €747,000 are to be paid by the retail units of the gallery and of the Retail Park, corresponding to a cost of approximately €40 per sq m of the total GLA, which seems appropriate for this type of scheme considering the presence of some large-sized units.

Please note that two tenants have a cap on the Service Charges: Unit 49 B1 EXT – Euronics (€33,595/yr) and Unit 51 B3 EXT – Decathlon (€20,890). Based on the budget provided, no service charges will be paid by the landlord for these units in 2013.

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €226,629 (€237,960 including the 5% project management fee)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€6,388</td>
<td>€31,941</td>
<td>€87,838</td>
<td>€46,314</td>
<td>€65,479</td>
</tr>
</tbody>
</table>

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €81,874 per annum.
- Insurance: €55,594 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €40 per sq m of GLA per annum.
- Rental loss (void): 3 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.
15.5 Rental Arrears and Legal Proceedings

We have been provided with a table indicating arrears trends since 2009. As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.

16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the shopping centre registered some 3,167,810 visitors, corresponding to a 3.9% increase compared to previous year (3,048,021 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery and the Retail Park in 2012 is equal to €50,815,588, corresponding to a slight increase on 2011 (+0.6%).

The trend over the past three years has been one of stability: in 2011 the turnover amounted to €50,509,260, +0.1% compared to the €50,482,802 in 2010, when turnover had increased by 5.8% on 2009.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery and Retail Park have an average rent-to-sales ratio (effort rate) of 8.5% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m) have an average effort rate of 9.6%, which is very good. The majority of the tenants have effort rates below 12%, and no tenant presents a critical situation (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding the medium- and large-sized units, and excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>15</td>
<td>54%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>12</td>
<td>43%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>1</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>28</td>
<td>100%</td>
</tr>
<tr>
<td>&gt;25%</td>
<td>unsustainable</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA<500 sqm)

The following table reports our comments with reference to the effort rates of the medium- and large-sized units:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>EURONICS</td>
<td>Electronics &amp; Telecom</td>
<td>3,312</td>
<td>10,136,678</td>
<td>528,364</td>
<td>5.2%</td>
<td>critical</td>
</tr>
<tr>
<td>BRICO CENTER</td>
<td>DIY</td>
<td>3,032</td>
<td>3,652,312</td>
<td>532,893</td>
<td>14.6%</td>
<td>critical</td>
</tr>
<tr>
<td>DECATHLON</td>
<td>Sporting Goods</td>
<td>2,964</td>
<td>7,892,108</td>
<td>413,437</td>
<td>5.2%</td>
<td>sustainable</td>
</tr>
<tr>
<td>CO.IMPORT</td>
<td>Household Goods</td>
<td>565</td>
<td>693,260</td>
<td>168,034</td>
<td>24.2%</td>
<td>unsustainable</td>
</tr>
<tr>
<td>CACHE CACHE</td>
<td>Fashion</td>
<td>808</td>
<td>795,323</td>
<td>107,803</td>
<td>13.5%</td>
<td>good</td>
</tr>
<tr>
<td>OVS</td>
<td>Fashion</td>
<td>1,438</td>
<td>2,164,386</td>
<td>244,761</td>
<td>11.3%</td>
<td>critical</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA <500 sqm)
17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area, and we have identified the following shopping centre as the subject Property’s main competitor:

<table>
<thead>
<tr>
<th>1. BIGSTORE Shopping Centre and Retail Park</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location:</strong> Cuneo</td>
</tr>
<tr>
<td><strong>Opening Date:</strong> 2004</td>
</tr>
<tr>
<td><strong>Parking Spaces:</strong> 2,300</td>
</tr>
<tr>
<td><strong>Total GLA (SC):</strong> 28,000 sq m</td>
</tr>
<tr>
<td><strong>Number of Retail Units:</strong> 33</td>
</tr>
<tr>
<td><strong>Food Anchor:</strong> Bigstore</td>
</tr>
<tr>
<td><strong>Sub-anchors:</strong> 1</td>
</tr>
<tr>
<td><strong>Parking Spaces:</strong> 2,300</td>
</tr>
<tr>
<td><strong>Total GLA (RP):</strong> 11,450 sq m</td>
</tr>
<tr>
<td><strong>Retail Boxes:</strong> 8</td>
</tr>
</tbody>
</table>

Bigstore Shopping Centre and Retail Park are located in the Madonna dell’Olmo Locality, north of Cuneo city centre and 7.5 km to the north-west of Auchan. The shopping centre is developed on a single level, comprising the hypermarket, 1 sub-anchor (Globe), and a gallery with 32 small retail units. The operators mainly comprise national and local operators, with a few international brands, such as Intimissimi, Bata, GameStop, and Stroili Oro. The retail park includes Acqua&Sapone (Household Goods), Jysk (Furniture), Arca Planet (Pet Supplies), Trony (Electronics & Telecom), Toys Center (Toy Store), Bernardi (Fashion), OBI (DIY), and Play (Leisure). The shopping centre and the retail park together create an appealing shopping destination, in competition with the Auchan pole to the east of city and mainly having an impact on the north portion of the secondary catchment area.

17.2 The Future Retail Supply

We are not aware of any development projects falling within the subject shopping centre’s catchment area.

The following Map highlights the location of the schemes analysed above.
18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Northern Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Shopping Centre, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €4,056,898, roughly in line with the Potential Headline Rent (-0.73%). Excluding the vacant units, the headline rent is 0.82% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:

By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.
19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The Auchan Shopping Centre and Retail Park are located in a small light-industrial area, just west of the province capital of Cuneo.

- Good accessibility and visibility. The Shopping Centre is easily accessible from both the city and the A33 motorway. The area is also served by a local bus line.

- The location provides a fair catchment area with approximately 135,000 inhabitants within the 20-minute drive time. The area is quite wealthy although consumption is below the regional average.

- Bigstore shopping centre, with the adjacent retail park, located just north of the city, represent Auchan’s main competitor.

- Good quality materials and finishes have been used to decorate the interior of the Centre.

- The gallery, developed on a single level, does not seem to have any ‘cold’ areas suffering from poor visitor traffic.

- The hypermarket operator (Auchan) is a strong food anchor.

- The gallery has a good line-up of national and international brands (69%), along with some local operators.

- The gallery offers a diversified merchandising mix with high proportion of Fashion operators (53.6%). The Retail Park completes the offer of this shopping destination with Decathlon (Sporting Goods), Brico Center (Do-It-Yourself), Euronics (Electronics & Telecom), and in 2014 Scarpe & Scarpe (Fashion).

- The majority of the lease contracts contain a turnover rent element, which increases the possibility for an investor to benefit from a potential increase in sales.

- 5 units in the Retail Gallery are not occupied as at the valuation date. However, we have been informed that negotiations are underway with possible tenants. With reference to the Retail Park, the Brico unit is in the process of reducing its size. By the end of December, the Brico unit will then have a GLA of 3,032 sq m, while 1,685 sq m will be occupied by Scarpe & Scarpe under a 15-year lease contract.

- In 2012, the shopping centre registered increases in both footfall (+3.9%) and sales (+0.6%), compared to 2011.

- The Shopping Centre and Retail Park have an average rent-to-sales ratio (effort rate) of 8.5% (on homogeneous data, excluding service charges). This result is very good and confirms that the Shopping Centre is performing well.
20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.

20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €4,021,659.
- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.
- The estimated Mall Income for 2013/14 is €70,000, representing approximately 1.74% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 1.5% of the gross annual MGR.
- The estimated Turnover Rent payable in 2014 is equal to €39,000, corresponding to 0.97% of the gross annual MGR. In our cash-flow analysis, from 2015 onward, we have assumed this figure to correspond to 1.0% of the gross annual MGR.

20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €81,874.
- Letting fees (new leases): 11.0% of the gross annual MGR.

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).
We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €40 per sq m of GLA per annum.
- Rental loss (void): 3 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €6,388 (including 5% property management fee).

### 20.4 Discount Rate, Exit Yield, Acquisition Costs

#### Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 7.25%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.

#### Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 7.50% to the MGR, while we have applied a yield of 8.50% to the income generated by the temporary lettings and to the turnover rent. The overall blended gross exit yield is equal to 7.52%.

#### Acquisition Costs

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.
21.0 Valuation

Following our inspection on 26 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Cuneo Retail Gallery and Retail Park, in Cuneo, is in the order of:

€57,500,000.00

(Fifty-Seven Million Five Hundred Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of €29,690,000.00 (excl. VAT).

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€40/sqm</td>
</tr>
<tr>
<td>Construction Cost</td>
<td></td>
</tr>
<tr>
<td>Professional Fee</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td>rounded</td>
</tr>
</tbody>
</table>
APPENDICES
Appendix 1
Photographs
Appendix 2
Floor Plans
Appendix 3
Merchandising Plan
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>GCI Location</th>
<th>Tenant Name</th>
<th>Brand</th>
<th>Lease start date</th>
<th>Lease end date</th>
<th>Business Lease</th>
<th>Ordinary Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>1_1</td>
<td>49 B1</td>
<td>PARCO COMMERCIALE EXT</td>
<td>DIMO SPA / STRADA VALENZA 7L / IT-15033 CASALE MONFERRATO EURONICS</td>
<td>16/12/2004</td>
<td>16/12/2013</td>
<td>YES</td>
<td>15/12/2016</td>
<td>100</td>
</tr>
<tr>
<td>1_2</td>
<td>50 B2</td>
<td>PARCO COMMERCIALE EXT</td>
<td>BRICOCENTER ITALIA S.R.L. / STRADA 8 PALAZZO N / IT-20089 ROZZANO BRICO CENTER</td>
<td>01/04/2007</td>
<td>15/12/2013</td>
<td>NO</td>
<td>15/12/2019</td>
<td>100</td>
</tr>
<tr>
<td>1_3</td>
<td>51 B3</td>
<td>EXT</td>
<td>DECATHLON ITALIA S.R.L. / S.S. NUOVA VALASSINA 268 / IT-20035 LISSONE DECATHLON</td>
<td>16/12/2004</td>
<td>16/12/2013</td>
<td>NO</td>
<td>15/12/2022</td>
<td>100</td>
</tr>
<tr>
<td>1_4</td>
<td>45 MS 01 A</td>
<td>Cuneo 3515</td>
<td>PROMOTRADE SRL / VIA G. LAPIRA SNC / IT-20047 BRUGHERIO CO.IMPORT</td>
<td>15/07/2012</td>
<td>15/06/2014</td>
<td>YES</td>
<td>15/12/2017</td>
<td>100</td>
</tr>
<tr>
<td>1_5</td>
<td>53 MS 01 B+21</td>
<td>Cuneo 3515</td>
<td>BEAUMANOIR ITALIA SRL / C.SO MAGENTA, 52 / IT-20121 MILANO CACHE CACHE</td>
<td>01/07/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2017</td>
<td>100</td>
</tr>
<tr>
<td>1_9</td>
<td>2 NEG 02 C</td>
<td>Cuneo 3515</td>
<td>MCDONALD'S DEVELOPMENT ITALY INC. / VIA DEL BOSCO RINNOVATO 6 EDU7 / IT-20090 ASSAGO - Milano Fiori NO MCDONALD'S</td>
<td>01/07/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2030</td>
<td>100</td>
</tr>
<tr>
<td>1_11</td>
<td>4 NEG 04 C</td>
<td>Cuneo 3515</td>
<td>ABCUNEO SRL / VIA CADUTI SUL LAVORO 25 / IT-10043 ORBASSANO CLINICHE DENTALI</td>
<td>02/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>01/04/2024</td>
<td>75</td>
</tr>
<tr>
<td>1_13</td>
<td>6 NEG 06 C</td>
<td>Cuneo 3515</td>
<td>FOOT LOCKER ITALY SRL / VIA ANTONIO DA RECANATE 1 / IT-20124 MILANO FOOT LOCKER</td>
<td>16/12/2004</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/12/2013</td>
<td>100</td>
</tr>
<tr>
<td>1_17</td>
<td>11 NEG 11/12</td>
<td>Cuneo 3515</td>
<td>MIROGLIO FASHION SRL / VIA SANTA BARBARA 11 / IT-12051 ALBA FIORELLA RUBINO</td>
<td>01/01/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/10/2014</td>
<td>100</td>
</tr>
<tr>
<td>1_18</td>
<td>13 NEG 13 C</td>
<td>Cuneo 3515</td>
<td>BANCA REGIONALE EUROPEA S.P.A. / VIA ROMA 13 / IT-12100 CUNEO BANCA REGIONALE EURO</td>
<td>16/12/2004</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/12/2016</td>
<td>75</td>
</tr>
<tr>
<td>1_19</td>
<td>14 NEG 14 C</td>
<td>Cuneo 3515</td>
<td>YO.IT DI FERRARESE MAURO &amp; C. SNC / VIA BUONARROTI 15 / IT-14100 ASTI YOYOGURT</td>
<td>01/06/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/05/2023</td>
<td>75</td>
</tr>
<tr>
<td>1_20</td>
<td>15 NEG 15 C</td>
<td>Cuneo 3515</td>
<td>LAVASECCO 1 ORA S.R.L. / VIA ROMA 108 / IT-10070 CAFASSE LAVASECCO 1 ORA</td>
<td>16/12/2004</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/12/2016</td>
<td>75</td>
</tr>
<tr>
<td>1_23</td>
<td>18 NEG 17 C</td>
<td>Cuneo 3515</td>
<td>JADO' DI LUZII DOMENICO E C. SAS.C.A. PEROTTO GIANNI / VIA PACCHIOTTI 35 / IT-10046 TORINO JADO' PAR RUCCHIERI</td>
<td>01/02/2005</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/01/2017</td>
<td>75</td>
</tr>
<tr>
<td>1_26</td>
<td>20 NEG 19 C</td>
<td>Cuneo 3515</td>
<td>LVMH ITALIA SPA / VIA TOMMASO GROSSI 2 / IT-20121 MILANO SEPHORA</td>
<td>16/12/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/12/2019</td>
<td>100</td>
</tr>
</tbody>
</table>

**Pro Turnover Up Yearly Inflation GLA**
Appendix 5
Rent Roll
<table>
<thead>
<tr>
<th>Unit No.</th>
<th>Tenant</th>
<th>Category</th>
<th>Area (sqm)</th>
<th>Rent (€/sqm/yr)</th>
<th>Gross Rent (€/yr)</th>
<th>Start Date</th>
<th>End Date</th>
<th>Lease Type</th>
<th>Rent Provided (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-21</td>
<td>49 B1 EXT EURONICS Electronics &amp; Telecom National</td>
<td>3,312</td>
<td>12.0</td>
<td>100%</td>
<td>15/12/2004</td>
<td>12.0</td>
<td>15/12/2016</td>
<td>Business Lease</td>
<td>543,077</td>
</tr>
<tr>
<td>23-24</td>
<td>51 B3 EXT DECATHLON Sporting Goods International</td>
<td>2,964</td>
<td>18.0</td>
<td>100%</td>
<td>15/12/2004</td>
<td>18.0</td>
<td>15/12/2022</td>
<td>Business Lease</td>
<td>448,752</td>
</tr>
<tr>
<td>25-26</td>
<td>45 MS 01 A CO.IMPORT Household Goods National</td>
<td>565</td>
<td>5.4</td>
<td>100%</td>
<td>01/10/2012</td>
<td>5.4</td>
<td>15/12/2017</td>
<td>Business Lease</td>
<td>181,795</td>
</tr>
<tr>
<td>27-28</td>
<td>53 MS 01 B+21 CACHE CACHE Fashion International</td>
<td>808</td>
<td>7.0</td>
<td>100%</td>
<td>01/07/2010</td>
<td>7.0</td>
<td>30/06/2017</td>
<td>Business Lease</td>
<td>114,565</td>
</tr>
<tr>
<td>30-31</td>
<td>2 NEG 02 MC DONALD'S Bars &amp; Restaurants International</td>
<td>287</td>
<td>18.0</td>
<td>100%</td>
<td>01/07/2012</td>
<td>18.0</td>
<td>30/06/2030</td>
<td>Business Lease</td>
<td>103,964</td>
</tr>
<tr>
<td>32-33</td>
<td>3 NEG 03 IL CALICE Bars &amp; Restaurants Local</td>
<td>110</td>
<td>9.0</td>
<td>100%</td>
<td>01/01/2012</td>
<td>9.0</td>
<td>31/12/2020</td>
<td>Business Lease</td>
<td>38,212</td>
</tr>
<tr>
<td>35-36</td>
<td>5 NEG 05 SQUARE CAFE' Bars &amp; Restaurants Local</td>
<td>144</td>
<td>9.0</td>
<td>100%</td>
<td>01/01/2011</td>
<td>9.0</td>
<td>31/12/2019</td>
<td>Business Lease</td>
<td>59,525</td>
</tr>
<tr>
<td>38-39</td>
<td>8 NEG 08 GAME STOP Electronics &amp; Telecom International</td>
<td>84</td>
<td>5.5</td>
<td>100%</td>
<td>01/07/2012</td>
<td>5.5</td>
<td>15/12/2017</td>
<td>Business Lease</td>
<td>48,933</td>
</tr>
<tr>
<td>41-42</td>
<td>14 NEG 14 YOYOGURT Bars &amp; Restaurants Local</td>
<td>53</td>
<td>12.0</td>
<td>75%</td>
<td>01/06/2011</td>
<td>12.0</td>
<td>31/05/2023</td>
<td>Property Lease</td>
<td>16,943</td>
</tr>
<tr>
<td>43-44</td>
<td>18 NEG 17 JADO' PARRUCCHIERI Services Local</td>
<td>105</td>
<td>12.0</td>
<td>75%</td>
<td>01/02/2005</td>
<td>12.0</td>
<td>31/01/2017</td>
<td>Property Lease</td>
<td>25,418</td>
</tr>
<tr>
<td>45-46</td>
<td>21 NEG 20 SALMOIRAGHI &amp; VIGANÒ Health &amp; Beauty National</td>
<td>165</td>
<td>7.0</td>
<td>100%</td>
<td>16/12/2010</td>
<td>7.0</td>
<td>15/12/2017</td>
<td>Business Lease</td>
<td>82,492</td>
</tr>
<tr>
<td>47-48</td>
<td>25 NEG 24 VODAFONE ONE Electronics &amp; Telecom International</td>
<td>86</td>
<td>01/07/2013</td>
<td>100%</td>
<td>30/06/2020</td>
<td>01/07/2013</td>
<td>30/06/2020</td>
<td>Business Lease</td>
<td>43,510</td>
</tr>
<tr>
<td>49-50</td>
<td>26 NEG 25+27 TEZENIS Fashion International</td>
<td>203</td>
<td>7.0</td>
<td>100%</td>
<td>01/03/2010</td>
<td>7.0</td>
<td>28/02/2017</td>
<td>Business Lease</td>
<td>113,030</td>
</tr>
<tr>
<td>51-52</td>
<td>27 NEG 26/28 PIMKIE Fashion International</td>
<td>175</td>
<td>9.1</td>
<td>100%</td>
<td>01/01/2007</td>
<td>9.1</td>
<td>31/01/2016</td>
<td>Business Lease</td>
<td>83,033</td>
</tr>
<tr>
<td>53-54</td>
<td>30 NEG 29 OLTRE Fashion International</td>
<td>133</td>
<td>7.0</td>
<td>100%</td>
<td>16/12/2010</td>
<td>7.0</td>
<td>15/12/2017</td>
<td>Business Lease</td>
<td>66,609</td>
</tr>
<tr>
<td>55-56</td>
<td>31 NEG 30 E' ORO Gifts &amp; Other goods National</td>
<td>75</td>
<td>7.0</td>
<td>100%</td>
<td>01/12/2007</td>
<td>7.0</td>
<td>30/11/2014</td>
<td>Business Lease</td>
<td>45,936</td>
</tr>
<tr>
<td>57-58</td>
<td>32 NEG 31 BLUE SPIRIT Gifts &amp; Other goods International</td>
<td>60</td>
<td>9.0</td>
<td>100%</td>
<td>16/12/2010</td>
<td>9.0</td>
<td>15/12/2019</td>
<td>Business Lease</td>
<td>44,183</td>
</tr>
<tr>
<td>59-60</td>
<td>33 NEG 32 LUMBERJACK Fashion International</td>
<td>103</td>
<td>7.0</td>
<td>100%</td>
<td>01/09/2011</td>
<td>7.0</td>
<td>31/08/2018</td>
<td>Business Lease</td>
<td>47,235</td>
</tr>
<tr>
<td>61-62</td>
<td>39 NEG 38 MOTIVI Fashion International</td>
<td>138</td>
<td>7.0</td>
<td>100%</td>
<td>16/12/2010</td>
<td>7.0</td>
<td>15/12/2017</td>
<td>Business Lease</td>
<td>72,953</td>
</tr>
<tr>
<td>63-64</td>
<td>41 NEG 40/41 JENNYFER Fashion International</td>
<td>154</td>
<td>7.0</td>
<td>100%</td>
<td>01/02/2008</td>
<td>7.0</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>85,906</td>
</tr>
</tbody>
</table>

**Total Gallery**

- **2013 MGR as at 30/06/2013**: 
  - **Gross Rent (€/yr)**: 3,776,821
  - **Gross Turnover**: 3,776,821
  - **Stepped Concessions**: 3,756,356
  - **Stepped Rent**: 228
  - **Total Gallery Gross Rent**: 3,653,695
  - **Total Gallery Gross Turnover**: 4,086,664
Appendix 6
Market Value Calculation
Asset Code: 881
Asset: Auchan Cuneo Retail Gallery and Retail Park
Address: Cuneo, Italy
Valuation Date: 30/06/2013

**Income**

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>Total</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Inflation Rate</th>
<th>1.60%</th>
<th>1.50%</th>
<th>2.00%</th>
<th>2.00%</th>
<th>2.00%</th>
<th>2.00%</th>
<th>2.00%</th>
<th>2.00%</th>
<th>2.00%</th>
<th>2.00%</th>
<th>2.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Growth</td>
<td>0.50%</td>
<td>1.00%</td>
<td>1.50%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Turnover Rent as % of MGR</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Mall Income as a % of MGR</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
</tbody>
</table>

**Expenditures**

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>Total</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Operational Costs</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Management Fees (MGR)</td>
<td>2.00%</td>
<td>(80,433)</td>
<td>(83,075)</td>
<td>(84,611)</td>
<td>(85,797)</td>
<td>(86,966)</td>
<td>(88,421)</td>
<td>(89,912)</td>
<td>(91,524)</td>
<td>(93,214)</td>
<td>(973,555)</td>
</tr>
<tr>
<td>Property Management Fees (Turnover Rent)</td>
<td>2.00%</td>
<td>(780)</td>
<td>(804)</td>
<td>(831)</td>
<td>(846)</td>
<td>(858)</td>
<td>(870)</td>
<td>(884)</td>
<td>(899)</td>
<td>(915)</td>
<td>(949,268)</td>
</tr>
<tr>
<td>Property Management Fees (Market Growth)</td>
<td>(20,000)</td>
<td>(14,000)</td>
<td>(12,461)</td>
<td>(12,692)</td>
<td>(12,870)</td>
<td>(13,045)</td>
<td>(13,263)</td>
<td>(13,487)</td>
<td>(13,729)</td>
<td>(13,982)</td>
<td>(14,235,026)</td>
</tr>
<tr>
<td>Property Management Fees (Inflation Rate)</td>
<td>(50,109)</td>
<td>(60,109)</td>
<td>(68,445)</td>
<td>(77,781)</td>
<td>(87,117)</td>
<td>(96,453)</td>
<td>(105,789)</td>
<td>(115,125)</td>
<td>(124,461)</td>
<td>(133,797)</td>
<td>(143,143,769)</td>
</tr>
<tr>
<td>Lease Registration Tax</td>
<td>(1,176)</td>
<td>(1,218)</td>
<td>(1,234)</td>
<td>(1,088)</td>
<td>(1,277)</td>
<td>(1,296)</td>
<td>(1,316)</td>
<td>(1,335)</td>
<td>(1,355)</td>
<td>(1,368)</td>
<td>(1,281,819)</td>
</tr>
<tr>
<td>Service Charges on Vacant Units</td>
<td>€40/sq m</td>
<td>(7,392)</td>
<td>(5,991)</td>
<td>(2,553)</td>
<td>(57,402)</td>
<td>(22,386)</td>
<td>(6,680)</td>
<td>(10,139)</td>
<td>(2,267)</td>
<td>(175)</td>
<td>(36,049)</td>
</tr>
<tr>
<td>Other Costs</td>
<td>0.50%</td>
<td>(19,743)</td>
<td>(20,454)</td>
<td>(21,013)</td>
<td>(20,163)</td>
<td>(20,911)</td>
<td>(21,805)</td>
<td>(21,918)</td>
<td>(22,779)</td>
<td>(23,296)</td>
<td>(23,115,227)</td>
</tr>
<tr>
<td>Total Operational Costs</td>
<td>(320,953)</td>
<td>(325,524)</td>
<td>(328,572)</td>
<td>(386,394)</td>
<td>(357,907)</td>
<td>(349,381)</td>
<td>(358,582)</td>
<td>(358,208)</td>
<td>(363,117)</td>
<td>(404,640)</td>
<td>(3,936,077)</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Leasing and Capital Costs</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Letting Fees</td>
<td>11%</td>
<td>(29,655)</td>
<td>(26,175)</td>
<td>(13,941)</td>
<td>(114,544)</td>
<td>(70,439)</td>
<td>(30,119)</td>
<td>(49,819)</td>
<td>(9,025)</td>
<td>(629)</td>
<td>(400,418)</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>(31,941)</td>
<td>(87,838)</td>
<td>(46,314)</td>
<td>(65,479)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>(237,960)</td>
</tr>
</tbody>
</table>

| Net Exit Value | 64,893,812 |
| Present Value of Annual Income | 27,273,760 |
| Present Value of Resale @ Year 10 | 32,227,772 |
| GPR (on Total) | (2,012,129) |
| Market Value Rounded | 57,500,000 |
| Net Initial Yield | 6.40% |
| Gross Initial Yield | 7.02% |
| Net Exit Yield (on MGR) | 6.92% |
| Gross Exit Yield (on MGR) | 7.50% |
| Net Exit Yield (on Variable Rent) | 7.02% |
| Gross Exit Yield (on Variable Rent) | 7.50% |
| Net Blended Exit Yield | 6.93% |
| Gross Blended Exit Yield | 7.52% |
| Market Value / sq m GLA | €3,081 |

| Net Running Yield on Initial Investment | 6.40% | 6.59% | 6.71% | 6.21% | 6.57% | 7.08% | 7.07% | 7.44% | 7.63% | 7.41% | 7.87% |
| Gross Running Yield on Initial Investment | 7.02% | 7.26% | 7.46% | 7.16% | 7.43% | 7.74% | 7.78% | 8.08% | 8.26% | 8.20% | 8.54% |

---

(*) including current vacancy and void period of 3 months at lease expiry
002
Auchan Torino Retail Gallery
Turin, Italy
### Table of Contents

1.0 Valuer Details and Inspection ................................................................. 3
2.0 Documentation Provided ........................................................................... 3
3.0 Location ..................................................................................................... 4
4.0 Situation ..................................................................................................... 5
5.0 Catchment .................................................................................................. 6
6.0 Description .................................................................................................. 9
7.0 Accommodation .......................................................................................... 10
8.0 Condition ..................................................................................................... 11
9.0 Services, Plant, and Equipment ................................................................. 11
10.0 Environmental Considerations ................................................................. 11
11.0 Statutory Requirements and Town Planning .............................................. 12
12.0 Cadastral Information ............................................................................... 13
13.0 Tenure ...................................................................................................... 13
14.0 Occupational Tenancies and Income ........................................................... 13
15.0 Management, Service Charges, and Non-recoverable Costs .................... 17
16.0 Performance ............................................................................................... 18
17.0 Local Retail Supply ..................................................................................... 19
18.0 Market Rent ............................................................................................... 21
19.0 Principal Valuation Considerations .............................................................. 22
20.0 Valuation Methodology and Factors ......................................................... 23
21.0 Valuation ................................................................................................... 25
22.0 Reinstatement Cost ..................................................................................... 25

### Appendices

Appendix 1 : Photographs  
Appendix 2 : Floor Plan  
Appendix 3 : Merchandising Plan  
Appendix 4 : Tenancy Schedule Provided  
Appendix 5 : Rent Roll  
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Céline Cattaneo, valuer, of Savills Milan.

The Property was inspected on 26 June 2013 by Céline Cattaneo. We were able to inspect the whole of the Property externally, while internally the inspection was limited to the areas of the retail gallery accessible to the public. The weather on the date of our inspection was dry.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xls’);  
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Capital Expenditure (Excel files ‘Granato_Capex Split_sent.xls’ and ‘130131_Capex Plan.xls’);  
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report-Final.pdf’);
- Town Planning Report (Pdf file ‘rel urbanistica_firmata.pdf’);
- Gross floor areas (Excel file ‘Summary_Surfaces.xls’);
- Floor plans (Pdf file ‘TORINO planimetria.pdf’);
- Property Brochure (Pdf file ‘BROCHURE TORINO.pdf’).
3.0 Location

Auchan Torino Shopping Centre is located in the municipality of Turin, province and region capital of Piedmont, in the north-west of Italy. The shopping centre is approximately 6 km to the north-east of the city centre, near the Michelin and Fiat industrial area.

Accessibility by car is very good both from the city, via Corso Giulio Cesare and from the A4 Turin-Trieste motorway, accessible from a roundabout in proximity of the Property. The A4 motorway is connected with the city bypass, leading to the A5 (Turin-Mont Blanc), A32 (Turin-Bardonechia), A55 (Turin-Pinerolo), A6 (Turin-Savona), and A21 (Turin-Brescia) motorways. The area is also served by a various bus and tram lines with stops along Corso Romania and Corso Giulio Cesare.

The Turin Stura railway station is a couple hundred metres north of the Property. The international airport of Torino-Caselle is located approximately 13 km to the north-west.
4.0 Situation

As mentioned above, the subject shopping centre is located in the industrial area occupied by the Michelin and Fiat plants, in the north outskirts of the city of Turin, in District 6. Based on the information provided to us, the area will be the object of a requalification project that contemplates the development of office complexes and hotel, in addition to new retail activities. As highlighted in blue in the map below, a Leroy Merlin is under construction to the south-west of the Auchan shopping centre, while plans have been approved for the development of a retail park to the east.

The Property is bordered by Corso Romania to the north, Corso Giulio Cesare to the west, and by warehouses to the south and east. To the west of Corso Giulio Cesare are the Intesa SanPaolo and Lavazza office buildings and residential areas.
5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Piedmont region had approximately 4,360,000 residents. 51.5% of the inhabitants of the region are concentrated in the province of Turin (2,243,382 people), with a density per sq km of 328 inhabitants (compared to the 172 inhabitants per sq km of the Piedmont region). The municipality of Turin has a population of approximately 911,795 (Source City of Turin Statistics Website – 2012 Data).

As to the age structure of the population in the province of Turin, 17.4% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 59.6% is aged 20 to 64 (Italy 60.4%), while the remaining 23.1% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Turin is of approximately €27,441, slightly below the average for North-West Italy, but above the national average of €25,727 (2010 data). With reference to the national added value, the province of Turin ranks 3rd among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (74.72%), followed by the industrial sector (24.69%) and by agriculture (0.59%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Turin is high compared to the Italian average (+17.2 points). The consumption per capita, is slightly higher than the Piedmont average (+1.7 points) well above the Italian average (+12.3 points). The non-food component of the total family spending is still predominant at 83.40% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Turin was 9.8%, slightly above the Piedmont regional average (9.2%) but below the Italian average (10.7%).

![Unemployment Rate (2012)](image)

Specifically, in the Piedmont region, the unemployment rate increased to 9.2% in 2012, compared to 7.6% in 2011 and 2010. (Source: ISTAT)

5.2 Catchment Analysis

We have defined 10 and 20 minute drive time catchment areas for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 and 10-20 isochrones analysed for the subject shopping centre are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>150,178</td>
<td>17.7%</td>
<td>150,178</td>
</tr>
<tr>
<td>10-20</td>
<td>696,410</td>
<td>82.3%</td>
<td>846,587</td>
</tr>
</tbody>
</table>
To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 20 minutes away. However, we would expect the most frequent visitors to come from the 0-10 minute drive time area, corresponding to the above estimate of 150,178 inhabitants (nearly 18% of the total catchment population). Turin’s District 6, where the shopping centre is located, has a high population density of 4,260 residents per sq km.

- The 20-minute catchment area covers some 500 sq km and has a density of 1,689 inhabitants/sq km (compared to the Italian average of 197/sq km), thanks to the presence of the city of Turin. The density reaches 2,617 inhabitants/sq km in the 0-10 minute catchment area.

- The region overall is quite wealthy and consumption per capita in the province of Turin is well above the Italian average.

- The city of Turin has a wide retail offer, including shopping centres, retail parks, and clusters of retail warehouses. We have identified two retail schemes located within the 10-minute isochrones of Auchan Shopping Centre: one shopping centre with adjacent retail park and a recently-built retail park (for details and comments on the competition, please refer to Section 17.0 of this report).
6.0 Description

Auchan Torino Shopping Centre opened to the public in 1989 and its Retail Gallery has a total GLA (Gross Lettable Area) of 6,343 sq m, including 670 sq m of office space.

The Shopping Centre consists of a gallery developed on a single level, comprising 32 small retail units, 1 medium-sized unit, 1 large-sized unit, 4 bars and restaurants, and an Auchan hypermarket (42 checkout counters), which is not part of the Property under valuation.

The Retail Gallery (5,673 sq m GLA, excluding the office) is developed in a figure ‘8’ in front of the east portion of the hypermarket, with the corridor in front of its checkout counters continuing all the way to the west entrance of the centre. The Norauto large-sized unit occupies the south-east portion of the gallery and is also accessible from the outside; the Flunch restaurant is located near the central entrance and has a dehors eating area in front of the centre; the OVS medium-sized unit is close to the west entrance of the centre. The shopping centre does not seem to have any ‘cold’ areas suffering from poor visitor traffic. The gallery is accessible via three entrances: two situated along the front of the shopping centre and one along its west side. The exterior of the shopping is characterised by the imposing entranceways with glazed curtain walls. The internal finishes are of good quality. In the gallery, the ceilings are either plastered or suspended, with skylights providing some natural illumination. Artificial lighting is provided by recessed light fixtures in the suspended ceilings. The flooring is in light-coloured marble tiles.

The office space (670 sq m GLA) occupies a portion of the second level and is accessible via a lift and a staircase near the west entrance.

The shopping centre is served by an open-air car park at ground level and by a rooftop car park, providing 2,300 parking spaces. The rooftop car park is accessible via two sets of travelators near the east and west entrances.

Auchan Shopping Centre is open every day from 8:00 a.m. to 9:00 p.m., except on Sundays when opening hours are from 9:00 a.m. to 8:00 p.m.

A selection of Photographs is attached at Appendix 1.
The Floor Plans are attached at Appendix 2.
The Merchandising Plan is attached at Appendix 3.
7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 6,343 sq m, sub-divided into 38 retail units and an office, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>317</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,398</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>814</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>895</td>
<td>1</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>1,081</td>
<td>1</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td></td>
<td>1,168</td>
<td>4</td>
</tr>
<tr>
<td>Office</td>
<td></td>
<td>670</td>
<td>1</td>
</tr>
<tr>
<td>Retail Gallery</td>
<td></td>
<td>5,673</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>6,343</td>
<td>39</td>
</tr>
</tbody>
</table>

The Retail Gallery offers a diversified merchandising mix, characterised by the strong presence of the Fashion sector (36.3% of the total GLA), followed by Bars & Restaurants (20.6%) and by Car Accessories & Repairs (19.1%), present in such large proportion due to the presence of large-sized units operating in both sectors:

A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.
8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in good condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken. Based on the Legal Due Diligence provided, the Property is located in a former industrial area, which has a high risk of contamination; some analyses were carried out in 2012 on a portion of land next to the shopping centre, and the results showed that the limits of contamination from hazardous substances had not been exceeded.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.
11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Piedmont region, the retail sector is regulated by Regional Laws no. 28 dated 12 November 1999 and no. 10 dated 6 July 2005.

The law decree known as ‘Decreto Salva Italia’, which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the ‘possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage’. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Legal Due Diligence provided to us, GCI declared that all obligations arising from the zoning agreements have been fulfilled. The due diligence also reports that that centre has not been issued a Fire Prevention certificate: the note sent to Auchan by the Fire Brigade on 14 May 2012 reports several non-compliances with fire prevention regulations and orders of execution. We suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

Based on the Legal Due Diligence provided to us, there may be some minor discrepancies between the activated sales areas and those reported in the Comprehensive Authorization dated 10 March 2009.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.
12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Turin in full compliance with the current uses.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, the Retail Gallery of Auchan Torino Shopping Centre was fully let.

14.2 Lease Terms

Of the 39 leases currently in place, 27 are business leases and 12 are property leases.

From the documentation provided we understand that:

- 26 of the 27 tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 2.2% to 8.0%).
- 8 of the 12 property leases contain turnover-rent provisions (with percentages ranging from 1.2% to 7.0%).
- The duration of the business lease contracts varies from unit to unit, ranging from 5 to 18 years. The 12 property leases in place have durations from 7 to 12 years.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT.
- 3 of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.

Considering the assumed expiry dates, nearly half of the signed leases will have expired by the end of 2016 (49%), as shown in the following chart:
We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona)
Duration: 6+6 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (£28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).

Indexation: The rent will be increased annually by 75% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.

Lease registration Tax: 50% of the tax will be paid by the tenant and 50% by the landlord.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.
14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 100% of the tax will be paid by the tenant.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following 6 tenants can still exercise their break options:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
<th>Notice Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 NEG 01</td>
<td>OLTRE</td>
<td>17/08/2015</td>
<td>rolling</td>
</tr>
<tr>
<td>32 NEG 32</td>
<td>FLUNCH RISTORANTE</td>
<td>30/11/2014</td>
<td>rolling</td>
</tr>
<tr>
<td>34 NEG 34</td>
<td>CONBIPEL</td>
<td>16/12/2013</td>
<td>rolling</td>
</tr>
<tr>
<td>36 NEG 36</td>
<td>OVS</td>
<td>16/12/2004</td>
<td>rolling</td>
</tr>
<tr>
<td>38 NEG 38</td>
<td>FOOT LOCKER</td>
<td>15/10/2010</td>
<td>rolling</td>
</tr>
<tr>
<td>39 NEG 39</td>
<td>SEPHORA</td>
<td>15/06/2015</td>
<td>rolling</td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

3 of the leases in place have stepped-rent provisions. As a result, the stabilised situation will be reached in 2016.

We report below the list of tenants benefitting from stepped-rent agreements:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12 NEG 12</td>
<td>PERLIER</td>
<td>51,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>33 NEG 33</td>
<td>NORAUTO</td>
<td>213,221</td>
<td>213,221</td>
<td>213,221</td>
<td>230,000</td>
</tr>
<tr>
<td>40 NEG 40</td>
<td>BLUE SPIRIT</td>
<td>62,000</td>
<td>64,000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
14.7 Rental Concessions

According to the information provided, we understand that no rental concessions were granted in 2013.

14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €2,936,169, corresponding to an average of €463 per sq m of GLA per annum (€510/sq m GLA if considering the Retail Gallery only, without the offices). This has been calculated based on the information provided by you and taking into account the stepped rents agreed. For the units whose leases expire before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry. The gross Effective MGR at the valuation date is in the order of €2,911,870.

The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>317</td>
<td>306,528</td>
<td>10.4%</td>
<td>967</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,398</td>
<td>1,158,616</td>
<td>39.5%</td>
<td>829</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>814</td>
<td>610,576</td>
<td>20.8%</td>
<td>750</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>895</td>
<td>348,065</td>
<td>11.9%</td>
<td>389</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>1,081</td>
<td>214,926</td>
<td>7.3%</td>
<td>199</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>1,168</td>
<td>255,448</td>
<td>8.7%</td>
<td>219</td>
<td></td>
</tr>
<tr>
<td>Office</td>
<td>670</td>
<td>42,010</td>
<td>1.4%</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>Retail Gallery</td>
<td>5,673</td>
<td>2,894,159</td>
<td>98.6%</td>
<td>510</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6,343</td>
<td>2,936,169</td>
<td>100.0%</td>
<td>463</td>
<td></td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>1,168</td>
<td>255,448</td>
<td>8.7%</td>
<td>219</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>254</td>
<td>216,678</td>
<td>7.4%</td>
<td>853</td>
</tr>
<tr>
<td>Fashion</td>
<td>2,059</td>
<td>1,308,833</td>
<td>44.6%</td>
<td>636</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>237</td>
<td>280,374</td>
<td>9.5%</td>
<td>1,163</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>554</td>
<td>428,326</td>
<td>14.6%</td>
<td>773</td>
</tr>
<tr>
<td>Services</td>
<td>320</td>
<td>189,574</td>
<td>6.5%</td>
<td>592</td>
</tr>
<tr>
<td>Car Accessories &amp; Repair</td>
<td>1,081</td>
<td>214,926</td>
<td>7.3%</td>
<td>199</td>
</tr>
<tr>
<td>Office</td>
<td>670</td>
<td>42,010</td>
<td>1.4%</td>
<td>63</td>
</tr>
<tr>
<td>Total</td>
<td>6,343</td>
<td>2,936,169</td>
<td>100.0%</td>
<td>518</td>
</tr>
</tbody>
</table>

The gross Potential Headline MGR is equal to €2,955,233 (€466 per sq m per annum; €514 per sq m excluding the offices). As mentioned above, the stabilised situation will be reached in 2016. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, the turnover rent accrued in 2012 and paid in 2013 is equal to €30,105.
14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €199,985.

15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €1,458,000. Of these, €623,000 are to be paid by the retail units of the gallery and of the Retail Park, corresponding to a cost of approximately €110 per sq m of the total GLA of the retail units, which seems appropriate for this type of scheme.

Please note that the office unit (Unit 50 – Flunch) has a cap on the Service Charges of €1,550. Based on the budget provided, no service charges will be paid by the landlord for this unit in 2013.

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €267,860 (€281,252 including the 5% project management fee).

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>€70,363</td>
</tr>
<tr>
<td>2014/2015</td>
<td>€49,691</td>
</tr>
<tr>
<td>2015/2016</td>
<td>€62,611</td>
</tr>
<tr>
<td>2016/2017</td>
<td>€57,642</td>
</tr>
<tr>
<td>2017/2018</td>
<td>€40,946</td>
</tr>
</tbody>
</table>

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €185,195 per annum.
- Insurance: €23,176 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 0.5% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €110 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.
15.5 Rental Arrears and Legal Proceedings

We have been provided with a table indicating arrears trends since 2009. As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 0.5% of the gross annual MGR.

16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the shopping centre registered some 5,376,438 visitors, corresponding to a 2.4% increase compared to previous year (5,251,337 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery in 2012 is equal to €31,846,584, corresponding to a 4.1% decrease on 2011.

After increasing by 7.5% in 2010 (€34,991,667 vs €32,561,450 in 2009), sales lost 5.1% in 2011, when they reached €33,217,993.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery has an average rent-to-sales ratio (effort rate) of 11.2% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m) have an average effort rate of 12.6%, which is good. 39% of the tenants have effort rates below 12%, with 5 tenants presenting critical situations (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding the medium- and large-sized units, and excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>12</td>
<td>39%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>10</td>
<td>32%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>9</td>
<td>29%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>31</td>
<td>100%</td>
</tr>
<tr>
<td>&gt;25%</td>
<td>unsustainable</td>
<td>5</td>
<td>16%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA<500 sqm)

The following table reports our comments with reference to the effort rates of the medium- and large-sized units:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLUNCH RISTORANTE</td>
<td>Bars &amp; Restaurants</td>
<td>1,000</td>
<td>1,923,468</td>
<td>154,656</td>
<td>8.0%</td>
<td>good</td>
</tr>
<tr>
<td>NORAUTO</td>
<td>Car Accessories &amp; Repair</td>
<td>1,081</td>
<td>4,607,754</td>
<td>213,220</td>
<td>4.6%</td>
<td>good</td>
</tr>
<tr>
<td>OVS</td>
<td>Fashion</td>
<td>895</td>
<td>1,791,661</td>
<td>345,302</td>
<td>19.3%</td>
<td>critical</td>
</tr>
</tbody>
</table>

The following table reports our comments with reference to the effort rates of the medium- and large-sized units:
### 17.0 Local Retail Supply

#### 17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area. Turin has a wide retail offer, and we have identified the following main shopping centres falling within Auchan Torino’s catchment area:

<table>
<thead>
<tr>
<th>Shopping Centre and Retail Park</th>
<th>Location</th>
<th>Opening Date</th>
<th>Total GLA</th>
<th>Number of Retail Units</th>
<th>Food Anchor</th>
<th>Sub-anchors</th>
<th>Parking Spaces</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. PANORAMA Shopping Centre and Retail Park</td>
<td>San Mauro Torinese</td>
<td>1988</td>
<td>13,800 + 10,000 sq m</td>
<td>30</td>
<td>Panorama</td>
<td>5</td>
<td>2,000</td>
</tr>
<tr>
<td>2. SETTIMO CIELO Retail Park</td>
<td>Settimo Torinese</td>
<td>2011</td>
<td>26,000 sq m</td>
<td>13</td>
<td></td>
<td></td>
<td>3,600</td>
</tr>
<tr>
<td>3. PARCO DORA Shopping Centre</td>
<td>Turin</td>
<td>2003</td>
<td>28,000 sq m</td>
<td>42</td>
<td>Ipercoop</td>
<td>5</td>
<td>3,100</td>
</tr>
<tr>
<td>4. AREA 12 Shopping Centre</td>
<td>Turin</td>
<td>2011</td>
<td>30,000 sq m</td>
<td>60</td>
<td>E.Leclerc-Conad</td>
<td>3</td>
<td>2,000</td>
</tr>
</tbody>
</table>
5. LA CERTOSA Shopping Centre

- **Location:** Collegno (Turin)
- **Opening Date:** 2003
- **Total GLA:** 22,000 sq m
- **Number of Retail Units:** 43
- **Food Anchor:** Carrefour
- **Parking Spaces:** 1,900

La Certosa Shopping Centre is located approximately 16 km to the west of Auchan Torino, in its secondary catchment area. It is developed on a single level, with a partially open-air gallery, and comprises the hypermarket and 43 retail units including national and international operators, such as Golden Point, Motivi, Piazza Italia, Kasanova, Tezenis, Cache Cache. In the vicinity are a Leroy Merlin, a Viridea Garden Store, and an Ikea. Due to its location and the offer in the area, we would consider La Certosa Shopping Centre to have an impact on the western portion of the subject shopping centre's catchment area.

6. CASELLE CENTER Shopping Centre

- **Location:** Caselle Torinese
- **Opening Date:** 2005
- **Total GLA:** 12,200 sq m
- **Number of Retail Units:** 34
- **Food Anchor:** Bennet
- **Sub-anchors:** 1
- **Parking Spaces:** 1,100

Caselle Center is located approximately 10 km to the north-west of Auchan Torino, in its secondary catchment area. The shopping centre is developed on a single level, comprising the hypermarket, 1 sub-anchor (Bennet Universe), and a retail gallery with several national and international retailer, such as Cache Cache, Deichmann, Idexé, Carpisa, Douglas, Kiko, Yamamay, Kasanova, GameStop, Ciao Ciao. Due to its location and offer, we would consider Caselle Center to have an influence on the northern portion of the subject shopping centre’s secondary catchment area.

17.2 The Future Retail Supply

We report below the future retail supply expected to be developed in the catchment area of the subject shopping centre:

A. AUCHAN TORINO Retail Park – Turin

Auchan Torino Retail Park will be located just east of the subject shopping centre and will include 6 large-sized retail units, for a total area of 25,000 sq m. The Retail Park is expected to be completed by the end of 2015 and works have yet to start. To the south-west of Auchan Shopping Centre works are already underway for the development of a Leroy Merlin Do-It-Yourself store that will have an area of 11,500 sq m. Completion of works is expected for 2015. Both the Retail Park and the DIY store will complete the offer of the Auchan Shopping Centre, further strengthening this shopping destination.

B. SETTIMO CIELO Shopping Centre – Settimo Torinese (Turin)

Settimo Cielo Shopping Centre will be located next to the recently developed retail park, completing its retail offer. The Shopping Centre will be developed on two levels for a total area of 31,000 sq m, including a hypermarket, 8 sub-anchors, 74 units, a food court (9 bars/restaurants), and one cinema. Its development should be monitored closely as it size, offer, and close location are likely to pose a threat to Auchan Torino.

C. FASHION MALL Factory Outlet Centre – Settimo Torinese (Turin)

Fashion Mall will be located along Via Torino, in Settimo Torinese, west of Auchan Torino. The project, promoted by the Percassi group, contemplates the development of a luxury brand outlet with approximately 80 stores, for a total sales area of 12,000 sq m. The complex will also include offices. Even though this project has been massively publicized in the past, at today no information is available as to the timing for realization.
The following Map highlights the location of the schemes analysed above.

![Map](image)

18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Northern Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Shopping Centre, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is **€2,900,630**, slightly below the Potential Headline Rent (-1.85%).

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:
By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- Auchan Torino Shopping Centre is located in the north outskirts of the city of Turin, near the Michelin and Fiat industrial area.

- Very good accessibility and visibility. The Shopping Centre is located near the access to the A4 motorway, providing a link to the city bypass, and near Corso Giulio Cesare, one of the main arteries leading out of the city. The area is also well served by a local bus and tram lines.

- The location provides a good catchment area with approximately 150,000 inhabitants within the 10-minute drive time area, which includes the densely populated District 6 of Turin. The area is quite wealthy and consumption is above the regional average.

- Panorama shopping centre, with the adjacent retail park, located just 3 km to the east, represents Auchan’s direct competitor. The development of a new shopping centre, adjacent to the recently-built Settimocielo Retail Park, should be monitored closely as it size, offer, and close location are likely to pose a threat to Auchan Torino.

- Good quality materials and finishes have been used to decorate the interior of the Centre.

- The gallery, developed on a single level, does not seem to have any ‘cold’ areas suffering from poor visitor traffic.

- The hypermarket operator (Auchan) is a strong food anchor, and this one in particular was the first to open in Italy and is well established in its catchment.
The gallery has a good line-up of national and international brands (86% of the GLA), along with some local operators.

The gallery offers a diversified merchandising mix with good proportion of Fashion operators (36.3%). Bars & Restaurants, with the Flunch, represent 20.6%, and Car Accessories & Repairs (Norauto) 19.1%.

The nearby development of the Leroy Merlin (DIY) and of the Retail Park for a total GLA of 36,500 will widen the offer of this retail pole, further increasing its attractiveness.

The majority of the lease contracts contain a turnover rent element, which increases the possibility for an investor to benefit from a potential increase in sales.

At the valuation date the Retail Gallery was fully let.

In 2012, compared to 2011, the shopping centre registered an increase in footfall (+2.4%) and a decrease in sales (-4.1%), which however average ca €5,000/sq m (gross turnover), which is still a good result.

The Shopping Centre has an average rent-to-sales ratio (effort rate) of 11.2% (on homogeneous data, excluding service charges). This result is good and confirms that the Shopping Centre is performing well.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.
20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €2,936,169.

- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.

- The estimated Mall Income for 2013/14 is €200,000, representing approximately 6.81% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 6.5% of the gross annual MGR.

- The estimated Turnover Rent payable in 2014 is equal to €30,000, corresponding to 1.02% of the gross annual MGR. In our cash-flow analysis, from 2015 onward, we have assumed this figure to correspond to 1.0% of the gross annual MGR.

20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €185,195.
- Insurance: €23,176.
- Letting fees (new leases): 11.0% of the gross annual MGR.

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 0.5% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €110 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €70,363 (including 5% property management fee).

20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 7.25%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.
Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 7.25% to the MGR, while we have applied a yield of 8.25% to the income generated by the temporary lettings and to the turnover rent. The overall blended gross exit yield is equal to 7.31%.

Acquisition Costs

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

21.0 Valuation

Following our inspection on 26 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Torino Retail Gallery, in Turin, is in the order of:

€42,900,000.00

(Forty-Two Million Nine Hundred Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.
On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of **€12,540,000.00** (excl. VAT).

<table>
<thead>
<tr>
<th>Cost Item</th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€ 40/sqm</td>
<td>€416,160.00</td>
</tr>
<tr>
<td>Construction Cost</td>
<td></td>
<td>€11,023,320.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>10%</td>
<td>€1,102,332.00</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td>rounded</td>
<td><strong>€12,540,000.00</strong></td>
</tr>
</tbody>
</table>
Appendix 3
Merchandising Plan
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>No.</th>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>Tenant Name</th>
<th>Lease start date</th>
<th>Lease end date</th>
<th>Type</th>
<th>Gross Area</th>
<th>Location</th>
<th>Rent</th>
<th>Rent Increase</th>
<th>First Break Option</th>
<th>Annualized Rent</th>
<th>Total Rent</th>
<th>Lease Term</th>
<th>Area</th>
<th>Lease Type</th>
<th>Use</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3_1601</td>
<td>1</td>
<td>PROJETTI BANCHE S.R.L. / CORSO GARIBALDI, 41 / IT-10100 TORINO</td>
<td>01/01/2008</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>81</td>
<td>136,336</td>
<td>-</td>
<td>15/07/2020</td>
<td>276,672</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>3_1602</td>
<td>2</td>
<td>4ST STUDIO SRL / C.SO C.D. GARIBALDI, 11 / IT-10100 TORINO</td>
<td>01/01/2008</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>100,323</td>
<td>-</td>
<td>14/07/2020</td>
<td>210,646</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>3_1603</td>
<td>3</td>
<td>3M S.P.A. / CORSO GARIBALDI, 60 / IT-10100 TORINO</td>
<td>01/01/2008</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>150,623</td>
<td>-</td>
<td>21/07/2020</td>
<td>301,246</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>3_1604</td>
<td>4</td>
<td>2ST RENTAL SRL / C.SO C.D. GARIBALDI, 10 / IT-10100 TORINO</td>
<td>01/01/2008</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>100,323</td>
<td>-</td>
<td>14/07/2020</td>
<td>210,646</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>3_1605</td>
<td>5</td>
<td>5ST RENTAL SRL / C.SO C.D. GARIBALDI, 9 / IT-10100 TORINO</td>
<td>01/01/2008</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>150,623</td>
<td>-</td>
<td>21/07/2020</td>
<td>301,246</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>3_1606</td>
<td>6</td>
<td>6ST RENTAL SRL / C.SO C.D. GARIBALDI, 8 / IT-10100 TORINO</td>
<td>01/01/2008</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>100,323</td>
<td>-</td>
<td>14/07/2020</td>
<td>210,646</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>3_1607</td>
<td>7</td>
<td>7ST RENTAL SRL / C.SO C.D. GARIBALDI, 7 / IT-10100 TORINO</td>
<td>01/01/2008</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>150,623</td>
<td>-</td>
<td>21/07/2020</td>
<td>301,246</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>3_1608</td>
<td>8</td>
<td>8ST RENTAL SRL / C.SO C.D. GARIBALDI, 6 / IT-10100 TORINO</td>
<td>01/01/2008</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>100,323</td>
<td>-</td>
<td>14/07/2020</td>
<td>210,646</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>3_1609</td>
<td>9</td>
<td>9ST RENTAL SRL / C.SO C.D. GARIBALDI, 5 / IT-10100 TORINO</td>
<td>01/01/2008</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>150,623</td>
<td>-</td>
<td>21/07/2020</td>
<td>301,246</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>3_1610</td>
<td>10</td>
<td>1ST RENTAL SRL / C.SO C.D. GARIBALDI, 4 / IT-10100 TORINO</td>
<td>01/01/2008</td>
<td>31/01/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>100,323</td>
<td>-</td>
<td>14/07/2020</td>
<td>210,646</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes
- Business Lease: Long-term rental agreement for business purposes.
- Ordinary Lease: Short-term rental agreement for general use.
- Area: Gross Area in square meters (sqm).
- Lease Term: Duration of the lease in years.
- Area: Gross Area in square meters (sqm).
- Rent: Annualized Rent in Euros (€).
- Rent Increase: First Break Option in Euros (€).
- First Break Option: Date of the first break option in YYYY/MM/DD format.
- Annualized Rent: Total Annualized Rent in Euros (€).
- Total Rent: Total Rent in Euros (€).
- Notes: Additional notes or comments.
Appendix 5
Rent Roll
Appendix 6
Market Value Calculation
Asset Code: 801  
Asset: Auchan Torino Retail Gallery  
Address: Turin, Italy  
Valuation Date: 30/06/2013

### INCOME

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Rate</td>
<td>1.60%</td>
<td>1.50%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Market growth</td>
<td>0.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Turnover Rent as % of MRI</td>
<td>1.02%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
</tr>
<tr>
<td>MRI as % of VGR</td>
<td>8.61%</td>
<td>8.50%</td>
<td>8.50%</td>
<td>8.50%</td>
<td>8.50%</td>
<td>8.50%</td>
<td>8.50%</td>
<td>8.50%</td>
<td>8.50%</td>
<td>8.50%</td>
<td>8.50%</td>
</tr>
</tbody>
</table>

### EXPENDITURES

- **Operational Costs:**
  - Property Management Fees (MRI): 2.00% (* includes current vacancy and void period of 2 months at lease expiry*)
  - Property Management Fees (Turnover Rent): 2.00%
  - Property Management Fees (Total) 29.00%  
  - Property Tax (1.50% + 2.00%): 71.75%
  - Lease Registration Tax (0.5% + 1.00%): 70.75%
  - Service Charges on Vacant Units: €110/sq m
  - Other Costs: 0.00%

- **Leasing and Capital Costs:**
  - Letting fees: 11%
  - Capital Expenditures: 70.363%

### DISCOUNTED CASH FLOW

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Rate</td>
<td>7.20%</td>
<td>7.20%</td>
<td>7.20%</td>
<td>7.20%</td>
<td>7.20%</td>
<td>7.20%</td>
<td>7.20%</td>
<td>7.20%</td>
<td>7.20%</td>
<td>7.20%</td>
<td>7.20%</td>
</tr>
<tr>
<td>Discount Factor</td>
<td>0.93</td>
<td>0.87</td>
<td>0.81</td>
<td>0.76</td>
<td>0.70</td>
<td>0.66</td>
<td>0.61</td>
<td>0.57</td>
<td>0.53</td>
<td>0.50</td>
<td></td>
</tr>
</tbody>
</table>

### Market Value

- **Net Initial Yield:** 6.34%
- **Gross Initial Yield:** 7.33%
- **Net Exit Yield (on MRI):** 6.42%
- **Gross Exit Yield (on MRI):** 7.25%
- **Gross Exit Yield (on Variable Rent):** 7.25%
- **Gross Blended Exit Yield:** 7.25%
- **Net Exit Yield (on MGR):** 6.42%
- **Gross Blended Exit Yield:** 7.25%
- **Net Initial Yield (on MGR):** 6.34%
- **Gross Initial Yield (on MGR):** 7.33%
- **Net Exit Yield (on MGR):** 6.42%
- **Gross Exit Yield (on MGR):** 7.25%
- **Gross Blended Exit Yield:** 7.25%
- **Net Blended Exit Yield:** 6.47%
- **Gross Blended Exit Yield:** 7.31%
- **Market Value / sq m GLA:** €6,763

### Net Running Yield on Initial Investment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Initial Yield</td>
<td>6.34%</td>
<td>6.34%</td>
<td>6.34%</td>
<td>6.34%</td>
<td>6.34%</td>
<td>6.34%</td>
<td>6.34%</td>
<td>6.34%</td>
<td>6.34%</td>
<td>6.34%</td>
<td>6.34%</td>
</tr>
<tr>
<td>Gross Initial Yield</td>
<td>7.32%</td>
<td>7.32%</td>
<td>7.32%</td>
<td>7.32%</td>
<td>7.32%</td>
<td>7.32%</td>
<td>7.32%</td>
<td>7.32%</td>
<td>7.32%</td>
<td>7.32%</td>
<td>7.32%</td>
</tr>
<tr>
<td>Net Exit Yield (on MGR):</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
</tr>
<tr>
<td>Gross Exit Yield (on MGR):</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
</tr>
<tr>
<td>Gross Blended Exit Yield:</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
</tr>
<tr>
<td>Net Initial Yield (on MGR):</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
<td>6.42%</td>
</tr>
<tr>
<td>Gross Initial Yield (on MGR):</td>
<td>7.31%</td>
<td>7.31%</td>
<td>7.31%</td>
<td>7.31%</td>
<td>7.31%</td>
<td>7.31%</td>
<td>7.31%</td>
<td>7.31%</td>
<td>7.31%</td>
<td>7.31%</td>
<td>7.31%</td>
</tr>
<tr>
<td>Net Exit Yield (on MGR):</td>
<td>6.47%</td>
<td>6.47%</td>
<td>6.47%</td>
<td>6.47%</td>
<td>6.47%</td>
<td>6.47%</td>
<td>6.47%</td>
<td>6.47%</td>
<td>6.47%</td>
<td>6.47%</td>
<td>6.47%</td>
</tr>
<tr>
<td>Gross Exit Yield (on MGR):</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
</tr>
<tr>
<td>Gross Blended Exit Yield:</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
<td>7.25%</td>
</tr>
</tbody>
</table>

### Market Value

- **Net Running Yield on Initial Investment:** 6.34%  
- **Gross Running Yield on Initial Investment:** 7.33%  
- **Net Exit Yield (on MGR):** 6.42%  
- **Gross Exit Yield (on MGR):** 7.25%  
- **Gross Blended Exit Yield:** 7.25%  
- **Net Initial Yield:** 6.34%  
- **Gross Initial Yield:** 7.33%  
- **Net Exit Yield (on MGR):** 6.42%  
- **Gross Exit Yield (on MGR):** 7.25%  
- **Gross Blended Exit Yield:** 7.25%  
- **Net Initial Yield (on MGR):** 6.42%  
- **Gross Initial Yield (on MGR):** 7.33%  
- **Net Exit Yield (on MGR):** 6.42%  
- **Gross Exit Yield (on MGR):** 7.25%  
- **Gross Blended Exit Yield:** 7.25%  
- **Net Initial Yield:** 6.34%  
- **Gross Initial Yield:** 7.33%  
- **Net Exit Yield (on MGR):** 6.42%  
- **Gross Exit Yield (on MGR):** 7.25%  
- **Gross Blended Exit Yield:** 7.25%  
- **Net Initial Yield:** 6.34%
003
Auchan Mazzano Retail Gallery – ‘Il Triangolo’ Centre
Mazzano (Brescia), Italy
Table of Contents

1.0 Valuer Details and Inspection ............................................................................................................................................ 3
2.0 Documentation Provided .................................................................................................................................................... 3
3.0 Location ............................................................................................................................................................................. 3
4.0 Situation ............................................................................................................................................................................. 4
5.0 Catchment ......................................................................................................................................................................... 5
6.0 Description ..................................................................................................................................................................... 8
7.0 Accommodation ................................................................................................................................................................. 9
8.0 Condition ........................................................................................................................................................................ 10
9.0 Services, Plant, and Equipment ....................................................................................................................................... 10
10.0 Environmental Considerations ......................................................................................................................................... 11
11.0 Statutory Requirements and Town Planning .................................................................................................................... 11
12.0 Cadastral Information ........................................................................................................................................................ 12
13.0 Tenure ............................................................................................................................................................................... 12
14.0 Occupational Tenancies and Income .................................................................................................................................. 13
15.0 Management, Service Charges, and Non-recoverable Costs .......................................................................................... 17
16.0 Performance .................................................................................................................................................................... 18
17.0 Local Retail Supply .......................................................................................................................................................... 19
18.0 Market Rent ................................................................................................................................................................... 20
19.0 Principal Valuation Considerations .................................................................................................................................. 21
20.0 Valuation Methodology and Factors ................................................................................................................................ 22
21.0 Valuation ........................................................................................................................................................................ 24
22.0 Reinstatement Cost ............................................................................................................................................................ 24

Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plan
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Céline Cattaneo, valuer, of Savills Milan.

The Property was inspected on 25 June 2013 by Céline Cattaneo. We were able to inspect the whole of the Property externally, while internally the inspection was limited to the areas of the retail gallery accessible to the public. The weather on the date of our inspection was dry.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’) and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5_compared.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06.GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report-Final.pdf’);
- Gross floor areas (Excel file ‘Summary_Surfaces.xls’);
- Floor plans (Pdf file ‘MAZZANO planimetria.pdf’);
- Property Brochure (Pdf file ‘BROCHURE MAZZANO.pdf’).

3.0 Location

Auchan Mazzano Shopping Centre is located in the municipality of Mazzano, approximately 10 km to the east of Brescia, province capital of the Lombardy region, in the north-west of Italy. The shopping centre is approximately 3 km to the south of the town centre of Mazzano, in a mixed-use Molinetto locality.
Accessibility by car is good, with the south and east bypass of Brescia at approximately 3 km, leading to the A4 Turin-Trieste and the A21 Turin-Brescia motorways, respectively at 5 km and 12 km. The area is also served by a local bus lines with stops along Provincial Road SP 114.

The closest railway station is at 15 km in Brescia. The international airports of Verona ‘Valerio Catullo’ and Orio al Serio are located respectively 52 km to the east and 65 km to the west.

4.0 Situation

The subject Shopping Centre, known as ‘Il Triangolo’ (triangle) due to the shape of the lot it occupies, is located in a mixed-use area, comprising retail activities, light-industrial warehouses, residential complexes, and farmland. The Property comprises some external retail units that occupy the ground level of a three-storey office and residential building, characterised by a triangular floor plan.
The Property is bordered by Viale Brescia to the north, Viale De Gasperi to the south-east, and by Provincial Road SP 114 to the south-west. Along Viale Brescia, near the intersection with Viale de Gasperi, a small commercial complex (‘La Rotonda’), is currently under construction and will comprise both retail and office units. Opposite the Property, along SP 114 are some local retail activities.

5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Lombardy region had approximately 9,700,000 residents. 12.8% of the inhabitants of the region are concentrated in the province of Brescia (1,238,075 people), with a density per sq km of 259 inhabitants (compared to the 407 inhabitants per sq km of the Lombardy region). The municipality of Mazzano has a population of approximately 11,506.

As to the age structure of the population in the province of Cuneo, 20.0% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 60.9% is aged 20 to 64 (Italy 60.4%), while the remaining 19.1% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Brescia is of approximately €31,120, in line with the average for North-West Italy, and well above the national average of €25,727 (2010 data). With reference to the national added value, the province of Brescia ranks 5th among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (63.47%), followed by the industrial sector (34.51%) and by agriculture (2.02%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Brescia is lower than the Italian average (-8.0 points). The consumption per capita, is lower than the Lombardy average (-11.0 points) and slightly higher than the Italian average (+4.5 points). The non-food component of the total family spending is still predominant at 83.48% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Brescia was 6.8%, below both the Lombardy regional average (7.5%) and the Italian average (10.7%).

Specifically, in the Lombardy region, the unemployment rate increased to 7.5% in 2012, compared to 5.8% in 2011 and 5.6% in 2010. (Source: ISTAT)
5.2 Catchment Analysis

We have defined 10 and 15 minute drive time catchment areas for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 and 10-15 isochrones analysed for the subject shopping centre are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>63,659</td>
<td>35.8%</td>
<td>63,659</td>
</tr>
<tr>
<td>10-15</td>
<td>113,953</td>
<td>64.2%</td>
<td>177,613</td>
</tr>
</tbody>
</table>
To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 15 minutes away. However, we would expect the most frequent visitors to come from the 0-10 minute drive time area, corresponding to the above estimate of 63,659 inhabitants (36% of the total catchment population).

- The 15-minute catchment area covers some 398 sq km and has a density of 446 inhabitants/sq km (compared to the Italian average of 197/sq km). The density reaches 548 inhabitants/sq km in the 0-10 minute catchment area.

- The region overall is quite wealthy; however, consumption per capita in the province of Brescia is below the regional average, albeit above the Italian average.

- The main retail schemes we have identified are in the vicinity of Brescia and Desenzano del Garda. Although they fall outside the subject Property’s catchment area, they do have an impact on its eastern and western portions (for details and comments on the competition, please refer to Section 17.0 of this report).

6.0 Description

Auchan Mazzano Shopping Centre opened to the public in 2004 and its Retail Gallery has a total GLA of 18,664 sq m GLA (Gross Lettable Area), including 5 external units occupying the ground level of the adjacent office/residential building.

The Shopping Centre consists of a gallery developed on a single level, plus 5 external units, comprising 40 small retail units, 1 medium-sized unit, 4 large-sized units, 5 bars and restaurants, 1 cash dispenser, and an Auchan hypermarket (31 checkout counters), which is not part of the Property under valuation.

The Retail Gallery is developed in a figure '8' in front of the hypermarket, with the medium-sized unit occupying the south-west corner of the centre and the food court occupying the south-central plaza. The gallery is accessible directly from the open-air car park via three main entrances: two situated along the front of the shopping centre, and one along its west side, leading to the external units. The shopping centre does not seem to have any ‘cold’ areas suffering from poor visitor traffic. The exterior of the shopping centre has a rather low profile. The internal finishes are of good quality. In the gallery, the ceilings are either plastered or suspended, with the two main corridors entirely covered by glazed pitch skylights providing excellent natural illumination. Artificial lighting is provided by recessed light fixtures in the suspended ceilings. The flooring is in light-coloured marble tiles.
The external units comprise two large-sized units, two small units and a bar. The two small units are directly accessible from the car park, while the large-sized units and the bar share an entrance hall.

The shopping centre is served by an open-air car park at ground level and on the rooftop, and by a basement car park below the mixed-use building, providing a total of 1,900 parking spaces.

Auchan Shopping Centre is open every day from 9:00 a.m. to 9:00 p.m., except on Sundays when opening hours are from 10:00 a.m. to 8:00 p.m.

A selection of Photographs is attached at Appendix 1.
The Floor Plans are attached at Appendix 2.
The Merchandising Plan is attached at Appendix 3.

7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 12,118 sq m, sub-divided into 51 units, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>269</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>2,153</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>769</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>833</td>
<td>2</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>534</td>
<td>1</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>6,731</td>
<td>4</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>828</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Cash Dispenser</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>12,118</strong></td>
<td><strong>51</strong></td>
</tr>
</tbody>
</table>
The Retail Gallery and external units offer a diversified merchandising mix, characterised by the strong presence of the Fashion sector (31.9% of the total GLA), followed by DIY (21.7%), and by Electronics & Telecom (16.5%), as shown in the chart below:

A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.

8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in fairly good condition throughout the sales areas, although the exterior would benefit from some revamping.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.
10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.

11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Lombardy region, the retail sector is regulated by Regional Law no. 6 dated 2 February 2010.

The law decree known as 'Decreto Salva Italia', which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the ‘possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage’. Retail activities are now permitted to operate without limitations in terms of opening hours and days.
11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence provided to us, Building Permit no. 32/94 excludes the mall from the calculation of the gross floor area; the mall is indicated as ‘sheltered walkway for public use’, albeit no formal easement deed is reported. Furthermore, the Unilateral Obligation deed related to the transfer to the Province of Brescia of the area developed as a roundabout at the intersection of SP4 and SP11 (Sheet 17, Parcel 6) is not available, and the area still co-owned by Auchan and GCI.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Mazzano in full compliance with the current uses.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

The Technical Due Diligence provided to us highlights the presence of some areas that were formerly irrigation ditches whose ownership was uncertain and therefore likely to be unavailable to both the vendor and the purchaser.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.
14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, the Retail Gallery of Auchan Mazzano Shopping Centre had 1 vacant retail unit:

- Unit 17 (49 sq m GLA): this unit has been vacant since November 2012. Negotiations are underway with a possible tenant.

Please note that, at the valuation date, Unit 04/05 (390 sq m GLA) was occupied by CGlamour. However, the tenant left the premises at the end of July, and negotiations are underway with two possible tenants, contemplating the possibility of subdividing this unit into two separate units.

14.2 Lease Terms

Of the 50 leases currently in place, 42 are business leases and 8 are property leases.

From the documentation provided we understand that:

- 40 tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 2.5% to 9.0%). 5 of the 8 property leases contain turnover-rent provisions (with percentages ranging from 1.2% to 6.0%).
- The duration of the lease contracts varies from unit to unit, ranging from 5 to 18 years.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT.
- 3 of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.

Considering the assumed expiry dates, the majority of the signed leases will have expired by the end of 2018 (71%), as shown in the following chart:

![Graph showing lease expiry by headline rent and percentage]

Lease Expiry by Headline Rent

% Lease Expiry (on total Headline Rent)
We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

### 14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

<table>
<thead>
<tr>
<th>Parties:</th>
<th>Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration:</td>
<td>6+6 years</td>
</tr>
<tr>
<td>Break Option:</td>
<td>Break option after 36 months with 6 months notice.</td>
</tr>
<tr>
<td>Rent:</td>
<td>The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (£28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).</td>
</tr>
<tr>
<td>Indexation:</td>
<td>The rent will be increased annually by 75% of the ISTAT index from the 2nd year.</td>
</tr>
<tr>
<td>Stepped Rent:</td>
<td>The lease does not contemplate any stepped rents.</td>
</tr>
<tr>
<td>Maintenance:</td>
<td>With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.</td>
</tr>
<tr>
<td>Insurance:</td>
<td>The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.</td>
</tr>
<tr>
<td>Service Charges:</td>
<td>The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.</td>
</tr>
<tr>
<td>Lease registration Tax:</td>
<td>50% of the tax will be paid by the tenant and 50% by the landlord.</td>
</tr>
<tr>
<td>Right to sublet:</td>
<td>The Tenant has no right to sublet the unit or any portion of it.</td>
</tr>
<tr>
<td>Assignment:</td>
<td>Assignment of the lease contract is permitted.</td>
</tr>
</tbody>
</table>

### 14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

<table>
<thead>
<tr>
<th>Parties:</th>
<th>Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration:</td>
<td>7 years</td>
</tr>
<tr>
<td>Break Option:</td>
<td>Break option after 36 months with 6 months notice.</td>
</tr>
<tr>
<td>Rent:</td>
<td>The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (£32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).</td>
</tr>
<tr>
<td>Indexation:</td>
<td>The rent will be increased annually by 100% of the ISTAT index from the 2nd year.</td>
</tr>
<tr>
<td>Stepped Rent:</td>
<td>The lease does not contemplate any stepped rents.</td>
</tr>
<tr>
<td>Maintenance:</td>
<td>With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.</td>
</tr>
<tr>
<td>Insurance:</td>
<td>The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.</td>
</tr>
</tbody>
</table>
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.

Lease registration Tax: 100% of the tax will be paid by the tenant.

Right to sublet: The Tenant has no right to sublet the unit or any portion of it.

Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following 6 tenants can still exercise their break options:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
<th>Notice Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 NEG 03</td>
<td>PIAZZA ITALIA</td>
<td>01/02/2015</td>
<td>rolling</td>
</tr>
<tr>
<td>24 NEG 14/15/16</td>
<td>IL RISTANGOLO</td>
<td>30/12/2014</td>
<td>rolling</td>
</tr>
<tr>
<td>20 NEG 19/20</td>
<td>GAME 7</td>
<td>01/03/2016</td>
<td>rolling</td>
</tr>
<tr>
<td>46 NEG 33/34</td>
<td>BENETTON</td>
<td>15/11/2014</td>
<td>rolling</td>
</tr>
<tr>
<td>11 NEG 35/36</td>
<td>BATA SUPERSTORE</td>
<td>15/11/2014</td>
<td>rolling</td>
</tr>
<tr>
<td>214 UPIM</td>
<td>OVS</td>
<td>01/01/2007</td>
<td>rolling</td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

3 of the leases in place have stepped-rent provisions. As a result, the stabilised situation will be reached in 2014.

We report below the list of tenants benefitting from stepped-rent agreements:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>MGR 2013-2014 (€/yr)</th>
<th>MGR 2014-2015 (€/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 NEG 03</td>
<td>PIAZZA ITALIA</td>
<td>138,840</td>
<td>160,200</td>
</tr>
<tr>
<td>56 NEG 25</td>
<td>E’ ORO</td>
<td>70,000</td>
<td>75,000</td>
</tr>
<tr>
<td>34 NEG 31</td>
<td>COLOURS &amp; BEAUTY</td>
<td>35,000</td>
<td>-</td>
</tr>
</tbody>
</table>

14.7 Rental Concessions

According to the information provided, we understand that rental concessions were granted in 2013 for an annualized total of €10,150.

14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €3,477,907, corresponding to an average of €287 per sq m of GLA per annum. This has been calculated based on the information provided by you and taking into account the stepped rents agreed. For the units whose leases expire before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry, and we have applied our estimate of market rent to those units that are currently vacant until the assumed re-letting date. The gross Effective MGR at the valuation date is in the order of €3,401,800 (excluding the potential rent of the currently vacant unit).
The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>269</td>
<td>166,315</td>
<td>4.8%</td>
<td>618</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>2,153</td>
<td>1,309,747</td>
<td>37.7%</td>
<td>608</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>769</td>
<td>354,151</td>
<td>10.2%</td>
<td>461</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>833</td>
<td>241,270</td>
<td>6.9%</td>
<td>290</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>534</td>
<td>147,756</td>
<td>4.2%</td>
<td>277</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>6,731</td>
<td>917,213</td>
<td>26.4%</td>
<td>136</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>828</td>
<td>336,335</td>
<td>9.7%</td>
<td>406</td>
<td></td>
</tr>
<tr>
<td>Cash Dispenser</td>
<td>1</td>
<td>5,119</td>
<td>0.1%</td>
<td>5,119</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12,118</td>
<td>3,477,907</td>
<td>100.0%</td>
<td>287</td>
<td></td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>828</td>
<td>336,335</td>
<td>9.7%</td>
<td>406</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>1,998</td>
<td>315,946</td>
<td>9.1%</td>
<td>158</td>
</tr>
<tr>
<td>Fashion</td>
<td>3,865</td>
<td>1,309,034</td>
<td>37.6%</td>
<td>339</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>605</td>
<td>347,331</td>
<td>10.0%</td>
<td>574</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>668</td>
<td>404,997</td>
<td>11.6%</td>
<td>606</td>
</tr>
<tr>
<td>Sporting Goods</td>
<td>1,058</td>
<td>282,293</td>
<td>8.1%</td>
<td>267</td>
</tr>
<tr>
<td>Services</td>
<td>421</td>
<td>163,591</td>
<td>4.7%</td>
<td>389</td>
</tr>
<tr>
<td>DIY</td>
<td>2,626</td>
<td>288,860</td>
<td>8.3%</td>
<td>110</td>
</tr>
<tr>
<td>Vacant</td>
<td>49</td>
<td>29,400</td>
<td>0.8%</td>
<td>600</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>12,118</td>
<td>3,477,907</td>
<td>100.0%</td>
<td>287</td>
</tr>
</tbody>
</table>

The gross Potential Headline MGR is equal to €3,485,836 (£288 per sq m per annum). As mentioned above, the stabilised situation will be reached in 2014. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, the turnover rent accrued in 2012 and paid in 2013 is equal to €21,443.

14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €111,597.
15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €1,055,000. Of these, €690,000 are to be paid by the retail units of the gallery and by the external units, corresponding to a cost of approximately €57 per sq m of the total GLA, which seems appropriate for this type of scheme considering the presence of some large-sized units.

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €1,078,004 (€1,131,904 including the 5% project management fee):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€276,199</td>
<td>€488,537</td>
<td>€160,706</td>
<td>€112,810</td>
<td>€93,652</td>
</tr>
</tbody>
</table>

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €162,573 per annum.
- Insurance: €39,268 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €60 per sq m of GLA per annum.
- Rental loss (void): 3 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.

15.5 Rental Arrears and Legal Proceedings

We have been provided with a table indicating arrears trends since 2009. As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.
16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the shopping centre registered some 3,065,029 visitors, corresponding to a 7.8% increase compared to previous year (2,844,284 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery and the External Units in 2012 is equal to €34,060,232, corresponding to a slight increase on 2011 (+2.2%).

After increasing by 1.9% in 2010 (€36,002,704 vs €35,316,758 in 2009), sales lost 7.4% in 2011, when they reached €33,330,321.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery and External Units have an average rent-to-sales ratio (effort rate) of 11.7% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m) have an average effort rate of 14.0%, which is fair. 39% of the tenants have effort rates below 12%, and only two tenants present a critical situation (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding the large-sized units, and excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>14</td>
<td>39%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>16</td>
<td>44%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>6</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>unsustainable</td>
<td>36</td>
<td>100%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA<500 sqm)

The following table reports our comments with reference to the effort rates of the large-sized units:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRONY</td>
<td>Electronics &amp; Telecom</td>
<td>1,712</td>
<td>4,135,347</td>
<td>128,852</td>
<td>3.1%</td>
<td>fair</td>
</tr>
<tr>
<td>GAME 7</td>
<td>Sporting Goods</td>
<td>1,058</td>
<td>1,206,174</td>
<td>278,579</td>
<td>23.1%</td>
<td>unsustainable</td>
</tr>
<tr>
<td>BRICO</td>
<td>DIY</td>
<td>2,626</td>
<td>2,929,426</td>
<td>287,256</td>
<td>9.8%</td>
<td>critical</td>
</tr>
<tr>
<td>OVS</td>
<td>Fashion</td>
<td>1,335</td>
<td>2,283,478</td>
<td>215,311</td>
<td>9.4%</td>
<td>good</td>
</tr>
</tbody>
</table>

Effort Rate

- **2012 Turnover (€)**: 14,178,306
- **GLA (sqm)**: 3,892
- **Turnover (€/sqm)**: 3,643
- **2013 MGR (€)**: 1,988,184
- **Effort Rate (%)**: 14.0%
17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area, and we have identified the following shopping centres, which, although falling outside of the subject Property’s catchment area, have an impact on its eastern and western portions:

1. IL LEONE DI LONATO Shopping Centre

| Location: Lonato | Il Leone di Lonato Shopping Centre is located to the east of Brescia, approximately 17 km from the Auchan, just outside its secondary catchment area. The shopping centre is developed on two levels and comprises the hypermarket, 8 sub-anchors (Piazza Italia, Euronics, Zara, Pittarello, Apple Store, Jysk, Sportland, H&M), and a gallery with more than a hundred retail units, including many national and international operators, such as Mondadori, Tresse Sport, Prenatal, Camaieu, Kiko, Swarovski, Chicco, Calvin Klein, Bershka, Stradivarius, Sephora. Due to its size, offer and location, we would consider Il Leone di Lonato to have a significant impact on the subject shopping centre’s catchment area, especially for week-end shopping. |
| Opening Date: 2007 |
| Total GLA: 45,300 sq m |
| Number of Retail Units: 111 |
| Food Anchor: Iper |
| Sub-anchors: 8 |
| Parking Spaces: 5,300 |

2. LE VELE Retail Park

| Location: Desenzano del Garda | Le Vele Retail Park is located to the east of Brescia, approximately 17 km from the Auchan, just outside its secondary catchment area. The retail park is developed on two levels, with a retail gallery occupying part of the second level. It comprises the supermarket, 8 sub-anchors (Trony, Toys, Ovi, Conbipel, OVS, H&M, Sport Specialist, Magazzini F), and a gallery with 22 units, including some national and international operators, such as Imperial, Geox, Takko, Stroili oro, La Gardenia, Giunti al Punto. Due to its size, offer and location, we would consider Le Vele to have an influence on eastern portion of the subject shopping centre’s catchment area. |
| Opening Date: 2003 |
| Total GLA: 35,000 sq m |
| Number of Retail Units: 30 |
| Food Anchor: Unes |
| Sub-anchors: 8 |
| Parking Spaces: 1,400 |

3. CAMPO GRANDE Retail Park

| Location: Brescia | Campo Grande Retail Park is located to the west of Brescia, approximately 15 km from the Auchan, just outside its secondary catchment area. The retail park comprises some standalone units, including the food anchor, Mondo Convenienza, Leroy Merlin, Pittarello, Toys Center, and McDonald’s. The Bennet food anchor also includes a gallery with 12 units, mainly dedicated to services. Furthermore, a separate structure accommodates additional MSUs: Trony, OVS, Lidl, Centro Veneto del Mobile. Due to its retail format, offer and location, we would consider Campo Grande to have an influence on western portion of the subject shopping centre’s catchment area. |
| Opening Date: 2001 |
| Total GLA: 22,900 sq m |
| Number of Retail Units: 13 |
| Food Anchor: Bennet |
| Sub-anchors: 10 |
| Parking Spaces: 700 |

4. LE RONDINELLE Shopping Centre

| Location: Roncadelle | Le Rondinelle Shopping Centre is located to the west of Brescia, approximately 20 km from Auchan Mazzano. The shopping centre is developed on a single level and comprises the hypermarket, 2 sub-anchors (Expert and Brico Center), and a gallery with 76 units, including some national and international operators, such as OVS, Bata, Piazza Italia, Swarovski, Tally Weijl, Game 7 Athletics, Douglas, Motivi, Yamamay, Oltre. Due to its size, offer and location, we would consider Le Rondinelle to have an influence on eastern portion of the subject shopping centre’s catchment area. |
| Opening Date: 1996 |
| Total GLA: 42,700 sq m |
| Number of Retail Units: 78 |
| Food Anchor: Auchan |
| Sub-anchors: 2 |
| Parking Spaces: 3,500 |
17.2 The Future Retail Supply

We report below the future retail supply expected to be developed in the catchment area of the subject shopping centre:

### A. MELLA 2000 Retail Park – Roncadelle (Brescia)

Mella 2000 Retail Park will be located within a larger retail complex, which includes an Ikea store and a Docks Market. This retail complex is located in Roncadelle, just west of the city of Brescia. The retail park will have a total GLA of 35,300 and will comprise two main blocks developed on 3 levels. They will be situated on either side of the main road linking the South Bypass to the Ikea store. The two blocks will be connected via a retail gallery on the second level. Considering its location, size and offer, this retail park is likely to further strengthen the retail offer to the south-west of Brescia, having an influence on the western portion of the subject Property's catchment area.

We would also mention the project for the development of a 10,500 sq m GLA retail park in Lonato, concerning which, however, we have no further details at the moment.

The following Map highlights the location of the schemes analysed above.

---

18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Northern Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.
In assessing the market rental value of the Shopping Centre, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €3,391,375, slightly below the Potential Headline Rent (-2.71%). Excluding the vacant unit, the headline rent is 2.25% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:

![Market Rent vs Potential MGR chart]

By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The Auchan Shopping Centre is located in the mixed-use Molinetto locality, approximately 10 km to east of the province capital of Brescia.

- Good accessibility and visibility. The Shopping Centre is accessible from the south and east bypass of Brescia at approximately 3 km. The area is also served by local bus lines.

- The location provides a good catchment area with nearly 180,000 inhabitants within the 15-minute drive time. The area is fairly wealthy, and although disposable income is below the national average, consumption above the Italian average.

- The main retail schemes we have identified are in the vicinity of Brescia and Desenzano del Garda. Although they fall outside the subject Property’s catchment area, they do have an impact on it eastern and western portions.
• Good quality materials and finishes have been used to decorate the interior of the Centre. Some lack of maintenance, especially externally, will be fixed through planned capex.

• The gallery, developed on a single level, does not seem to have any ‘cold’ areas suffering from poor visitor traffic, although the detached external units do create a sort of gap in visitor flow.

• The hypermarket operator (Auchan) is a strong food anchor.

• The gallery has a good line-up of national and international brands (85% of the total GLA), along with some local operators.

• The gallery, together with the external units, offers a diversified merchandising mix with high proportion of Fashion operators (31.9%), DIY (21.7%), and Electronics & Telecom (16.5%).

• The majority of the lease contracts contain a turnover rent element, which increases the possibility for an investor to benefit from a potential increase in sales.

• One unit in the Retail Gallery was not occupied as at the valuation date, and one was vacated in July. However, we have been informed that negotiations are underway with possible tenants.

• In 2012, the shopping centre registered increases in both footfall (+7.8%) and sales (+2.2%), compared to 2011.

• The Shopping Centre and External Units have an average rent-to-sales ratio (effort rate) of 14.0% (on homogeneous data, excluding service charges). This result is fairly good and confirms that the Shopping Centre is performing fairly well.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.
20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €3,477,907.

- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.

- The estimated Mall Income for 2013/2014 is €110,000, representing approximately 3.16% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 3.0% of the gross annual MGR.

- The estimated Turnover Rent payable in 2014 is equal to €20,000, corresponding to 0.58% of the gross annual MGR. In our cash-flow analysis, from 2015 onward, we have assumed this figure to correspond to 0.50% of the gross annual MGR.

20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €162,573.
- Letting fees (new leases): 11.0% of the gross annual MGR.

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €60 per sq m of GLA per annum.
- Rental loss (void): 3 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €276,199 (including 5% property management fee).

20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 7.25%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.
**Exit Yield**

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 7.70% to the MGR, while we have applied a yield of 8.70% to the income generated by the temporary lettings and to the turnover rent. The overall blended gross exit yield is equal to 7.73%.

**Acquisition Costs**

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

**21.0 Valuation**

Following our inspection on 25 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Mazzano Retail Gallery and External Units, in Mazzano (Brescia), is in the order of:

€46,500,000.00

*(Forty-Six Million Five Hundred Thousand Euros)*

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

**22.0 Reinstatement Cost**

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.
On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of **€20,400,000.00** (excl. VAT).

<table>
<thead>
<tr>
<th>Cost Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€652,360.00</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>€17,956,785.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>€1,795,678.50</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td><strong>€20,400,000.00</strong></td>
</tr>
</tbody>
</table>
Appendix 1
Photographs
Auchan Mazzano Shopping Centre

External Units

Auchan hypermarket

Food Court

Retail Gallery

Open-Air Car Park
Appendix 2
Floor Plans
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>GCI</th>
<th>Location</th>
<th>Tenant Name</th>
<th>Brand</th>
<th>Lease start date</th>
<th>Lease end date</th>
<th>Ordinary Lease</th>
<th>Business Lease</th>
<th>Regular Lease</th>
<th>% Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>3_1</td>
<td>53</td>
<td>Hi-Fi</td>
<td>B Mazzano</td>
<td>MAZZANO COPRE SOC. COOP A R.L.</td>
<td>VIA BOSTONE 22 / IT-25089 VILLANOVA SUL CLISI</td>
<td>18/03/1996</td>
<td>18/03/2020</td>
<td>NO</td>
<td>17/03/2014</td>
<td>Ordinary Lease</td>
<td>3,135,347</td>
</tr>
<tr>
<td>3_2</td>
<td>7</td>
<td>NEG 03</td>
<td>Mazzano</td>
<td>MAZZANO PIAZZA ITALIA SPA</td>
<td>VIA CERVANTES 55/27 / IT-80133 NAPOLI</td>
<td>01/02/2012</td>
<td>01/02/2015</td>
<td>YES</td>
<td>31/03/2014</td>
<td>Business Lease</td>
<td>961,808</td>
</tr>
<tr>
<td>3_3</td>
<td>38</td>
<td>NEG 09</td>
<td>Mazzano</td>
<td>MAZZANO WIND RETAIL S.R.L.</td>
<td>VIA CESARE GIULIO VIOLA 48 / IT-00148 ROMA</td>
<td>17/07/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>16/07/2016</td>
<td>Business Lease</td>
<td>337,887</td>
</tr>
<tr>
<td>3_4</td>
<td>13</td>
<td>NEG 10</td>
<td>Mazzano</td>
<td>MAZZANO MIROGLIO FASHION SRL</td>
<td>VIA SANTA BARBARA 11 / IT-12051 ALBA OLTRE</td>
<td>01/01/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/12/2017</td>
<td>Business Lease</td>
<td>264,686</td>
</tr>
<tr>
<td>3_5</td>
<td>18</td>
<td>NEG 13</td>
<td>Mazzano</td>
<td>MAZZANO FIORI D'ARANCIO S.R.L.</td>
<td>VIA DE GASPERI, 6 INT. 13 / IT-25080 MOLINETTO DI MAZZANO</td>
<td>16/05/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/05/2018</td>
<td>Business Lease</td>
<td>772,849</td>
</tr>
<tr>
<td>3_6</td>
<td>24</td>
<td>NEG 14/15/16</td>
<td>Mazzano</td>
<td>MAZZANO RISTANGOLO 2 SRL</td>
<td>VIA ALCIDE DE GASPERI 6 / IT-25080 MAZZANO</td>
<td>01/07/2011</td>
<td>30/12/2014</td>
<td>YES</td>
<td>30/06/2018</td>
<td>Business Lease</td>
<td>985,172</td>
</tr>
<tr>
<td>3_7</td>
<td>16</td>
<td>NEG 17</td>
<td>Mazzano</td>
<td>n.a.</td>
<td>n.a.</td>
<td>0</td>
<td>49</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3_8</td>
<td>34</td>
<td>NEG 31</td>
<td>Mazzano</td>
<td>RCB PARTECIPAZIONI SRL</td>
<td>ROTONDA DEI MILLE 4 / IT-24122 BERGAMO</td>
<td>01/11/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/10/2019</td>
<td>Business Lease</td>
<td>38,864</td>
</tr>
<tr>
<td>3_9</td>
<td>46</td>
<td>NEG 33/34</td>
<td>Mazzano</td>
<td>TOMATO S.R.L.</td>
<td>CORSO PALESTRO 20/22 / IT-25121 BRESCIA</td>
<td>16/05/2011</td>
<td>15/11/2014</td>
<td>YES</td>
<td>15/05/2018</td>
<td>Business Lease</td>
<td>724,095</td>
</tr>
<tr>
<td>3_10</td>
<td>11</td>
<td>NEG 35/36</td>
<td>Mazzano</td>
<td>COMPAR S.P.A.</td>
<td>VIA A. VOLTA,6 / IT-35010 LIMENA</td>
<td>16/05/2011</td>
<td>15/11/2014</td>
<td>YES</td>
<td>15/05/2018</td>
<td>Business Lease</td>
<td>745,003</td>
</tr>
<tr>
<td>3_11</td>
<td>39</td>
<td>NEG 38</td>
<td>Mazzano</td>
<td>PROFUMERIE DOUGLAS SPA</td>
<td>VIA DELLA GRADA, 19 / IT-40122 BOLOGNA</td>
<td>16/05/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/05/2018</td>
<td>Business Lease</td>
<td>969,444</td>
</tr>
<tr>
<td>3_13</td>
<td>32</td>
<td>NEG 41</td>
<td>Mazzano</td>
<td>4G RETAIL SRL</td>
<td>STRADA COMUNALE SAVONESA 9 / IT-15057 RIVALTA SCRIVIA - TORTON</td>
<td>01/07/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2014</td>
<td>Business Lease</td>
<td>273,217</td>
</tr>
<tr>
<td>3_14</td>
<td>36</td>
<td>NEG 42</td>
<td>Mazzano</td>
<td>GAMESTOP ITALY SRL</td>
<td>VIA DEI LAVORATORI 6 / IT-20090 BUCCINASCO</td>
<td>01/07/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2015</td>
<td>Business Lease</td>
<td>683,707</td>
</tr>
<tr>
<td>3_15</td>
<td>5</td>
<td>NEG 43</td>
<td>Mazzano</td>
<td>JAMES DILLON SPORTSWEAR SPA</td>
<td></td>
<td>14/11/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>13/11/2019</td>
<td>Business Lease</td>
<td>213,471</td>
</tr>
<tr>
<td>3_16</td>
<td>30</td>
<td>NEG 44</td>
<td>Mazzano</td>
<td>MOLINARI srl</td>
<td>VIA X GIORNATE 69 / IT-25121 BRESCIA</td>
<td>16/05/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/05/2018</td>
<td>Business Lease</td>
<td>457,411</td>
</tr>
<tr>
<td>3_17</td>
<td>28</td>
<td>NEG 45</td>
<td>Mazzano</td>
<td>MINI SERVICE S.R.L.</td>
<td>VIA NOVARA 379 / IT-20153 MILANO</td>
<td>16/05/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/05/2018</td>
<td>Business Lease</td>
<td>90,994</td>
</tr>
<tr>
<td>3_18</td>
<td>6</td>
<td>NEG 48/49</td>
<td>Mazzano</td>
<td>MIROGLIO FASHION SRL</td>
<td>VIA S. MARGHERITA 23 / IT-12051 ALBA</td>
<td>01/06/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/05/2017</td>
<td>Business Lease</td>
<td>523,986</td>
</tr>
<tr>
<td>3_19</td>
<td>27</td>
<td>NEG 50</td>
<td>Mazzano</td>
<td>SALMOIRAGHI &amp; VIGANO’ SPA</td>
<td>VIA M.F. QUINTIGLIANO 49/A / IT-20138 MILANO</td>
<td>28/04/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>27/04/2015</td>
<td>Business Lease</td>
<td>272,002</td>
</tr>
<tr>
<td>3_20</td>
<td>26</td>
<td>NEG 51</td>
<td>Mazzano</td>
<td>BLUVACANZE S.P.A.</td>
<td>VIA SANGRO 15 / IT-20132 MILANO</td>
<td>01/10/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/09/2023</td>
<td>Ordinary Lease</td>
<td>646,630</td>
</tr>
<tr>
<td>3_21</td>
<td>12</td>
<td>NEG 51A</td>
<td>Mazzano</td>
<td>PHOTO COLOR HOUSE/DI DRAGONI CARLO</td>
<td>VIA ZANARDELLI 71 / IT-25089 VILLANOVA SUL CLISI</td>
<td>01/10/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/09/2018</td>
<td>Business Lease</td>
<td>106,950</td>
</tr>
<tr>
<td>3_22</td>
<td>36</td>
<td>NEG 52</td>
<td>Mazzano</td>
<td>ANTORES SNC DI PLUDERI O. E C.</td>
<td>VIA DEI PLATANI 16 / IT-25080 MAZZANO</td>
<td>17/10/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/10/2018</td>
<td>Business Lease</td>
<td>188,159</td>
</tr>
<tr>
<td>3_23</td>
<td>57</td>
<td>NEG 52A</td>
<td>Mazzano</td>
<td>ANTORES SNC DI PLUDERI O. E C.</td>
<td>VIA DEI PLATANI 16 / IT-25080 MAZZANO</td>
<td>01/06/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/05/2015</td>
<td>Business Lease</td>
<td>187,208</td>
</tr>
<tr>
<td>3_24</td>
<td>31</td>
<td>NEG 53</td>
<td>Mazzano</td>
<td>DAVIMAXdi Filippini Massimo e C. s.n.c/</td>
<td>VIA DE GASPERI 6 / IT-25080 MAZZANO</td>
<td>31/03/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/05/2018</td>
<td>Ordinary Lease</td>
<td>152,028</td>
</tr>
<tr>
<td>3_25</td>
<td>25</td>
<td>NEG 55</td>
<td>Mazzano</td>
<td>BABYBER SRL</td>
<td>VIA H. DUNANT 8 INT. 8 / IT-46043 CASTIGLIONE DELLE STIVIE</td>
<td>01/09/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/08/2017</td>
<td>Business Lease</td>
<td>394,100</td>
</tr>
</tbody>
</table>
| 3_26      | 214     | UPIM | Mazzano | UPIM S.R.L. | VIA TERRAGLIO, 17 / IT-30174 MESTRE | 01/01/2006 | 01/01/2007 | YES | 31/12/2016 | Business Lease | 2,283,478
Appendix 5
Rent Roll
<table>
<thead>
<tr>
<th>GLA (sq m)</th>
<th>Type of Retailer</th>
<th>Tenant Category</th>
<th>Type of Contract</th>
<th>Lease Start</th>
<th>Lease End</th>
<th>Lease End</th>
<th>Market Rent Potential</th>
<th>Market Rent Provided (€)</th>
<th>Market Rent Provided (assumed) Break Option Notice Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>80,509</td>
<td>Fashion Local</td>
<td>390</td>
<td>Business Lease</td>
<td>02/03/2010</td>
<td>01/03/2017</td>
<td>01/03/2017</td>
<td>...</td>
<td>104,333</td>
<td>...</td>
</tr>
<tr>
<td>534</td>
<td>Fashion International</td>
<td>534</td>
<td>Business Lease</td>
<td>01/02/2012</td>
<td>31/01/2019</td>
<td>31/01/2019</td>
<td>...</td>
<td>173,311</td>
<td>...</td>
</tr>
<tr>
<td>56,966</td>
<td>Fashion Local</td>
<td>98</td>
<td>Business Lease</td>
<td>16/11/2007</td>
<td>15/11/2014</td>
<td>15/11/2014</td>
<td>...</td>
<td>59,340</td>
<td>...</td>
</tr>
<tr>
<td>110</td>
<td>Fashion International</td>
<td>110</td>
<td>Business Lease</td>
<td>01/06/2010</td>
<td>31/05/2017</td>
<td>31/05/2017</td>
<td>...</td>
<td>66,294</td>
<td>...</td>
</tr>
<tr>
<td>20,050</td>
<td>Bars &amp; Restaurants Local</td>
<td>58</td>
<td>Business Lease</td>
<td>01/08/2011</td>
<td>31/07/2016</td>
<td>31/07/2016</td>
<td>...</td>
<td>20,050</td>
<td>...</td>
</tr>
<tr>
<td>56,478</td>
<td>Gifts &amp; Other goods</td>
<td>111</td>
<td>Business Lease</td>
<td>28/01/2012</td>
<td>27/01/2019</td>
<td>27/01/2019</td>
<td>...</td>
<td>80,874</td>
<td>...</td>
</tr>
<tr>
<td>84,572</td>
<td>Fashion International</td>
<td>120</td>
<td>Business Lease</td>
<td>16/05/2011</td>
<td>15/05/2018</td>
<td>15/05/2018</td>
<td>...</td>
<td>89,606</td>
<td>...</td>
</tr>
<tr>
<td>20,784</td>
<td>National 35</td>
<td></td>
<td>Business Lease</td>
<td>01/06/2008</td>
<td>31/05/2015</td>
<td>31/05/2015</td>
<td>...</td>
<td>21,310</td>
<td>...</td>
</tr>
<tr>
<td>37,557</td>
<td>National 55</td>
<td></td>
<td>Business Lease</td>
<td>01/07/2007</td>
<td>30/06/2014</td>
<td>30/06/2014</td>
<td>...</td>
<td>39,486</td>
<td>...</td>
</tr>
<tr>
<td>32,000</td>
<td>National 1</td>
<td></td>
<td>Property Lease</td>
<td>01/11/2012</td>
<td>31/10/2019</td>
<td>31/10/2019</td>
<td>...</td>
<td>36,719</td>
<td>...</td>
</tr>
<tr>
<td>94,652</td>
<td>National 192</td>
<td></td>
<td>Property Lease</td>
<td>02/03/2010</td>
<td>01/03/2017</td>
<td>01/03/2017</td>
<td>...</td>
<td>99,600</td>
<td>...</td>
</tr>
<tr>
<td>104,333</td>
<td>National 360</td>
<td></td>
<td>Business Lease</td>
<td>31/07/2013</td>
<td>80,509</td>
<td>80,509</td>
<td>...</td>
<td>104,333</td>
<td>...</td>
</tr>
<tr>
<td>32,000</td>
<td>National 65</td>
<td></td>
<td>Business Lease</td>
<td>28/04/2008</td>
<td>27/04/2015</td>
<td>27/04/2015</td>
<td>...</td>
<td>48,454</td>
<td>...</td>
</tr>
<tr>
<td>47,478</td>
<td>National 24</td>
<td></td>
<td>Property Lease</td>
<td>01/07/2007</td>
<td>30/06/2014</td>
<td>30/06/2014</td>
<td>...</td>
<td>47,478</td>
<td>...</td>
</tr>
<tr>
<td>37,557</td>
<td>National 55</td>
<td></td>
<td>Business Lease</td>
<td>01/07/2007</td>
<td>30/06/2014</td>
<td>30/06/2014</td>
<td>...</td>
<td>37,557</td>
<td>...</td>
</tr>
<tr>
<td>32,000</td>
<td>National 192</td>
<td></td>
<td>Property Lease</td>
<td>02/03/2010</td>
<td>01/03/2017</td>
<td>01/03/2017</td>
<td>...</td>
<td>99,600</td>
<td>...</td>
</tr>
<tr>
<td>56,478</td>
<td>Gifts &amp; Other goods</td>
<td>111</td>
<td>Business Lease</td>
<td>28/01/2012</td>
<td>27/01/2019</td>
<td>27/01/2019</td>
<td>...</td>
<td>80,874</td>
<td>...</td>
</tr>
<tr>
<td>84,572</td>
<td>Fashion International</td>
<td>120</td>
<td>Business Lease</td>
<td>16/05/2011</td>
<td>15/05/2018</td>
<td>15/05/2018</td>
<td>...</td>
<td>89,606</td>
<td>...</td>
</tr>
<tr>
<td>20,784</td>
<td>National 35</td>
<td></td>
<td>Business Lease</td>
<td>01/06/2008</td>
<td>31/05/2015</td>
<td>31/05/2015</td>
<td>...</td>
<td>21,310</td>
<td>...</td>
</tr>
<tr>
<td>37,557</td>
<td>National 55</td>
<td></td>
<td>Business Lease</td>
<td>01/07/2007</td>
<td>30/06/2014</td>
<td>30/06/2014</td>
<td>...</td>
<td>39,486</td>
<td>...</td>
</tr>
<tr>
<td>32,000</td>
<td>National 1</td>
<td></td>
<td>Property Lease</td>
<td>01/11/2012</td>
<td>31/10/2019</td>
<td>31/10/2019</td>
<td>...</td>
<td>36,719</td>
<td>...</td>
</tr>
<tr>
<td>94,652</td>
<td>National 192</td>
<td></td>
<td>Property Lease</td>
<td>02/03/2010</td>
<td>01/03/2017</td>
<td>01/03/2017</td>
<td>...</td>
<td>99,600</td>
<td>...</td>
</tr>
<tr>
<td>104,333</td>
<td>National 360</td>
<td></td>
<td>Business Lease</td>
<td>31/07/2013</td>
<td>80,509</td>
<td>80,509</td>
<td>...</td>
<td>104,333</td>
<td>...</td>
</tr>
<tr>
<td>32,000</td>
<td>National 65</td>
<td></td>
<td>Business Lease</td>
<td>28/04/2008</td>
<td>27/04/2015</td>
<td>27/04/2015</td>
<td>...</td>
<td>48,454</td>
<td>...</td>
</tr>
<tr>
<td>47,478</td>
<td>National 24</td>
<td></td>
<td>Property Lease</td>
<td>01/07/2007</td>
<td>30/06/2014</td>
<td>30/06/2014</td>
<td>...</td>
<td>47,478</td>
<td>...</td>
</tr>
<tr>
<td>37,557</td>
<td>National 55</td>
<td></td>
<td>Business Lease</td>
<td>01/07/2007</td>
<td>30/06/2014</td>
<td>30/06/2014</td>
<td>...</td>
<td>37,557</td>
<td>...</td>
</tr>
<tr>
<td>32,000</td>
<td>National 192</td>
<td></td>
<td>Property Lease</td>
<td>02/03/2010</td>
<td>01/03/2017</td>
<td>01/03/2017</td>
<td>...</td>
<td>99,600</td>
<td>...</td>
</tr>
</tbody>
</table>
Appendix 6
Market Value Calculation
## Asset Code
- **Code:** 882
- **Address:** Auchan Mazzano Retail Gallery
- **Location:** Mazzano (Brescia), Italy

### Valuation Details
- **Valuation Date:** 30/06/2013
- **Inflation Rate:** 1.60% per annum for the years 2013/2014 to 2023/2024
- **Market Growth:** 0.50% per annum for the years 2013/2014 to 2023/2024
- **Turnover Rent as a % of MGR:** 0.58% for all years
- **Mall Income as a % of MGR:** 3.16% for all years

### Income
- **Gross Potential Minimum Guaranteed Rent:**
  - 2013/2014: €3,477,907
  - 2014/2015: €3,548,854
  - 2015/2016: €3,610,711
  - 2016/2017: €3,653,100
  - 2017/2018: €3,686,826
  - 2018/2019: €3,701,413
  - 2019/2020: €3,756,902
  - 2020/2021: €3,812,667
  - 2021/2022: €3,881,604
  - 2022/2023: €3,956,169
  - 2023/2024: €4,032,500

- **Rental Concession:**
  - 2013/2014: (€5,075)
  - 2014/2015: (€5,075)

- **Rental Loss:**
  - 2013/2014: (€83,061)
  - 2014/2015: (€33,876)

- **Provision for long-term vacancy:**
  - 2013/2014: (€16,974)
  - 2014/2015: (€17,575)

### Expenditure
- **Operational Costs:**
  - **Property Management Fees (MGR):** 2.00% for all years
  - **Property Management Fees (Turnover Rent):** 2.00% for all years

- **Insurance:**
  - 2013/2014: (€39,268)
  - 2014/2015: (€39,857)

- **Lease Registration Tax:**
  - 2013/2014: (€2,589)
  - 2014/2015: (€2,777)

### Net Operating Income
- **Gross Effective Income:**
  - 2013/2014: €3,502,797
  - 2014/2015: €3,621,258

### Leasing and Capital Costs
- **Provision for vacated units:**
  - €60/sq m

### Total Operating Income
- **Gross exit Value:** €53,988,018

### Acquisition Costs
- **Market Value Rounded:** €46,500,000

### Net Initial Yield
- **Net Initial Yield:** 5.99%

### Discounted Cash Flow
- **Present Value of Annual Income:** €25,459,526

### Present Value of Resale @ Year 10
- **Present Value of Resale:** €26,827,158

### Market Value
- **Discounted Cash Flow:** €25,459,526
- **Present Value of Resale:** €26,827,158
- **Net Running Yield on Initial Investment:**
  - 2013/2014: 5.91%
  - 2014/2015: 6.77%

### Net Running Yield on Initial Investment
- **Net Running Yield on Initial Investment:**
  - 2013/2014: 5.91%
  - 2014/2015: 6.77%
004
Auchan Padova Retail Gallery
Padua, Italy
# Table of Contents

1.0 Valuer Details and Inspection ................................................................. 3
2.0 Documentation Provided ......................................................................... 3
3.0 Location ....................................................................................................... 4
4.0 Situation ....................................................................................................... 5
5.0 Catchment ................................................................................................. 8
6.0 Description ............................................................................................... 9
7.0 Accommodation ........................................................................................ 10
8.0 Condition ................................................................................................... 10
9.0 Services, Plant, and Equipment ............................................................... 11
10.0 Environmental Considerations ............................................................... 11
11.0 Statutory Requirements and Town Planning ......................................... 12
12.0 Cadastral Information ............................................................................ 12
13.0 Tenure ..................................................................................................... 12
14.0 Occupational Tenancies and Income .................................................... 12
15.0 Management, Service Charges, and Non-recoverable Costs .............. 15
16.0 Performance ............................................................................................ 16
17.0 Local Retail Supply .................................................................................. 17
18.0 Market Rent ............................................................................................ 18
19.0 Principal Valuation Considerations ...................................................... 19
20.0 Valuation Methodology and Factors ..................................................... 20
21.0 Valuation ................................................................................................ 22
22.0 Reinstatement Cost ................................................................................ 22

# Appendices

Appendix 1: Photographs
Appendix 2: Floor Plan
Appendix 3: Merchandising Plan
Appendix 4: Tenancy Schedule Provided
Appendix 5: Rent Roll
Appendix 6: Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Céline Cattaneo, valuer, of Savills Milan.

The Property was inspected on 25 June 2013 by Céline Cattaneo. We were able to inspect the whole of the Property externally, while internally the inspection was limited to the areas of the retail gallery accessible to the public. The weather on the date of our inspection was dry.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’) and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5_compared.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report-Final.pdf’);
- Gross floor areas (Excel file ‘Summary_Surfaces.xls’);
- Floor plans (Pdf file ‘PADOVA planimetria.pdf’);
- Property Brochure (Pdf file ‘BROCHURE PADOVA.pdf’).

3.0 Location

Auchan Padova Retail Gallery is located in the municipality of Padua, province capital of the Veneto region, in the north-east of Italy. The Property is approximately 3 km to the east of the city centre, in the Stanga district, along the retail strip of Via Venezia.

Accessibility by car is good both from the city and from the A4 (Turin-Trieste) motorway, with the Padova Est exit at approximately 3 km. The A4 motorway provides access to the A13 (Padua-Bologna) motorway, just 5 km away. Padua
bypass road is at 2.5 km. The area is also served by local bus lines with a stop in front of the shopping centre, along Via Venezia.

The closest railway station is at 2 km in Padua. The closest international airport is in Venice, approximately 40 km to the east.

4.0 Situation

The Auchan Retail Gallery is part of a larger retail scheme, Giotto Shopping Centre, having a total GLA of approximately 31,000 sq m and some 65 units. Its gallery is developed on three level above ground, occupying the west portion of the shopping centre. Its offer includes 3 sub-anchors (Pittarello, OVS, and Trony), and a number of national and international retailers (Limoni, Oltre, Tezenis, Colours & Beauty, Kisené, La Feltrinelli Village, etc.). At the time of our visit, three units were vacant on the third level. Some of the units are owned by the operators and the shopping centre is managed by a consortium.
The shopping centre is bordered by Via Venezia to the south, Via Luigi Anelli to the west and to the north, Via Arimondi Colonnello to the north and Via Martiri Giuliani e Dalmati to the east. Via Venezia, as mentioned above, is a well-established retail strip, with a number of retail boxes and restaurants along both sides of this main road, among which we would mention Kiabi and Pellizzari, (Fashion), Brico Center (DIY), Divani e Divani, Chateau D’Ax, and Poltrone e Sofà (Furniture), MediaWorld (Electronics & Telecom), Decathlon (Sporting Goods), Prénatal and Chicco (Childrenswear & Accessories), McDonald’s and Roadhouse (Restaurants).

5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Veneto region had approximately 4,854,000 residents. 19.0% of the inhabitants of the region are concentrated in the province of Padua (920,895 people), with a density per sq km of 430 inhabitants (compared to the 264 inhabitants per sq km of the Veneto region). The municipality of Padua has a population of approximately 205,631.

As to the age structure of the population in the province of Padua, 18.6% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 61.2% is aged 20 to 64 (Italy 60.4%), while the remaining 20.2% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Padua is of approximately €30,041, in line with the average for North-East Italy, and above the national average of €25,727 (2010 data). With reference to the national added value, the province of Padua ranks 10th among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (69.03%), followed by the industrial sector (29.43%) and by agriculture (1.54%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Padua is high compared to the Italian average (+14.6 points). The consumption per capita is slightly lower than the Veneto average (-2.5 points) but higher than the Italian average (+7.5 points). The non-food component of the total family spending is still predominant at 85.20% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Padua was 5.3%, below the Veneto regional average (6.6%) and half the Italian average (10.7%).

Specifically, in the Veneto region, the unemployment rate reached 5.3% in 2012, compared to 5.0% in 2011 and 5.8% in 2010. (Source: ISTAT)
5.2 Catchment Analysis

We have defined 10 and 20 minute drive time catchment areas for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 and 10-20 isochrones analysed for the subject shopping centre are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>185,656</td>
<td>32.5%</td>
<td>185,656</td>
</tr>
<tr>
<td>10-20</td>
<td>385,425</td>
<td>67.5%</td>
<td>571,081</td>
</tr>
</tbody>
</table>
To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 20 minutes away. However, we would expect the most frequent visitors to come from the 0-10 minute drive time area, corresponding to the above estimate of 185,656 inhabitants (32.5% of the total catchment population). This is the most densely populated area thanks to the presence of Padua, with its 205,631 residents.

- The 20-minute catchment area covers some 638 sq km and has a density of 895 inhabitants/sq km (compared to the Italian average of 197/sq km). The density reaches 2,573 inhabitants/sq km in the 0-10 minute catchment area, which includes the city of Padua.

- The region overall is quite wealthy, with per capita disposable income and consumption above the national average.

- We have identified two main shopping centres in the Padua area, located just outside the 10-minute isochrone, to the west and south of Padua city centre (for details and comments on the competition, please refer to Section 17.0 of this report).

### 6.0 Description

Auchan Padova Retail Gallery, as mentioned above, is part of Giotto Shopping Centre, occupying its east portion. It opened to the public in 1989 and the gallery object of this valuation has a total GLA (Gross Lettable Area) of 1,774 sq m, also including a retail unit on the ground level of the western portion of the shopping centre, as highlighted in blue below.

The portion of retail gallery object of this valuation is developed on a single level, comprising 19 small retail units and a cash dispenser. The retail units are situated along a main corridor running parallel to the Auchan hypermarket checkout counters. One unit, consisting of a pharmacy, occupies the south-west corner of the west block of the shopping centre and is also directly accessible from the outside. The gallery is accessible directly from the basement car park via a travelator and a lift, and from the open-air car park at ground level via an entrance situated near the east end of the gallery. The shopping centre is also accessible from a main entrance located centrally where the two blocks meet. The Retail Gallery does not seem to have any ‘cold’ areas suffering from poor visitor traffic, with the attractive Sephora unit at the east end of the corridor. The exterior of the Retail Gallery has a rather low profile, while the three-level western portion of Giotto Shopping Centre fronts onto Via Venezia and is characterised by the bright yellow colour of the walls. The internal finishes are of fair quality. In the gallery, the ceilings are plastered, with artificial lighting provided by recessed light fixtures. The flooring is in light-coloured tiles.

The shopping centre is served by an open-air car park at ground level and on the rooftop, and by a covered car park at the basement level, providing 1,350 parking spaces.
Auchan Shopping Centre is open every day from 9:00 a.m. to 9:00 p.m., except on Sundays when opening hours are from 9:00 a.m. to 8:00 p.m.

A selection of Photographs is attached at Appendix 1.
The Floor Plans are attached at Appendix 2.
The Merchandising Plan is attached at Appendix 3.

7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 1,774 sq m, sub-divided into 20 units, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>224</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>744</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>219</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>274</td>
<td>1</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td></td>
<td>313</td>
<td>2</td>
</tr>
<tr>
<td>Cash Dispenser</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,774</td>
<td>20</td>
</tr>
</tbody>
</table>

This portion of the shopping centre offers a merchandising mix characteristic of units situated in the proximity of the hypermarket, characterised by the strong presence of the Services sector (17.1% of the total GLA) and Bars & Restaurants (17.6%). The mix is dominated by Health & Beauty stores (35.3%), as shown in the chart below:

![Merchandising Mix of the Gallery](image-url)
A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.

8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in fairly good condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.
11.0 **Statutory Requirements and Town Planning**

11.1 **Retail Sector Regulations**

The Italian retail sector is regulated by Law Decree no. 114 (*Decreto Legislativo*) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a *Conferenza dei Servizi* (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the *Conferenza dei Servizi* must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Veneto region, the retail sector is regulated by Regional Law no. 50 dated 28 December 2012. The law decree known as *'Decreto Salva Italia'*, which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the 'possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage'. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 **Planning Consents**

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Legal Due Diligence, the Shopping Mall is affected by building irregularities: on 29 January 2013, GCI filed a request for a building amnesty with the Municipality relating to partition walls, and the procedure is still pending. We suggest a deeper analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 **Trading Licences**

As instructed, we have not examined any documents relating to trading authorisations.

Based on the Legal Due Diligence provided to us, we understand that the Comprehensive Authorization does not match the sales area reported in the relevant Summary Table, possibly due to the fact that the floor areas of services and catering businesses were erroneously included in the calculation of the sales area.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.
12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Padua in full compliance with the current uses.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, the Retail Gallery of Auchan Padova Shopping Centre was fully let.

14.2 Lease Terms

Of the 20 leases currently in place, 13 are business leases and 7 are property leases.

From the documentation provided we understand that:

- All tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 3.0% to 8.0%). 5 of the 7 property leases contain turnover-rent provisions (with percentages ranging from 1.0% to 6.0%).
- The duration of the lease contracts varies from unit to unit, ranging from 4 to 12 years.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT.
- None of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.

Considering the assumed expiry dates, the majority of the signed leases will have expired by the end of 2018 (60%), as shown in the following chart:
We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

**Parties:** Gallerie Commerciali Italia S.p.A. and 'Jadis di Sebastianelli Alberto' (Ancona)

**Duration:** 6+6 years

**Break Option:** Break option after 36 months with 6 months notice.

**Rent:** The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (£28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).

**Indexation:** The rent will be increased annually by 75% of the ISTAT index from the 2nd year.

**Stepped Rent:** The lease does not contemplate any stepped rents.

**Maintenance:** With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.

**Insurance:** The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.

**Service Charges:** The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.

**Lease registration Tax:** 50% of the tax will be paid by the tenant and 50% by the landlord.

**Right to sublet:** The Tenant has no right to sublet the unit or any portion of it.

**Assignment:** Assignment of the lease contract is permitted.
14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 100% of the tax will be paid by the tenant.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, only one tenant can still exercise a break option:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
<th>Notice Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 NEG n° 85</td>
<td>SEPHORA</td>
<td>31/03/2016</td>
<td>rolling</td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

None of the leases in place still benefit from stepped-rent provisions.

14.7 Rental Concessions

According to the information provided, we understand that rental concessions were granted in 2013 for an annualized total of €14,742.

14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €1,056,426, corresponding to an average of €595 per sq m of GLA per annum. This has been calculated based on the information provided by you. For the units whose leases expire before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry. The gross Effective MGR at the valuation date is in the order of €1,047,133.
The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>224</td>
<td>154,608</td>
<td>14.6%</td>
<td>691</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>744</td>
<td>490,457</td>
<td>46.4%</td>
<td>659</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>219</td>
<td>60,569</td>
<td>5.7%</td>
<td>277</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>274</td>
<td>154,432</td>
<td>14.6%</td>
<td>564</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>313</td>
<td>191,000</td>
<td>18.1%</td>
<td>611</td>
<td></td>
</tr>
<tr>
<td>Cash Dispenser</td>
<td>1</td>
<td>5,360</td>
<td>0.5%</td>
<td>5,360</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,774</td>
<td>1,056,426</td>
<td>100.0%</td>
<td>595</td>
<td></td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>313</td>
<td>191,000</td>
<td>18.1%</td>
<td>611</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>174</td>
<td>121,380</td>
<td>11.5%</td>
<td>696</td>
</tr>
<tr>
<td>Fashion</td>
<td>286</td>
<td>193,755</td>
<td>18.3%</td>
<td>678</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>71</td>
<td>61,102</td>
<td>5.8%</td>
<td>862</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>626</td>
<td>312,576</td>
<td>29.6%</td>
<td>499</td>
</tr>
<tr>
<td>Services</td>
<td>304</td>
<td>176,612</td>
<td>16.7%</td>
<td>580</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>1,774</td>
<td>1,056,426</td>
<td>100.0%</td>
<td>595</td>
</tr>
</tbody>
</table>

14.9 Turnover Rent

According to the information provided, no turnover rent accrued in 2012.

14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €93,174.

15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €175,000. Of these, €47,000 are to be paid by the retail units of the gallery, corresponding to a cost of approximately €26 per sq m of the total GLA, which seems appropriate for this type of scheme considering its size and structure.
15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €195,326 (€205,092 including the 5% project management fee).

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>€14,045</td>
</tr>
<tr>
<td>2014/15</td>
<td>€32,268</td>
</tr>
<tr>
<td>2015/16</td>
<td>€102,438</td>
</tr>
<tr>
<td>2016/17</td>
<td>€26,748</td>
</tr>
<tr>
<td>2017/18</td>
<td>€29,593</td>
</tr>
</tbody>
</table>

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €31,667 per annum.
- Insurance: €11,873 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 0.5% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €26 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.

15.5 Rental Arrears and Legal Proceedings

We have been provided with a table indicating arrears trends since 2009. As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 0.5% of the gross annual MGR.

16.0 Performance

16.1 Footfall

We have not been provided with data regarding the footfall of the subject Retail Gallery.

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery in 2012 is equal to €11,306,363, corresponding to a slight increase on 2011 (+1.8%).

The trend over the past three years has been one of steady increase: in 2011 the turnover amounted to €11,111,377, +8.6% compared to the €10,229,086 in 2010, when turnover had increased by 6.0% on 2009.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery has an average rent-to-sales ratio (effort rate) of 15.7%
(on homogeneous data, excluding service charges), which is fairly good. 13% of the tenants have effort rates below 12%, and 4 tenants present critical situations (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>8</td>
<td>53%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>5</td>
<td>33%</td>
</tr>
<tr>
<td>Total</td>
<td>unsustainable</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Effort Rate</th>
<th>2012 Turnover (€)</th>
<th>5,543,857</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLA (sqm)</td>
<td>1,367</td>
<td></td>
</tr>
<tr>
<td>Turnover (€/sqm)</td>
<td>4,056</td>
<td></td>
</tr>
<tr>
<td>2013 MGR (€)</td>
<td>870,538</td>
<td></td>
</tr>
<tr>
<td>Effort Rate</td>
<td>15.7%</td>
<td></td>
</tr>
</tbody>
</table>

Small-sized units only (GLA <500 sqm)

### 17.0 Local Retail Supply

#### 17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area, and we have identified the following shopping centres as the subject Property’s main competitors:

<table>
<thead>
<tr>
<th>Shopping Centre</th>
<th>Location: Albignasego (Padua)</th>
<th>Opening Date: 2006</th>
<th>Total GLA: 24,300 sq m</th>
<th>Number of Retail Units: 57</th>
<th>Food Anchor: Interspar</th>
<th>Sub-anchors: 4</th>
<th>Parking Spaces: n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ipercity Shopping Centre</td>
<td>Ipercity Shopping Centre is located to the south of Padua, approximately 6 km to the south-west of the Auchan, just outside its primary catchment area. The shopping centre is developed on two levels, with the food court and a gym/spa on the second level. It comprises the hypermarket, 4 sub-anchors (Bata, Sportler, H&amp;M, MediaWorld), and a gallery with 53 small retail units, including national and international operators, such as Okaidi, Desigual, Pimkie, Limoni, Mondadori, Swarowski. Due to its size, offer and location, we would consider Ipercity to be a competitor of the subject shopping centre, having an influence on the southern portion of its catchment area.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shopping Centre</th>
<th>Location: Sarmeola di R. (Padua)</th>
<th>Opening Date: 1997</th>
<th>Total GLA: 25,700 sq m</th>
<th>Number of Retail Units: 68</th>
<th>Food Anchor: Interspar</th>
<th>Sub-anchors: 6</th>
<th>Parking Spaces: n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Le Brentelle Shopping Centre</td>
<td>Le Brentelle Shopping Centre is located to the west of Padua, approximately 9 km from the Auchan, in its secondary catchment area. The shopping centre is developed on two levels and comprises the hypermarket, 6 sub-anchors (H&amp;M, Trony, OVS, Pittarello, Giunti al Punto, Non Solo Sport), and a gallery with 62 small retail units, including national and international operators, such as GameStop, Oltre, Carpisa, Calzedonia, Motivi, Douglas, Sergent Major, Thun. Due to its size, offer and location, we would consider Le Brentelle to be a competitor of the subject shopping centre, having an influence on the western portion of its catchment area.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 17.2 The Future Retail Supply

We are not aware of any development projects falling within the subject shopping centre’s catchment area.
The following Map highlights the location of the schemes analysed above.

18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Northern Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Shopping Centre, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €1,043,953, in line with the current rental level (-0.30%).

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:
By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The Auchan Padova Retail Gallery is part of a larger retail scheme, Giotto Shopping Centre, having a total GLA of approximately 31,000 sq m and some 65 units. The shopping centre is located in the Stanga district of Padua, approximately 3 km east of the city centre, along Via Venezia, a well-established retail strip, with a number of retail boxes and restaurants.

- Good accessibility and visibility. The Shopping Centre is easily accessible from both the city and the A4 motorway. The area is also served by a local bus lines.

- The location provides a good primary catchment area with approximately 186,000 inhabitants within the 10-minute drive time. The area is quite wealthy with consumption above the national average.

- We have identified two main shopping centres in the Padua area, Ipercity and Le Brentelle, located just outside the 10-minute isochrone, and having an influence on the western and southern portions of the secondary catchment.

- The internal finishes are of fair quality.

- The portion of the retail gallery object of this valuation is developed on a single level, in front of the hypermarket, occupying the east portion of the shopping centre. It also includes a unit (pharmacy) situated on the first level of the western portion of the shopping centre. The retail gallery does not seem to have any ‘cold’ areas suffering from poor visitor traffic.
• The hypermarket operator (Auchan) is recognized as a strong food anchor in the area.

• National and international operators account for about 52% of the GLA, mainly due to a good component of retailers operating in the Services and Bars sectors. However, Giotto Shopping Centre offers a good mix of national and international brands.

• The majority of the lease contracts contain a turnover rent element, which increases the possibility for an investor to benefit from a potential increase in sales.

• At the valuation date the retail gallery object of this valuation was fully let.

• In 2012, the shopping centre registered an increase in sales (+1.8%), compared to 2011. The trend has been positive over the past years, with consistent increases since 2010.

• The Shopping Centre has an average rent-to-sales ratio (effort rate) of 15.7% (on homogeneous data, excluding service charges). This result is fairly good and confirms that the Shopping Centre is performing well.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.

20.2 Income

• The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €1,056,426.

• The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.
• The estimated Mall Income for 2013/14 is €90,000, representing approximately 8.52% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 8.00% of the gross annual MGR.

• We have assumed that no turnover rent will be paid for the duration of the cash flow.

20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €31,667.
- Insurance: €11,873.
- Letting fees (new leases): 11.0% of the gross annual MGR.

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 0.5% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €26 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €14,045 (including 5% property management fee).

20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 7.25%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.

Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 7.50% to the MGR, while we have applied a yield of 8.50% to the income generated by the temporary lettings. The overall blended gross exit yield is equal to 7.57%.
**Acquisition Costs**

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

**21.0 Valuation**

Following our inspection on 25 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Padova Retail Gallery, in Padua, is in the order of:

€15,300,000.00

(Fifteen Million Three Hundred Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

**22.0 Reinstatement Cost**

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of €4,420,000.00 (excl. VAT).

<table>
<thead>
<tr>
<th>Demolition and Site Clearance Cost</th>
<th>€40/sqm</th>
<th>€148,680.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Cost</td>
<td></td>
<td>€3,885,105.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>10%</td>
<td>€388,510.50</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td>rounded</td>
<td>€4,420,000.00</td>
</tr>
</tbody>
</table>
Appendix 1
Photographs
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>GCI Location</th>
<th>Tenant Name</th>
<th>Brand</th>
<th>Lease start date</th>
<th>First Break Option</th>
<th>New Rolling Lease end date</th>
<th>Contract Type</th>
<th>Yearly Inflation Indexation (%)</th>
<th>Variable Rent Annualized Rent at Entry (€k)</th>
<th>GLA (sqm)</th>
<th>1st Step Up (Annualized Rent) Step Up Date</th>
<th>2nd Step Up (Annualized Rent) Step Up Date</th>
<th>Net Turnover 2012(€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4_1_1</td>
<td>F4_1_1</td>
<td>Padova</td>
<td>ACCOGLIENZA CLI Padova</td>
<td>PADOVA</td>
<td>01/05/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Ordinary Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>AUCHAN ACCOGLIENZA CLI Padova</td>
<td>01/05/2008</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_2</td>
<td>F4_1_2</td>
<td>Padova</td>
<td>GRUPPO PULITURE PILLAN SRL</td>
<td>PADOVA</td>
<td>01/05/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Ordinary Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>LAVASECCO</td>
<td>01/05/2008</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_3</td>
<td>F4_1_3</td>
<td>Padova</td>
<td>QUALITY CENTER S.R.L.</td>
<td>PADOVA</td>
<td>01/11/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>PHOTO STAR</td>
<td>01/11/2007</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_4</td>
<td>F4_1_4</td>
<td>Padova</td>
<td>CALEIDOS S.R.L.</td>
<td>PADOVA</td>
<td>01/05/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>CALEIDOS</td>
<td>01/05/2007</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_5</td>
<td>F4_1_5</td>
<td>Padova</td>
<td>MINI SERVICE S.R.L.</td>
<td>PADOVA</td>
<td>01/11/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Ordinary Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>PRESTO SERVICE</td>
<td>01/11/2012</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_6</td>
<td>F4_1_6</td>
<td>Padova</td>
<td>COSTACHI ALIONA</td>
<td>PADOVA</td>
<td>01/08/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>GELATOMANIA</td>
<td>01/08/2010</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_7</td>
<td>F4_1_7</td>
<td>Padova</td>
<td>PIZZA NEW SPA</td>
<td>PADOVA</td>
<td>01/04/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>PIZZA NEW</td>
<td>01/04/2008</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_8</td>
<td>F4_1_8</td>
<td>Padova</td>
<td>PREMIATA ERBORISTERIA VENETA SRL</td>
<td>PADOVA</td>
<td>01/05/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>PREMIATA ERBORIST.</td>
<td>01/05/2009</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_9</td>
<td>F4_1_9</td>
<td>Padova</td>
<td>STROILI ORO SPA</td>
<td>PADOVA</td>
<td>01/02/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>FRANCO GIOIELLI</td>
<td>01/02/2007</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_10</td>
<td>F4_1_10</td>
<td>Padova</td>
<td>4G RETAIL SRL</td>
<td>PADOVA</td>
<td>01/11/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>SCRIVIA</td>
<td>01/11/2011</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_11</td>
<td>F4_1_11</td>
<td>Padova</td>
<td>I.T.N. INTERNATIONAL TRAVEL NETWORK SRL</td>
<td>PADOVA</td>
<td>17/10/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Ordinary Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>BIOS TOUR</td>
<td>17/10/2007</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_12</td>
<td>F4_1_12</td>
<td>Padova</td>
<td>GAMESTOP ITALY SRL</td>
<td>PADOVA</td>
<td>15/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>GAME STOP</td>
<td>15/04/2012</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_13</td>
<td>F4_1_13</td>
<td>Padova</td>
<td>MAROTTI NICOLA</td>
<td>PADOVA</td>
<td>22/07/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Ordinary Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>EDICOLA</td>
<td>22/07/2009</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_14</td>
<td>F4_1_14</td>
<td>Padova</td>
<td>LIVIS GROUPDI PERETTO LIVIS &amp; C. S.A.S.</td>
<td>PADOVA</td>
<td>01/11/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>VANITY BIJOUX</td>
<td>01/11/2010</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_15</td>
<td>F4_1_15</td>
<td>Padova</td>
<td>NOTE PER DUE SRL</td>
<td>PADOVA</td>
<td>01/09/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>BOTTEGA VERDE</td>
<td>01/09/2012</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_16</td>
<td>F4_1_16</td>
<td>Padova</td>
<td>MARALD SPA con socio Unico</td>
<td>PADOVA</td>
<td>15/08/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>SONNY BONO</td>
<td>15/08/2011</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_17</td>
<td>F4_1_17</td>
<td>Padova</td>
<td>LVMH ITALIA SPA</td>
<td>PADOVA</td>
<td>01/07/2012</td>
<td>31/03/2016</td>
<td>YES</td>
<td>Business Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>SEPHORA</td>
<td>01/07/2012</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_18</td>
<td>F4_1_18</td>
<td>Padova</td>
<td>FARMACIA CREMONA DOTT. SEVERINA</td>
<td>PADOVA</td>
<td>01/11/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Ordinary Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>FARMACIA</td>
<td>01/11/2008</td>
<td>75,000</td>
</tr>
<tr>
<td>4_1_19</td>
<td>F4_1_19</td>
<td>Padova</td>
<td>SPAZIO BANCOMAT</td>
<td>PADOVA</td>
<td>01/09/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Ordinary Lease</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1061 PADOVA</td>
<td>CASSA DI RISPARMIO</td>
<td>01/09/2008</td>
<td>75,000</td>
</tr>
</tbody>
</table>


Appendix 5
Rent Roll
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>716145/151</td>
<td>Auchan Accoglienza</td>
<td>Services</td>
<td>International</td>
<td>30</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/05/2008</td>
<td>30/04/2020</td>
<td>30/04/2020</td>
<td>14,841</td>
<td>15,064</td>
<td>15,303</td>
<td>15,557</td>
<td>15,790</td>
<td>16,027</td>
<td>16,268</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724147/152</td>
<td>Photo Star</td>
<td>Services</td>
<td>Local</td>
<td>77</td>
<td>Business Lease</td>
<td>100%</td>
<td>7.0</td>
<td>01/11/2007</td>
<td>31/10/2014</td>
<td>31/10/2014</td>
<td>48,733</td>
<td>49,708</td>
<td>50,702</td>
<td>51,716</td>
<td>52,751</td>
<td>53,806</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724148/153</td>
<td>Calessi Fashion</td>
<td>Services</td>
<td>National</td>
<td>77</td>
<td>Business Lease</td>
<td>100%</td>
<td>7.0</td>
<td>01/05/2007</td>
<td>30/04/2014</td>
<td>30/04/2014</td>
<td>49,142</td>
<td>50,124</td>
<td>51,127</td>
<td>52,149</td>
<td>53,192</td>
<td>54,256</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724149/154</td>
<td>Gelatomania Bars &amp; Restaurants</td>
<td>Services</td>
<td>Local</td>
<td>157</td>
<td>Business Lease</td>
<td>100%</td>
<td>5.4</td>
<td>01/08/2010</td>
<td>31/12/2015</td>
<td>31/12/2015</td>
<td>104,832</td>
<td>106,929</td>
<td>109,068</td>
<td>111,249</td>
<td>113,474</td>
<td>115,743</td>
<td>118,058</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724150/155</td>
<td>Buonevoli Bars &amp; Restaurants</td>
<td>Services</td>
<td>Local</td>
<td>156</td>
<td>Business Lease</td>
<td>100%</td>
<td>9.0</td>
<td>01/04/2008</td>
<td>31/03/2017</td>
<td>31/03/2017</td>
<td>91,137</td>
<td>92,960</td>
<td>94,819</td>
<td>96,715</td>
<td>98,650</td>
<td>100,623</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724151/156</td>
<td>Premiata Erboristeria Health &amp; Beauty</td>
<td>Services</td>
<td>Local</td>
<td>47</td>
<td>Business Lease</td>
<td>100%</td>
<td>7.0</td>
<td>01/05/2009</td>
<td>30/04/2016</td>
<td>30/04/2016</td>
<td>31,170</td>
<td>31,793</td>
<td>32,429</td>
<td>33,077</td>
<td>33,739</td>
<td>34,414</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724152/157</td>
<td>Franco Gioielli Gifts &amp; Other Goods</td>
<td>Services</td>
<td>National</td>
<td>71</td>
<td>Business Lease</td>
<td>100%</td>
<td>7.0</td>
<td>01/02/2007</td>
<td>31/01/2014</td>
<td>31/01/2014</td>
<td>65,327</td>
<td>66,634</td>
<td>67,966</td>
<td>69,326</td>
<td>70,712</td>
<td>72,126</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724153/158</td>
<td>TIM Electronics &amp; Telecom</td>
<td>Services</td>
<td>National</td>
<td>76</td>
<td>Business Lease</td>
<td>100%</td>
<td>7.0</td>
<td>01/11/2011</td>
<td>31/10/2018</td>
<td>31/10/2018</td>
<td>60,319</td>
<td>60,252</td>
<td>60,918</td>
<td>62,137</td>
<td>63,379</td>
<td>64,647</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724154/159</td>
<td>Bios Tour Services</td>
<td>Services</td>
<td>Local</td>
<td>59</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>17/10/2007</td>
<td>16/10/2019</td>
<td>16/10/2019</td>
<td>34,262</td>
<td>34,776</td>
<td>35,124</td>
<td>35,522</td>
<td>36,055</td>
<td>36,596</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724155/160</td>
<td>Motivi Fashion</td>
<td>Services</td>
<td>International</td>
<td>118</td>
<td>Business Lease</td>
<td>100%</td>
<td>6.8</td>
<td>01/01/2009</td>
<td>31/10/2015</td>
<td>31/10/2015</td>
<td>81,305</td>
<td>82,931</td>
<td>84,590</td>
<td>86,282</td>
<td>88,007</td>
<td>89,767</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724156/161</td>
<td>Game Stop Electronics &amp; Telecom</td>
<td>Services</td>
<td>International</td>
<td>99</td>
<td>Business Lease</td>
<td>100%</td>
<td>7.0</td>
<td>15/04/2012</td>
<td>31/10/2015</td>
<td>31/10/2015</td>
<td>70,432</td>
<td>71,213</td>
<td>70,303</td>
<td>71,709</td>
<td>73,143</td>
<td>74,606</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724157/162</td>
<td>Edicola Services</td>
<td>Services</td>
<td>Local</td>
<td>28</td>
<td>Property Lease</td>
<td>75%</td>
<td>4.4</td>
<td>22/07/2009</td>
<td>31/12/2013</td>
<td>31/12/2013</td>
<td>21,934</td>
<td>22,263</td>
<td>22,597</td>
<td>22,936</td>
<td>23,280</td>
<td>23,629</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724158/163</td>
<td>Vanity Bijoux Health &amp; Beauty</td>
<td>Services</td>
<td>Local</td>
<td>40</td>
<td>Business Lease</td>
<td>100%</td>
<td>5.3</td>
<td>01/11/2010</td>
<td>31/01/2016</td>
<td>31/01/2016</td>
<td>35,191</td>
<td>35,895</td>
<td>36,613</td>
<td>37,345</td>
<td>38,092</td>
<td>38,854</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724159/164</td>
<td>Bottega Verde Health &amp; Beauty</td>
<td>Services</td>
<td>National</td>
<td>46</td>
<td>Business Lease</td>
<td>100%</td>
<td>7.0</td>
<td>01/09/2012</td>
<td>31/08/2019</td>
<td>31/08/2019</td>
<td>37,828</td>
<td>37,511</td>
<td>37,966</td>
<td>38,307</td>
<td>38,757</td>
<td>39,251</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724160/165</td>
<td>Sonny Bono Fashion</td>
<td>Services</td>
<td>National</td>
<td>90</td>
<td>Business Lease</td>
<td>100%</td>
<td>7.0</td>
<td>15/08/2011</td>
<td>14/08/2018</td>
<td>14/08/2018</td>
<td>75,326</td>
<td>73,919</td>
<td>74,806</td>
<td>76,302</td>
<td>77,828</td>
<td>79,385</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724161/166</td>
<td>Sephora Health &amp; Beauty</td>
<td>Services</td>
<td>International</td>
<td>274</td>
<td>Business Lease</td>
<td>100%</td>
<td>8.0</td>
<td>01/07/2012</td>
<td>30/06/2020</td>
<td>30/06/2020</td>
<td>166,343</td>
<td>169,670</td>
<td>173,063</td>
<td>170,998</td>
<td>173,848</td>
<td>177,325</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724162/167</td>
<td>Farmacia Health &amp; Beauty</td>
<td>Services</td>
<td>Local</td>
<td>219</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/11/2008</td>
<td>31/10/2020</td>
<td>31/10/2020</td>
<td>65,919</td>
<td>67,529</td>
<td>69,020</td>
<td>70,056</td>
<td>71,106</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>724163/168</td>
<td>Spazio Bancomat Cassa di Risparmio D Services</td>
<td>Services</td>
<td>National</td>
<td>1</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.3</td>
<td>01/09/2008</td>
<td>31/10/2020</td>
<td>31/10/2020</td>
<td>5,665</td>
<td>5,750</td>
<td>5,836</td>
<td>5,957</td>
<td>6,066</td>
<td>6,157</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Location | Market growth | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% | 4.0% | 4.5% | 5.0% | 5.5% | 6.0% | 6.5% | 7.0% | 7.5% | 8.0% | 8.5% | 9.0% | 9.5% | 10.0% |
|-----------|--------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
Appendix 6
Market Value Calculation
### INCOME

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation Rate</th>
<th>Market growth</th>
<th>Turnover Rent as % of MGR</th>
<th>Mall Income as a % of MGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>1.60%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.52%</td>
</tr>
<tr>
<td>2014/2015</td>
<td>1.50%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>2015/2016</td>
<td>2.00%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>2016/2017</td>
<td>2.00%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>2017/2018</td>
<td>2.00%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>2018/2019</td>
<td>2.00%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>2019/2020</td>
<td>2.00%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>2020/2021</td>
<td>2.00%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>2021/2022</td>
<td>2.00%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>2022/2023</td>
<td>2.00%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.00%</td>
</tr>
<tr>
<td>2023/2024</td>
<td>2.00%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>8.00%</td>
</tr>
</tbody>
</table>

### EXPENDITURES

#### Operational Costs:
- Property Management Fees (MGR) 2.00%
- Property Management Fees (Turnover Rent) 2.00%
- Property Management Fees (Mall Income) 20.00%
- Property Tax 31,667
- Insurance 11,873
- Lease Registration Tax 0.50%
- Provision for Bad Costs 0.50%
- Provision for Extraordinary Maintenance 1.00%
- Service Charges on Vacant Units €26/sq m
- Other Costs 0

#### Leasing and Capital Costs:
- Letting fees 11%
- Capital Expenditures

### Net Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>1,056,438</td>
</tr>
<tr>
<td>2014/2015</td>
<td>1,069,516</td>
</tr>
<tr>
<td>2015/2016</td>
<td>1,086,356</td>
</tr>
<tr>
<td>2016/2017</td>
<td>1,101,480</td>
</tr>
<tr>
<td>2017/2018</td>
<td>1,119,226</td>
</tr>
<tr>
<td>2018/2019</td>
<td>1,135,788</td>
</tr>
<tr>
<td>2019/2020</td>
<td>1,152,461</td>
</tr>
<tr>
<td>2020/2021</td>
<td>1,168,901</td>
</tr>
<tr>
<td>2021/2022</td>
<td>1,191,154</td>
</tr>
<tr>
<td>2022/2023</td>
<td>1,213,904</td>
</tr>
<tr>
<td>2023/2024</td>
<td>1,237,094</td>
</tr>
</tbody>
</table>

### Net Cash Flow

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>981,942</td>
</tr>
<tr>
<td>2014/2015</td>
<td>999,647</td>
</tr>
<tr>
<td>2015/2016</td>
<td>897,843</td>
</tr>
<tr>
<td>2016/2017</td>
<td>1,025,086</td>
</tr>
<tr>
<td>2017/2018</td>
<td>1,068,589</td>
</tr>
<tr>
<td>2018/2019</td>
<td>1,056,958</td>
</tr>
<tr>
<td>2019/2020</td>
<td>1,100,437</td>
</tr>
<tr>
<td>2020/2021</td>
<td>1,070,457</td>
</tr>
<tr>
<td>2021/2022</td>
<td>1,167,905</td>
</tr>
<tr>
<td>2022/2023</td>
<td>1,190,170</td>
</tr>
<tr>
<td>2023/2024</td>
<td>1,212,864</td>
</tr>
</tbody>
</table>

### Present Value of Annual Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Present Value of Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>6,238,274</td>
</tr>
</tbody>
</table>

### Net Running Yield on Initial Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Running Yield on Initial Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>6.92%</td>
</tr>
<tr>
<td>2014/2015</td>
<td>6.53%</td>
</tr>
<tr>
<td>2015/2016</td>
<td>5.87%</td>
</tr>
<tr>
<td>2016/2017</td>
<td>9.33%</td>
</tr>
<tr>
<td>2017/2018</td>
<td>8.38%</td>
</tr>
<tr>
<td>2018/2019</td>
<td>9.83%</td>
</tr>
<tr>
<td>2019/2020</td>
<td>7.18%</td>
</tr>
<tr>
<td>2020/2021</td>
<td>7.83%</td>
</tr>
<tr>
<td>2021/2022</td>
<td>7.85%</td>
</tr>
<tr>
<td>2022/2023</td>
<td>7.93%</td>
</tr>
<tr>
<td>2023/2024</td>
<td>8.33%</td>
</tr>
</tbody>
</table>

### Net Running Yield on Actual Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Running Yield on Actual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>7.21%</td>
</tr>
<tr>
<td>2014/2015</td>
<td>7.83%</td>
</tr>
<tr>
<td>2015/2016</td>
<td>7.83%</td>
</tr>
<tr>
<td>2016/2017</td>
<td>7.83%</td>
</tr>
<tr>
<td>2017/2018</td>
<td>7.83%</td>
</tr>
<tr>
<td>2018/2019</td>
<td>7.83%</td>
</tr>
<tr>
<td>2019/2020</td>
<td>7.83%</td>
</tr>
<tr>
<td>2020/2021</td>
<td>7.83%</td>
</tr>
<tr>
<td>2021/2022</td>
<td>7.83%</td>
</tr>
<tr>
<td>2022/2023</td>
<td>7.83%</td>
</tr>
<tr>
<td>2023/2024</td>
<td>7.83%</td>
</tr>
</tbody>
</table>

### Acquisition Costs (Legal/Technical and Agency Fees and Stamp Duty) @ 3.5% (356,728)

### Market Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>15,900,000</td>
</tr>
</tbody>
</table>

### Market Value / sq m GLA

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Value / sq m GLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>€8,623</td>
</tr>
</tbody>
</table>

### Net Initial Yield

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Initial Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>6.42%</td>
</tr>
<tr>
<td>2014/2015</td>
<td>7.27%</td>
</tr>
<tr>
<td>2015/2016</td>
<td>8.44%</td>
</tr>
<tr>
<td>2016/2017</td>
<td>7.83%</td>
</tr>
<tr>
<td>2017/2018</td>
<td>7.83%</td>
</tr>
<tr>
<td>2018/2019</td>
<td>7.83%</td>
</tr>
<tr>
<td>2019/2020</td>
<td>7.83%</td>
</tr>
<tr>
<td>2020/2021</td>
<td>7.83%</td>
</tr>
<tr>
<td>2021/2022</td>
<td>7.83%</td>
</tr>
<tr>
<td>2022/2023</td>
<td>7.83%</td>
</tr>
<tr>
<td>2023/2024</td>
<td>7.83%</td>
</tr>
</tbody>
</table>

### Gross Initial Yield

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Initial Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>6.42%</td>
</tr>
<tr>
<td>2014/2015</td>
<td>7.27%</td>
</tr>
<tr>
<td>2015/2016</td>
<td>8.44%</td>
</tr>
<tr>
<td>2016/2017</td>
<td>7.83%</td>
</tr>
<tr>
<td>2017/2018</td>
<td>7.83%</td>
</tr>
<tr>
<td>2018/2019</td>
<td>7.83%</td>
</tr>
<tr>
<td>2019/2020</td>
<td>7.83%</td>
</tr>
<tr>
<td>2020/2021</td>
<td>7.83%</td>
</tr>
<tr>
<td>2021/2022</td>
<td>7.83%</td>
</tr>
<tr>
<td>2022/2023</td>
<td>7.83%</td>
</tr>
<tr>
<td>2023/2024</td>
<td>7.83%</td>
</tr>
</tbody>
</table>
005
Auchan Vicenza Retail Gallery
Vicenza, Italy
# Table of Contents

1.0 Valuer Details and Inspection ............................................................................................................................................ 3
2.0 Documentation Provided .................................................................................................................................................... 3
3.0 Location ............................................................................................................................................................................. 3
4.0 Situation ........................................................................................................................................................................... 4
5.0 Catchment ....................................................................................................................................................................... 5
6.0 Description ..................................................................................................................................................................... 8
7.0 Accommodation ................................................................................................................................................................. 9
8.0 Condition .......................................................................................................................................................................... 10
9.0 Services, Plant, and Equipment ....................................................................................................................................... 10
10.0 Environmental Considerations ......................................................................................................................................... 10
11.0 Statutory Requirements and Town Planning ............................................................................................................. 11
12.0 Cadastral Information .................................................................................................................................................... 12
13.0 Tenure ............................................................................................................................................................................. 12
14.0 Occupational Tenancies and Income ............................................................................................................................. 12
15.0 Management, Service Charges, and Non-recoverable Costs .......................................................................................... 15
16.0 Performance .................................................................................................................................................................... 16
17.0 Local Retail Supply .......................................................................................................................................................... 17
18.0 Market Rent ..................................................................................................................................................................... 19
19.0 Principal Valuation Considerations .................................................................................................................................. 20
20.0 Valuation Methodology and Factors .................................................................................................................................. 20
21.0 Valuation .......................................................................................................................................................................... 22
22.0 Reinstatement Cost .......................................................................................................................................................... 22

# Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plan
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Céline Cattaneo, valuer, of Savills Milan.

The Property was inspected on 25 June 2013 by Céline Cattaneo. We were able to inspect the whole of the Property externally, while internally the inspection was limited to the areas of the retail gallery accessible to the public. The weather on the date of our inspection was dry.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file’ IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’) and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5_compare.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report - Final.pdf’);
- Gross floor areas (Excel file ‘Summary_Surfaces.xls’);
- Floor plans (Pdf file ‘VICENZA planimetria.pdf’);
- Property Brochure (Pdf file ‘BROCHURE VICENZA.pdf’).

3.0 Location

Auchan Vicenza Shopping Centre is located in the municipality of Vicenza, province capital of the Veneto region, in the north-east of Italy. The shopping centre is approximately 3 km to the west of the city centre, in the Cattane District.

Accessibility by car is good both from the city and from the motorway. Auchan Vicenza is situated at the intersection of Strada delle Cattane and Provincial Road SP36 – Viale del Sole, which leads south to the Vicenza Ovest exit of the A4.
(Turin – Trieste) motorway at 3 km and north-east to the Vicenza Nord exit of the A31 (Vicenza – Piovene Rocchette) motorway at 9 km. The area is also served by local bus lines with stops along Strada delle Cattane and Via Peiropan.

The closest railway station is at 3 km in Vicenza. The closest international airport is in Verona, 56 km to the west.

4.0 Situation

As mentioned above, the subject Shopping Centre is located in the cattaneo District of Vicenza, a predominantly residential area with some offices, and light-industrial and retail activities in the vicinity of the shopping centre, including a Brico Center (DIY) and various local stores and bars/restaurants, occupying the ground level of some residential and office buildings.

The Property is bordered by Strada delle Cattane to the north, Via Pieropan to the east, Via Enrico Fermi to the south, and Viale del Sole (SP36) to the west.
5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Veneto region had approximately 4,850,000 residents. 17.7% of the inhabitants of the region are concentrated in the province of Vicenza (858,732 people), with a density per sq km of 315 inhabitants (compared to the 264 inhabitants per sq km of the Veneto region). The municipality of Vicenza has a population of approximately 111,222.

As to the age structure of the population in the province of Cuneo, 20.2% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 60.4% is aged 20 to 64 (Italy 60.4%), while the remaining 19.3% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Vicenza is of approximately €30,284, in line with the average for North-East Italy, and above the national average of €25,727 (2010 data). With reference to the national added value, the province of Vicenza ranks 13th among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (56.36%), followed by the industrial sector (42.30%) and by agriculture (1.34%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Vicenza is high compared to the Italian average (+8.1 points). The consumption per capita is lower than the Veneto average (-5.5 points) but above the Italian average (+4.5 points). The non-food component of the total family spending is still predominant at 85.69% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Vicenza was 6.8%, slightly above the Veneto regional average (6.6%) but well below the Italian average (10.7%).

Specifically, in the Veneto region, the unemployment rate increased to 6.6% in 2012, compared to 5.0% in 2011 and 5.8% in 2010. (Source: ISTAT)
5.2 Catchment Analysis

We have defined 10 and 15 minute drive time catchment areas for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 and 10-15 isochrones analysed for the subject shopping centre are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>69,228</td>
<td>40.5%</td>
<td>69,228</td>
</tr>
<tr>
<td>10-15</td>
<td>101,566</td>
<td>59.5%</td>
<td>170,794</td>
</tr>
</tbody>
</table>
To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 15 minutes away. However, we would expect the most frequent visitors to come from the 0-10 minute drive time area, corresponding to the above estimate of 69,228 inhabitants (40.5% of the total catchment population). This includes approximately half the population of Vicenza and nearby localities.

- The 15-minute catchment area covers some 211 sq km and has a density of 811 inhabitants/sq km (compared to the Italian average of 197/sq km). The density reaches 1,166 inhabitants/sq km in the 0-10 minute catchment area, which includes part of Vicenza.

- The region overall is quite wealthy, with disposable income and consumption per capita in the province of Vicenza above the Italian average.

- We have identified three shopping centres located to the east of Vicenza city centre, one of which falls within Auchan’s secondary catchment (for details and comments on the competition, please refer to Section 17.0 of this report).

6.0 Description

Auchan Vicenza Shopping Centre is a small centre. It opened to the public in 1995 and its Retail Gallery has a total GLA (Gross Lettable Area) of 1,959 sq m.

The Shopping Centre consists of a gallery developed on a single level, comprising 7 small retail units, 1 medium-sized unit, 2 bars and restaurants, and an Auchan hypermarket (35 checkout counters), which is not part of the Property under valuation.

The Retail Gallery is developed along a single corridor in front of the hypermarket, with most units situated along the north side of the gallery. The gallery is accessible directly from the open-air car park via a main entrance, situated at the centre of the gallery along the north façade, and a secondary entrance at the west end of the main corridor. The layout of the shopping centre is quite simple, with the entrance to the hypermarket located at the east end of the main corridor. The exterior of the shopping centre is characterised by light-coloured square tiles. The internal finishes are of fair quality. The ceilings consist of glazed pitch skylights providing excellent natural illumination. The flooring is in light-coloured marble tiles.
The shopping centre is served by an open-air car park at ground level and by a covered car park at the basement level, providing a total of 1,194 parking spaces.

Auchan Shopping Centre is open every day from 8:30 a.m. to 9:30 p.m., except on Sundays when opening hours are from 10:00 a.m. to 8:00 p.m.

A selection of Photographs is attached at Appendix 1. The Floor Plans are attached at Appendix 2. The Merchandising Plan is attached at Appendix 3.

7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 1,959 sq m, sub-divided into 10 units, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>54</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>264</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>775</td>
<td>2</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>514</td>
<td>1</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td></td>
<td>352</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,959</td>
<td>10</td>
</tr>
</tbody>
</table>

The Retail Gallery offers a diversified merchandising mix, characterised by the fairly homogeneous presence of 4 sectors: Sporting Goods, Fashion, Bars & Restaurants, and Services, as shown in the chart below:

![Merchandising Mix of the Gallery](chart.png)
A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.

8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in fairly good condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.
11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Veneto region, the retail sector is regulated by Regional Law no. 50 dated 28 December 2012. The law decree known as 'Decreto Salva Italia', which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the 'possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage'. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Legal Due Diligence, the urbanization works set out by the relevant zoning agreement have not undergone the final test and have not been transferred to the Municipality. Furthermore, it would appear that the Occupancy Certificate has not been issued yet. Based on both the Legal and Technical Due Diligence provided, Building Licence no. 15143/89 dated 13/02/95 does not consider the mall in the calculation of the gross floor area; the mall is classified as 'arcade-mall', as if it were an open space, whereas it is actually a closed area. We suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

Based on the Legal Due Diligence provided to us, we understand that the Vicenza Shopping Mall does not have a Comprehensive Authorization, which must be issued before the opening of retail businesses. The Mall comprises the hypermarket, 4 service activities and 2 catering activities (not requiring authorized sales areas), and 3 retail businesses. Pursuant to applicable law, a comprehensive authorization would be necessary for the hypermarket and the 3 retail businesses to operate using shared services. We suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.
For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained. However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Vicenza in full compliance with the current uses.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, the Retail Gallery of Auchan Vicenza Shopping Centre had 1 vacant retail unit:

- Unit 2 (396 sq m GLA): this unit was occupied by Emporio della Moda until May 2013 and negotiations are underway with potential tenants also considering the possibility of subdividing the unit into two smaller units.

14.2 Lease Terms

Of the 9 leases currently in place, 1 is a business lease and 8 are property leases.

From the documentation provided we understand that:

- All tenants pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 1.0% to 8.0%).
- 6 of the property leases have a standard duration of 6+6 years, while the remaining contracts have durations of 5, 7, and 9 years.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT.
- None of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.
Considering the assumed expiry dates, the majority of the signed leases will have expired by the end of 2017 (68%), as shown in the following chart:

We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona)
Duration: 6+6 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).
Indexation: The rent will be increased annually by 75% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 50% of the tax will be paid by the tenant and 50% by the landlord.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.
14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (£32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 100% of the tax will be paid by the tenant.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, only one tenant can still exercise its break option:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
<th>Notice Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 NEG. 5</td>
<td>PIAZZA ITALIA</td>
<td>31/01/2011</td>
<td>rolling</td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

None of the leases in place still benefit from stepped-rent provisions.

14.7 Rental Concessions

According to the information provided, we understand that no rental concessions were granted in 2013.

14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €543,343, corresponding to an average of €277 per sq m of GLA per annum. This has been calculated based on the information provided by you. We have applied our estimate of market rent to currently vacant unit until the assumed re-letting date. The gross Effective MGR at the valuation date is in the order of €440,577 (excluding the potential rent of the currently vacant unit).
The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>54</td>
<td>17,723</td>
<td>3.3%</td>
<td>328</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>264</td>
<td>58,836</td>
<td>10.8%</td>
<td>223</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>775</td>
<td>235,203</td>
<td>43.3%</td>
<td>303</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>514</td>
<td>135,094</td>
<td>24.9%</td>
<td>263</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>352</td>
<td>96,488</td>
<td>17.8%</td>
<td>274</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,959</td>
<td>543,343</td>
<td>100.0%</td>
<td>277</td>
<td></td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>352</td>
<td>96,488</td>
<td>17.8%</td>
<td>274</td>
</tr>
<tr>
<td>Sporting Goods</td>
<td>514</td>
<td>135,094</td>
<td>24.9%</td>
<td>263</td>
</tr>
<tr>
<td>Fashion</td>
<td>379</td>
<td>136,203</td>
<td>25.1%</td>
<td>359</td>
</tr>
<tr>
<td>Services</td>
<td>318</td>
<td>76,559</td>
<td>14.1%</td>
<td>241</td>
</tr>
<tr>
<td>Vacant</td>
<td>396</td>
<td>99,000</td>
<td>18.2%</td>
<td>250</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>1,959</td>
<td>543,343</td>
<td>100.0%</td>
<td>277</td>
</tr>
</tbody>
</table>

14.9 Turnover Rent

According to the information provided, the turnover rent accrued in 2012 and paid in 2013 is equal to €324.

14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €95,748.

15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €635,000. Of these, €173,000 are to be paid by the retail units of the gallery and of the Retail Park, corresponding to a cost of approximately €88 per sq m of the total GLA, which seems appropriate for this type of scheme.
15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €270,816 (€284,357 including the 5% project management fee)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>€29,832</td>
<td>€95,272</td>
<td>€70,708</td>
<td>€82,832</td>
<td>€5,713</td>
</tr>
</tbody>
</table>

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €31,660 per annum.
- Insurance: €6,390 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.5% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.5% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €90 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.

15.5 Rental Arrears and Legal Proceedings

We have been provided with a table indicating arrears trends since 2009. As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 0.5% of the gross annual MGR.

16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the shopping centre registered some 2,477,565 visitors, corresponding to a 6.8% increase compared to previous year (2,319,060 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery and the Retail Park in 2012 is equal to €4,963,646, corresponding to a slight increase on 2011 (+1.1%).

After decreasing slightly in 2010 (-2.7% on 2009), sales increased again in 2011, with a turnover of €4,909,634, +2.0% on 2010 (€4,814,272).
We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery has an average rent-to-sales ratio (effort rate) of 13.4% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m) have an average effort rate of 13.6%, which is good. The majority of the tenants have effort rates below 12%, and only one tenant presents a critical situation (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding the medium-sized unit, and excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>3</td>
<td>60%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>1</td>
<td>20%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>1</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>5</td>
<td>100%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA <500 sqm)

The following table reports our comments with reference to the effort rate of the medium-sized unit:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAME 7 Sporting Goods</td>
<td>514</td>
<td>1,026,128</td>
<td>134,464</td>
<td>13.1%</td>
<td>good</td>
<td></td>
</tr>
</tbody>
</table>

17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the Vicenza area, and we have identified the following shopping centres, all three located to the east of the city:

1. GALLERIA PARCO CITTA Shopping Centre

Galleria Parco Città is located in the east outskirts of Vicenza, approximately 6 km from the Auchan, just outside its primary catchment area. The shopping centre is developed on a single level, occupying part of the ground level of a multi-storey office and residential complex. It comprises the hypermarket, 1 sub-anchor (Pittarello), and a gallery with 34 small retail units. The operators mainly comprise local operators. Due to its size and location, we would not consider Galleria Parco Città to be a competitor of the subject shopping centre.

2. PALLADIO Shopping Centre

Palladio Shopping Centre is located to the east of Vicenza, approximately 10 km from the Auchan, outside of its secondary catchment area. The shopping centre is developed on two levels and comprises the hypermarket, 5 sub-anchor (Scarpe&Scarpe, OVS, H&M, MediaWorld, Cisalfa), and a gallery with 70 small retail units. The operators mainly comprise national and international operators, such as Sephora, Original Marines, Piazza Italia, Kiko, GameStop, Giunti al Punto, Geox. It also includes a fitness centre and a bingo parlour. Although located on the other side of Vicenza, due to its size, we would consider Palladio to have an influence on the Vicenza catchment area, especially as a week-end shopping destination.
3. LE PIRAMIDI Shopping Centre

<table>
<thead>
<tr>
<th>Location</th>
<th>Torri di Quartesolo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Date</td>
<td>1991</td>
</tr>
<tr>
<td>Total GLA</td>
<td>43,800 sq m</td>
</tr>
<tr>
<td>Number of Retail Units</td>
<td>130</td>
</tr>
<tr>
<td>Food Anchor</td>
<td>Ipercoopca</td>
</tr>
<tr>
<td>Sub-anchors</td>
<td>10</td>
</tr>
<tr>
<td>Parking Spaces</td>
<td>2,700</td>
</tr>
</tbody>
</table>

Le Piramidi Shopping Centre is located to the east of Vicenza, approximately 13 km from the Auchan, outside of its secondary catchment area. The shopping centre is developed on three levels and comprises the hypermarket, 10 sub-anchor (Conbipel, Co.Import, Pittarello, Expert, Sportler, Benetton, OVS, Smart, Ovivo, La Feltrinelli Village), and a gallery with 120 small retail units. The operators mainly comprise national and international operators, such as Clayton, Douglas, Motivi, Oltre, Geox, Original Marines. Although located on the other side of Vicenza, ca 4 km from Palladio, due to its size, we would consider Palladio to have an influence on the Vicenza catchment area, especially as a week-end shopping destination.

17.2 The Future Retail Supply

We are not aware of any development projects falling within the subject shopping centre’s catchment area.

The following Map highlights the location of the schemes analysed above.
18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Northern Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Shopping Centre, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €538,470, roughly in line with the Potential Headline Rent (-0.35%). Excluding the vacant unit, the headline rent is 0.43% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:

![Chart comparing Market Rent and Potential MGR](image)

By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.
19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

• The Auchan Shopping Centre is a small centre, located in the west periphery of Vicenza, in the predominantly residential Cattane District.

• Good accessibility and visibility. The Shopping Centre is easily accessible from both the city and the motorway, as it is located at the intersection with Viale del Sole (Provincial Road SP36). The area is also served by local bus lines.

• The location provides a fairly good catchment area with approximately 171,000 inhabitants within the 15-minute drive time. The area is quite wealthy overall, with consumption above the national average.

• The three shopping centres we have identified in the Vicenza area are located to the east of the city, and Palladio and Le Piramidi in particular are large-sized shopping centres, quite different in format compared to Auchan Vicenza and more appealing as week-end shopping destinations.

• Fair quality materials and finishes have been used to decorate the interior of the Centre.

• The gallery has a very simple layout and is developed in front of the hypermarket along a single corridor.

• The hypermarket operator (Auchan) is a strong food anchor.

• The gallery mainly comprises local and national retailers, operating in the Fashion, Services, Bars & Restaurants, and Sporting Goods sectors, complementary to the offer of the hypermarket.

• The lease contracts contain a turnover rent element, which increases the possibility for an investor to benefit from a potential increase in sales.

• One of the units was vacant as at the valuation date. However, we have been informed that negotiations are underway with potential tenants, also considering the possibility of subdividing the unit into two smaller units.

• In 2012, the shopping centre registered increases in both footfall (+6.8%) and sales (+1.1%), compared to 2011.

• The Shopping Centre has an average rent-to-sales ratio (effort rate) of 13.4% (on homogeneous data, excluding service charges). This result is good and confirms that the Shopping Centre is performing well.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.
The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.

### 20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is **€543,343**.
- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.
- The estimated Mall Income for 2013/2014 is €100,000, representing approximately 18.40% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 15.0% of the gross annual MGR.
- In consideration of the limited income provided by turnover rent in 2013 and that no turnover rent was paid in previous years, we have assumed that no turnover rent will be paid for the duration of the cash flow.

### 20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €31,660.
- Insurance: €6,390.
- Letting fees (new leases): 11.0% of the gross annual MGR.

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.5% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.5% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €90 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €29,832 (including 5% property management fee).
20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 7.25%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.

Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 7.75% to the MGR, while we have applied a yield of 8.75% to the income generated by the temporary lettings. The overall blended gross exit yield is equal to 7.87%.

Acquisition Costs

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

21.0 Valuation

Following our inspection on 25 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Vicenza Retail Gallery, in Vicenza, is in the order of:

€7,770,000.00

(Seven Million Seven Hundred Seventy Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.
The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of €3,750,000.00 (excl. VAT).

<table>
<thead>
<tr>
<th>Cost Component</th>
<th>Unit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€ 40/sqm</td>
<td>€116,200.00</td>
</tr>
<tr>
<td>Construction Cost</td>
<td></td>
<td>€3,307,150.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>10%</td>
<td>€330,715.00</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td></td>
<td><strong>€3,750,000.00</strong></td>
</tr>
</tbody>
</table>
Auchan Vicenza Shopping Centre

East Side

Hypermarket Entrance

Retail Gallery

Medium-sized Unit 01B+21 – Game 7

Basement Car Park
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>GCI Location</th>
<th>Tenant Name</th>
<th>Brand</th>
<th>Lease start date</th>
<th>First Break Option</th>
<th>New Rolling Lease end date</th>
<th>Contract Type</th>
<th>Yearly Inflation Indexation (%)</th>
<th>% Fixed/Variable Rent</th>
<th>Annualized Rent at Entry (€k)</th>
<th>GLA (sqm)</th>
<th>1st Step (Annualized Rent)</th>
<th>Step up Date</th>
<th>2nd Step (Annualized Rent)</th>
<th>Step up Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>5_1</td>
<td>2 NEG. N.</td>
<td>Vicenza 1062</td>
<td>VICENZA FOCUS S.R.L. / VIA ROMA 183 / IT-35046</td>
<td>EMPORIO DELLA MODA</td>
<td>01/08/2008</td>
<td>31/01/2010</td>
<td>YES</td>
<td>14/07/2013</td>
<td>Business</td>
<td>100</td>
<td>6</td>
<td>117,727</td>
<td>396</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5_2</td>
<td>1 NEG. 01</td>
<td>Vicenza 1062</td>
<td>VICENZA SO.GE.R.CO.ITALIA S.R.L. / VIALE ITALIA UNITA 1 / IT-36040</td>
<td>DOC BISTROT</td>
<td>01/07/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2022</td>
<td>Ordinary</td>
<td>75</td>
<td>8</td>
<td>65,000</td>
<td>256</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5_3</td>
<td>3 NEG. 03</td>
<td>Vicenza 1062</td>
<td>VICENZA MINI SERVICE S.R.L. / VIA NOVARA 379 / IT-20153</td>
<td>MINI SERVICE</td>
<td>16/06/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/06/2019</td>
<td>Ordinary</td>
<td>75</td>
<td>7</td>
<td>7,613</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5_4</td>
<td>4 NEG. 04</td>
<td>Vicenza 1062</td>
<td>GAME 7 ATHLETICS S.P.A. / VIA FERRARI 2 / IT-41011</td>
<td>GAME 7</td>
<td>18/02/2005</td>
<td>-</td>
<td>NO</td>
<td>17/02/2017</td>
<td>Ordinary</td>
<td>75</td>
<td>4</td>
<td>134,232</td>
<td>514</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5_5</td>
<td>7 NEG. 07</td>
<td>Vicenza 1062</td>
<td>LAVA &amp; CUCE SRL / CORSO MAZZINI 39 / IT-26900</td>
<td>LAVASECCO 1</td>
<td>19/04/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2019</td>
<td>Ordinary</td>
<td>75</td>
<td>6</td>
<td>20,661</td>
<td>108</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5_6</td>
<td>8 NEG. 08</td>
<td>Vicenza 1062</td>
<td>FOTO + TABACCHERIA / CORSO MAZZINI 39 / IT-26900</td>
<td>-</td>
<td>01/02/2013</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/01/2025</td>
<td>Ordinary</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5_7</td>
<td>5 NEG. 5</td>
<td>Vicenza 1062</td>
<td>PIAZZA ITALIA SPA / CORSO NOLA-ISOLA 1 / IT-80035</td>
<td>PIAZZA ITALIA</td>
<td>01/08/2008</td>
<td>31/01/2011</td>
<td>YES</td>
<td>31/07/2015</td>
<td>Business</td>
<td>100</td>
<td>7</td>
<td>134,234</td>
<td>379</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5_8</td>
<td>9 NEG. 6/a</td>
<td>Vicenza 1062</td>
<td>DEJAVU CAFÉ / VIA DELLE CATTANE 71/6A / IT-36100</td>
<td>DEJAVU CAFÉ</td>
<td>01/12/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/08/2014</td>
<td>Ordinary</td>
<td>75</td>
<td>7</td>
<td>30,494</td>
<td>96</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5_9</td>
<td>12 NEG 6/B</td>
<td>Vicenza 1062</td>
<td>BLUVACANZE S.P.A. / VIA SANGRO 15 / IT-20132</td>
<td>BLUVACANZE</td>
<td>01/04/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/03/2023</td>
<td>Ordinary</td>
<td>75</td>
<td>1</td>
<td>23,555</td>
<td>86</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5_10</td>
<td>16 Spazio Dedem</td>
<td>Vicenza 1062</td>
<td>SPAZIO DEDEM SPA / CORSO MAZZINI 39 / IT-26900</td>
<td>SPAZIO DEDEM</td>
<td>02/01/2013</td>
<td>n.a.</td>
<td>n.a.</td>
<td>01/01/2014</td>
<td>Other</td>
<td>0</td>
<td>-</td>
<td>4,355</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unit no.</td>
<td>Tenant</td>
<td>Category</td>
<td>Type of Retailer</td>
<td>GLA (sq m)</td>
<td>Type of Contract</td>
<td>Indexation (provided)</td>
<td>Lease Start</td>
<td>Lease End</td>
<td>Total Gross Rent (€)</td>
<td>Gross Headline Rent (€/sqm)</td>
<td>Gross Headline Rent (€/yr)</td>
<td>Gross Potential Headline Rent (€)</td>
<td>Market Rent (€/sqm/yr)</td>
<td>Notes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>--------------</td>
<td>------------------</td>
<td>------------------</td>
<td>------------</td>
<td>-----------------</td>
<td>-----------------------</td>
<td>-------------</td>
<td>-----------</td>
<td>---------------------</td>
<td>--------------------------------</td>
<td>--------------------------------</td>
<td>--------------------------------</td>
<td>----------------------------</td>
<td>--------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>144/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>15/02/2011</td>
<td>15/02/2016</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>146/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>38,673</td>
<td>43,150</td>
<td>521,862</td>
<td>521,862</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>147/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>148/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>149/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>150/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>151/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>152/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>153/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>154/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>155/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>156/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>157/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>158/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>159/7</td>
<td>Incontradd</td>
<td>Accessories</td>
<td>Mossarr</td>
<td>90</td>
<td>Property Lease</td>
<td>75%</td>
<td>12.0</td>
<td>01/01/2012</td>
<td>01/01/2017</td>
<td>39,673</td>
<td>44,150</td>
<td>518,267</td>
<td>518,267</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 6
Market Value Calculation
### Asset Code: ABC
- **Location**: Vicenza Retail Gallery
- **Address**: Vicenza, Italy
- **Valuation Date**: 30/06/2013

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflation Rate</strong></td>
<td>1.60%</td>
<td>1.90%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td><strong>Market Growth</strong></td>
<td>1.00%</td>
<td>1.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td><strong>Turnover Rent as a % of MGR</strong></td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Mall Income as a % of MGR</strong></td>
<td>18.40%</td>
<td>15.00%</td>
<td>15.00%</td>
<td>15.00%</td>
<td>15.00%</td>
<td>15.00%</td>
<td>15.00%</td>
<td>15.00%</td>
<td>15.00%</td>
<td>15.00%</td>
<td>15.00%</td>
</tr>
</tbody>
</table>

#### Income
- **Gross Potential Minimum Guaranteed Rent**: €543,343
- **Rental Concession**: 0
- **Rental Loss**: (-24,750)
- **Provision for long-term vacancy**: 0.50% (-2,593)
- **Mall Income**: €106,660
- **Gross Effective Income**: €616,001

#### Expenditures
- **Operational Costs**:
  - Property Management Fees (MGR): (-10,867)
  - Property Management Fees (Turnover Rent): 0
  - Property Management Fees (Mall Income): (-20,000)
  - Property Tax: (-31,660)
  - Insurance: (-6,390)
  - Lease Registration Tax: (-1,541)
  - Maintenance: (-8,150)
  - Service Charges on Vacant Units: €90/sq m (-8,910)
- **Total Operational Costs**: (-95,297)
- **Net Operating Income**: €520,704

#### Leasing and Capital Costs
- **Letting fees**: 11% (-10,890)
- **Capital Expenditures**: (-29,832)
- **Total Leasing and Capital Costs**: (-40,722)
- **Net Cash Flow**: €479,982

#### Gross Exit Value
- **Sale Costs**: 1.50% (-137,987)
- **Net Exit Value**: €9,061,148
- **Total Net Cash Flow**: €479,982
- **Discounted Cash Flow**: €447,536
- **Present Value of Annual Income**: €3,537,905
- **Present Value of Resale @ Year 10**: €4,499,976

#### Market Value
- **Net Initial Yield**: 6.18%
- **Gross Initial Yield**: 7.93%
- **Net Exit Yield (on MGR)**: 6.69%
- **Gross Exit Yield (on MGR)**: 7.75%
- **Net Exit Yield (on Variable Rent)**: 7.97%
- **Gross Exit Yield (on Variable Rent)**: 8.75%
- **Net Blended Exit Yield**: 6.79%
- **Gross Blended Exit Yield**: 7.87%
- **Market Value / sq m GLA**: €3,966

(*) including current vacancy and void period of 2 months at lease expiry.
006
Auchan Ancona Retail Gallery
Ancona, Italy
Table of Contents

1.0 Valuer Details and Inspection ......................................................................................................................... 3
2.0 Documentation Provided ................................................................................................................................. 3
3.0 Location ............................................................................................................................................................. 3
4.0 Situation ........................................................................................................................................................... 4
5.0 Catchment ........................................................................................................................................................ 5
6.0 Description ....................................................................................................................................................... 8
7.0 Accommodation ............................................................................................................................................. 9
8.0 Condition .......................................................................................................................................................... 10
9.0 Services, Plant, and Equipment .................................................................................................................... 10
10.0 Environmental Considerations .................................................................................................................. 10
11.0 Statutory Requirements and Town Planning .............................................................................................. 11
12.0 Cadastral Information ................................................................................................................................ 12
13.0 Tenure ........................................................................................................................................................... 12
14.0 Occupational Tenancies and Income ......................................................................................................... 12
15.0 Management, Service Charges, and Non-recoverable Costs .................................................................... 16
16.0 Performance .................................................................................................................................................. 17
17.0 Local Retail Supply ....................................................................................................................................... 18
18.0 Market Rent ................................................................................................................................................... 19
19.0 Principal Valuation Considerations ............................................................................................................. 19
20.0 Valuation Methodology and Factors ........................................................................................................... 20
21.0 Valuation ....................................................................................................................................................... 22
22.0 Reinstatement Cost ....................................................................................................................................... 22

Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plans
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Mario Nicolini and Cristina Brunalli, valuers of Savills Milan.

The Property was inspected on 17 June 2013 by Gianni Flammini MRICS and Cristina Brunalli. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was sunny.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’) and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5 Compared.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report_Final.pdf’);
- Detail on Gross Area (Excel file ‘Summary_Surfaces.xls’)
- Floor plans (Pdf file ‘ANCONAplanimetria.pdf’);

3.0 Location

Auchan Ancona Shopping Centre is located in the municipality of Ancona, province capital of the Marche region, in Central Italy. The shopping centre is located in the light-industrial district of ‘Baraccola’, which comprises a number of retail activities and is located less than 10 km to the south of the city centre. The area represents the main retail pole of the city.

The shopping centre is easily accessible from the city thanks to the proximity of State Road SS16, which in turn leads to the Ancona Sud – Osimo exit of the A14-Adriatica motorway, approximately 4 km south of the centre.
The closest railway station is at 15 km in the city of Ancona. The Ancona Falconara Airport is at some 23 km.

4.0 Situation

Auchan Ancona Shopping Centre is part of the large Baraccola light-industrial district, which also comprises various retail activities. Along the SS16 state road, leading to the shopping centre, are a number of car dealers, warehouses, an Ikea store, and a Conbipel retail box, while closer to the centre are a Casa Brico (DIY), Expert (Electronics), Prenatal (Children's apparel store), and a Globo Calzature (Shoes and Accessories).
The Property is bordered by Via Scataglini to the west, green areas and the SS16 state road to the east, a large retail warehouse housing different activities (such as Casa Brico) to the south, and a retail box (‘Gross Ancona’ wholesaler) to the north.

5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Marche region had approximately 1,540,688 residents. 30.7% of the inhabitants of the region are concentrated in the province of Ancona (473,642 people), with a density per sq km of 244 inhabitants (compared to the 164 inhabitants per sq km of the Marche region). The municipality of Ancona has a population of approximately 100,465.

As to the age structure of the population in the province of Ancona, 17.9% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 59.0% is aged 20 to 64 (Italy 60.4%), while the remaining 23.1% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Ancona is of approximately €29,320.32, slightly above the average for Central Italy and the national average of €25,727 (2010 data). With reference to the national added value, the province of Ancona ranks 30\textsuperscript{th} among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (68.63%), followed by the industrial sector (30.19%) and by agriculture (1.18%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Ancona is high compared to the Italian average (+13.5 points). The consumption per capita is slightly higher than the Marche average (+6.8 points) and the Italian average (+3.2 points). The non-food component of the total family spending is still predominant at 83.34% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Ancona was 9.3%, slightly above the Marche regional average (9.1%) and below the Italian average (10.7%).

Specifically, in the Marche region, the unemployment rate notably increased to 9.1% in 2012, compared to 6.7% in 2011 and 5.7% in 2010. (Source: ISTAT)
5.2 Catchment Analysis

We have defined 10 and 20 minute drive time catchment areas for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 and 10-20 isochrones analysed for the subject shopping centre are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>57,463</td>
<td>27.6%</td>
<td>57,463</td>
</tr>
<tr>
<td>10-20</td>
<td>150,662</td>
<td>72.4%</td>
<td>208,124</td>
</tr>
</tbody>
</table>

To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 20 minutes away. However, we would expect the most frequent visitors to come from the 0-10 minute drive time area, corresponding to the above estimate of 57,463 inhabitants (nearly 28% of the total catchment population).
The 20-minute catchment area covers some 403 sq km and has a density of 516 inhabitants/sq km (compared to the Italian average of 197/sq km). The density reaches 400 inhabitants/sq km in the 0-10 minute catchment area, which includes the southern portion of the town of Ancona.

The region overall is quite wealthy. Consumption per capita in the province of Ancona is above the regional and the Italian average.

We have identified one shopping centre within the 10-minute isochrone to the south of Ancona city centre (for details and comments on the competition, please refer to Section 17.0 of this report).

5.3 Tourism Data

The Marche region, especially along the coast, is a popular Italian tourist destination. According to ISTAT data, in 2011, a total of approximately 2.3 million people arrived in the region, for an average stay of 4.9 days (5.0 days in 2010).

Data on tourism is available for the province, but we do not have any details regarding the single municipalities. The province of Ancona accounts for about 32% of total tourist arrivals (727,722 people). Compared to 2010, tourist arrivals for the entire region registered a 5.1% increase in 2011, while arrivals in the province of Ancona increased by 6.7%.

6.0 Description

Auchan Ancona Shopping Centre opened to the public in 1994, anchored by a Joyland hypermarket, which was replaced by Auchan in 1999. The Retail Gallery of the centre underwent an extension in 1999/2000 and currently has a total GLA (Gross Lettable Area) of 7,644 sq m.

The retail gallery and the hypermarket are developed on a single level, with car parking available on the rooftop. The retail gallery comprises 36 small retail units, 2 large-sized units, 4 bars and restaurants, and an Auchan hypermarket, which is not part of the Property under valuation. To the south-east of the centre is an Auchan Petrol Station, which is also not part of the Property.

The Retail Gallery (7,644 sq m GLA) is mainly developed in front of the hypermarket, with a plaza and a large-sized unit extending to the north. The gallery is accessible directly from the open-air car park at ground level via four entrances, of which the most used is the one located at the north-east end of the gallery, by the extension portion. On the second level are also two entrances. The gallery does not seem to have any ‘cold’ areas suffering from poor visitor traffic. The exterior of the shopping centre has a fair profile, with walls predominantly painted in ochre, and highly visible entranceways. The internal finishes are of medium quality. In the gallery, the ceilings are suspended, with skylights providing some natural illumination. Artificial lighting is provided by recessed light fixtures in the suspended ceilings or suspended lamps. The flooring is in light-coloured marble tiles.
The shopping centre is served by an open-air car park at ground level and on the rooftop, providing some 1,600 parking spaces.

Auchan Ancona Shopping Centre is open Monday through Saturday from 8:30 a.m. to 9:00 p.m, and on Sundays from 9:00 a.m. to 8:30 p.m.

A selection of Photographs is attached at Appendix 1.
The Floor Plans are attached at Appendix 2.
The Merchandising Plan is attached at Appendix 3.

7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 7,644 sq m, sub-divided into 42 units, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>149</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,930</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>1,125</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>690</td>
<td>2</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>2,860</td>
<td>2</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td></td>
<td>891</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>7,644</td>
<td>42</td>
</tr>
</tbody>
</table>

The retail gallery offers a diversified merchandising mix, characterised by the strong presence of the fashion sector (46.6% of the total GLA), followed by Gift & Other Goods (17.8%), and by Sporting Goods (13.4%), as shown in the chart below:
A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.

8.0 **Condition**

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in fair condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 **Services, Plant, and Equipment**

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 **Environmental Considerations**

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.
11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Marche region, the retail sector is regulated by Regional Law no. 27 dated 10 November 2009. The law decree known as ‘Decerto Salva Italia’, which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the ‘possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage’. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence provided to us, a portion of the parking area must still be destined to public use, but the relevant public deed has not been executed yet. We also understand that, in order to regularize some building irregularities in the retail gallery, a SCIA (Commencement of Works Certificate) has been filed with the Municipality. We would suggest further analysis with your lawyers in order to have clarification on the status and/or if needed the relevant representations and warranties.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.
12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Ancona in full compliance with the current uses.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, the retail gallery of Auchan Ancona Shopping Centre has one unit vacant.

- Unit 39 Neg 40 (108 sq m GLA): this unit was previously occupied by Benetton;

14.2 Lease Terms

Of the 41 leases currently in place, 33 are business leases and 8 are property leases.

From the documentation provided we understand that:

- All the 33 tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 3.0% to 9.0%). 7 of the 8 property leases contain turnover-rent provisions (with percentages ranging from 1.5% to 8.0%).
- The duration of the business lease contracts varies from unit to unit, ranging from 2 to 10 years. Five property leases have a 6+6-year duration, two have 10 years durations and one has 2 years duration.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT.
- 4 of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.
Considering the assumed expiry dates, the majority of the signed leases will have expired by end of 2018 (67%), as shown in the following chart:

We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona)
Duration: 6+6 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).
Indexation: The rent will be increased annually by 75% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 50% of the tax will be paid by the tenant and 50% by the landlord.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.
14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 100% of the tax will be paid by the tenant.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following 6 tenants can still exercise their break options:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 Neg. 18</td>
<td>GIUNTI AL PUNTO</td>
<td>12/04/2015</td>
</tr>
<tr>
<td>3 Neg. 3</td>
<td>TEZENIS</td>
<td>19/04/2015</td>
</tr>
<tr>
<td>40 Neg. 41</td>
<td>L’ISOLA DEL RISTORO</td>
<td>31/12/2015</td>
</tr>
<tr>
<td>41 Neg. 42</td>
<td>KING SPORT</td>
<td>30/06/2010</td>
</tr>
<tr>
<td>42 Neg. 43</td>
<td>PIAZZA ITALIA</td>
<td>31/01/2015</td>
</tr>
<tr>
<td>48 Neg. 45</td>
<td>RE SOLE</td>
<td>01/06/2016</td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

4 of the leases in place have stepped-rent provisions. As a result, the stabilised situation will be reached in 2015.

We report below the list of tenants benefitting from stepped-rent agreements:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>MGR 2013-2014 (€/yr)</th>
<th>MGR 2014-2015 (€/yr)</th>
<th>MGR 2015-2016 (€/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 Neg. 11 + neg. 12</td>
<td>PROFUMERIE GALEAZZI</td>
<td>92,000</td>
<td>96,000</td>
<td>-</td>
</tr>
<tr>
<td>40 Neg. 41</td>
<td>L’ISOLA DEL RISTORO</td>
<td>140,000</td>
<td>146,000</td>
<td>152,000</td>
</tr>
<tr>
<td>42 Neg. 43</td>
<td>PIAZZA ITALIA</td>
<td>308,500</td>
<td>318,000</td>
<td>-</td>
</tr>
<tr>
<td>8 Neg. 8 + Neg. 9</td>
<td>OPTISSIMO</td>
<td>91,219</td>
<td>96,585</td>
<td>-</td>
</tr>
</tbody>
</table>
14.7 Rental Concessions

According to the information provided, we understand that no rental concessions were granted in 2013.

14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €3,031,458, corresponding to an average of €397 per sq m of GLA per annum. This has been calculated based on the information provided by you and taking into account the stepped rents agreed. For the units whose leases expire before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry. The Gross Effective MGR at the valuation date is in the order of €2,871,961 (excluding the potential rent of the currently vacant unit).

The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>149</td>
<td>85,489</td>
<td>2.8%</td>
<td>574</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,930</td>
<td>1,187,484</td>
<td>39.2%</td>
<td>615</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>1,125</td>
<td>690,786</td>
<td>22.8%</td>
<td>614</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>690</td>
<td>251,905</td>
<td>8.3%</td>
<td>365</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>2,860</td>
<td>562,806</td>
<td>18.6%</td>
<td>197</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>891</td>
<td>252,987</td>
<td>252,987</td>
<td>8.3%</td>
<td>284</td>
</tr>
<tr>
<td>Total</td>
<td>7,644</td>
<td>3,031,458</td>
<td>3,031,458</td>
<td>100.0%</td>
<td>397</td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>891</td>
<td>252,987</td>
<td>8.3%</td>
<td>284</td>
</tr>
<tr>
<td>Sporting Goods</td>
<td>1,023</td>
<td>246,764</td>
<td>8.1%</td>
<td>241</td>
</tr>
<tr>
<td>Fashion</td>
<td>3,561</td>
<td>1,431,468</td>
<td>47.2%</td>
<td>402</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>1,360</td>
<td>724,966</td>
<td>23.9%</td>
<td>533</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>129</td>
<td>87,462</td>
<td>2.9%</td>
<td>679</td>
</tr>
<tr>
<td>Household Goods</td>
<td>279</td>
<td>86,949</td>
<td>2.9%</td>
<td>312</td>
</tr>
<tr>
<td>Services</td>
<td>293</td>
<td>139,556</td>
<td>4.6%</td>
<td>477</td>
</tr>
<tr>
<td>Vacant</td>
<td>108</td>
<td>61,305</td>
<td>2.0%</td>
<td>566</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>7,644</td>
<td>3,031,458</td>
<td>100.0%</td>
<td>397</td>
</tr>
</tbody>
</table>

The gross Potential Headline MGR is equal to €2,960,697 (€387 per sq m per annum). As mentioned above, the stabilised situation will be reached in 2015. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, the turnover rent accrued in 2012 and paid in 2013 is equal to €28,192.

14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €165,076.
15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €1,047,000. Of these, €716,000 are to be paid by the retail units of the gallery, corresponding to a cost of approximately €90 per sq m of the total GLA, which seems appropriate for this type of scheme.

Please note that one tenant has a cap on the Service Charges: Unit 42 Neg. 43 – Piazza Italia (€97,713/yr). Based on the budget provided, the landlord will pay €25,125 for this unit in 2013.

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €597,012 (€626,863 including the 5% project management fee)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>€54,902</td>
<td>€220,693</td>
<td>€78,561</td>
<td>€105,651</td>
<td>€167,055</td>
</tr>
</tbody>
</table>

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €52,543 per annum.
- Insurance: €27,703 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.
- Other Costs (caps on service charges): €25,125

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €90 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.
15.5 Rental Arrears and Legal Proceedings

As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.

16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the retail gallery registered some 4,465,625 visitors, corresponding to a 3.4% increase compared to previous year (4,319,328 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery in 2012 is equal to €34,689,629 corresponding to an increase on 2011 (+4.3%).

The trend over the past three years has been oscillating: in 2011 the turnover amounted to €33,248,396, -2.7% compared to the €34,160,845 in 2010, when turnover had increased by 0.7% on 2009 (€33,910,257).

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery has an average rent-to-sales ratio (effort rate) of 9.8% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m) have an average effort rate of 10.3%, which is good. The majority of the tenants have effort rates below 12%, and just 2 tenants presents a critical situation with an effort rate higher than 25%.

The following tables report the effort rates based on homogeneous data, excluding the large-sized units, and excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>25</td>
<td>69%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>8</td>
<td>22%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>3</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>36</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>&gt;25%</td>
<td>unsustainable</td>
<td>2</td>
<td>6%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA<500 sqm)

The following table reports our comments with reference to the effort rates of the large-sized units:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>KING SPORT</td>
<td>Sporting Goods</td>
<td>1,023</td>
<td>4,163,028</td>
<td>244,805</td>
<td>5.9%</td>
<td>sustainable</td>
</tr>
<tr>
<td>PIAZZA ITALIA</td>
<td>Fashion</td>
<td>1,837</td>
<td>2,497,563</td>
<td>315,389</td>
<td>12.6%</td>
<td>critical</td>
</tr>
</tbody>
</table>

The following table reports our comments with reference to the effort rates of the large-sized units:
17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area in order to identify the main competing shopping centres.

Table: 1. GROTTE CENTER Shopping Centre

<table>
<thead>
<tr>
<th>Location: Camerano (Ancona)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Date: 2013</td>
</tr>
<tr>
<td>Total GLA: 31,700 sq m</td>
</tr>
<tr>
<td>Number of Retail Units: 45</td>
</tr>
<tr>
<td>Food Anchor: Carrefour</td>
</tr>
<tr>
<td>Sub-anchors: 5</td>
</tr>
<tr>
<td>Parking Spaces: 1,500</td>
</tr>
</tbody>
</table>

Grotte Center is located in the municipality of Camerano, south of Ancona city and approximately 5km to the south-east of Auchan. Grotte Center is developed on a single level, with the retail gallery occupying the areas that previously accommodated Emmezeta (ex Conforama), and an adjacent Carrefour hypermarket as food-anchor. The retail gallery comprises 5 sub-anchors (Decathlon, H&M, Bata, Solaris Fashion & Sport, Terranova), 40 small retail units, a gym and a skating rink. The shopping centre represents the main competitor for the Property.

As we have already mentioned, Auchan Ancona Retail Gallery is located in the light-industrial district of ‘Baraccola’, which itself accommodates some retail activities. In particular, near the shopping centre, are a Globo Calzature (Shoes and Accessories), Expert (Electronics), Casa Brico (DIY), while a MediaWorld (Electronics) is just a few minutes away. This retail provision contributes to reinforcing the offer in the area, creating a more attractive retail destination, while being only partially in competition with the offer of the Auchan Shopping Centre. The competition, indeed, is limited to ‘category killer’ units, such as MediaWorld, which represents a threat for the Auchan pole in terms of size and merchandise.

Finally, we would mention the presence of an Ikea in the vicinity of the Ancona Sud - Osimo exit of the A14-Adriatica motorway, and of Cargo Pier Retail Park, approximately 6 km to the south-east of the Auchan, in the municipality of Osimo. Cargo Pier Retail Park has a GLA of 23,000 sq m and accommodates 32 retail units arranged over 2 levels. Despite its location, however, Cargo Pier does not represent a real threat for Auchan Ancona Shopping Centre.

17.2 The Future Retail Supply

We are not aware of any development projects falling within the subject shopping centre’s catchment area.

The following Map highlights the location of the schemes analysed above.
18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Central Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Retail Gallery, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €2,925,341, 1.19% lower than the Potential Headline Rent. Excluding the vacant unit, the headline rent is 1.23% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:

By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The Auchan Shopping Centre is located in the “Baraccola” district, a light industrial area with a good retail offer considered appealing for the town of Ancona and its outskirt.

- Good accessibility and visibility. The Shopping Centre is easily accessible from both the city centre and the southern periphery via the SS16 state road, also providing a link to the A14 motorway.
• The location provides a fair catchment area with approximately 208,000 inhabitants within the 20-minute drive time. The area is quite wealthy with consumption above the regional average.

• The Shopping Centre’s main competitor is Grotte Centre Shopping Centre, anchored by a Carrefour hypermarket, which opened this year and is located within the primary catchment area. Due to its size and location, it is possible that this new scheme will have an impact on the Property’s catchment area and on the performance of the retail gallery.

• The gallery is developed on a single level with three main entrances along the west side of the centre allowing a good flow of visitors.

• The hypermarket operator (Auchan) is a strong food anchor.

• The gallery has a good line-up of national and international brands (81%), along with some local operators.

• The gallery offers a diversified merchandising mix with a fair proportion of Fashion operators (46.6%).

• The majority of the lease contracts contain a turnover rent element, which increases the possibility for an investor to benefit from a potential increase in sales.

• In 2012, the retail gallery registered increases in both footfall (+4.3%) and sales (+3.4%), compared to 2011.

• The Retail Gallery has an average rent-to-sales ratio (effort rate) of 9.8% (on homogeneous data). This result confirms that the Shopping Centre is performing well, apart from the MSU occupied by Piazza Italia which is showing a critical effort rate.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.
20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €3,031,458.

- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.

- The estimated Mall Income for 2013/14 is €170,000, representing approximately 5.6% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 5.5% of the gross annual MGR.

- The estimated Turnover Rent payable in 2014 is equal to €28,000, corresponding to 0.9% of the gross annual MGR. In our cash-flow analysis, from 2015 onward, we have assumed this figure to correspond to 0.9% of the gross annual MGR.

20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €52,543.
- Insurance: €27,703.
- Letting fees (new leases): 11.0% of the gross annual MGR.
- Other Costs (caps on service charges): €25,125

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €90 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €54,902 (including 5% property management fee).

20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 7.25%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.
Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 7.50% to the MGR, while we have applied a yield of 8.50% to the income generated by the temporary lettings and to the turnover rent. The overall blended gross exit yield is equal to 7.55%.

Acquisition Costs

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

21.0 Valuation

Following our inspection on 17 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Ancona Retail Gallery, in Ancona, is in the order of:

€42,500,000.00

(Forty-Two Million Five Hundred Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.
On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of **€15,160,000** (excl. VAT).

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€40/sqm</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>€13,352,790.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td>rounded</td>
</tr>
<tr>
<td></td>
<td><strong>15,160,000.00</strong></td>
</tr>
</tbody>
</table>
Appendix 1
Photographs
Auchan Ancona Shopping Centre

Retail Gallery

Auchan hypermarket checkout counters

Food Court

Travelators to the parking on the 2nd level

Open-Air Car Park
Appendix 2
Floor Plans
Appendix 3
Merchandising Plan
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>GCI Location</th>
<th>Tenant Name</th>
<th>Lease start date</th>
<th>Lease end date</th>
<th>Indexation (%)</th>
<th>Variable Rent</th>
<th>Annualized Date</th>
<th>Annualized Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>6_2</td>
<td>10</td>
<td>Neg. 10</td>
<td>Ancona 7483</td>
<td>ANCONA COOP.VA</td>
<td>01/04/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>554,494</td>
</tr>
<tr>
<td>6_3</td>
<td>11</td>
<td>Neg. 11</td>
<td>Ancona 7483</td>
<td>ANCONA GALEAZZI</td>
<td>01/04/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>988,560</td>
</tr>
<tr>
<td>6_4</td>
<td>13</td>
<td>Neg. 13</td>
<td>Ancona 7483</td>
<td>ANCONA KASANOVA</td>
<td>01/04/2006</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>812,057</td>
</tr>
<tr>
<td>6_5</td>
<td>14</td>
<td>Neg. 14</td>
<td>Ancona 7483</td>
<td>ANCONA RE.COM</td>
<td>01/06/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>403,434</td>
</tr>
<tr>
<td>6_6</td>
<td>15</td>
<td>Neg. 15</td>
<td>Ancona 7483</td>
<td>ANCONA GREEN APPLE</td>
<td>01/01/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>111,211</td>
</tr>
<tr>
<td>6_9</td>
<td>2</td>
<td>Neg. 2</td>
<td>Ancona 7483</td>
<td>ANCONA MASTIFF</td>
<td>01/07/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>535,209</td>
</tr>
<tr>
<td>6_10</td>
<td>18</td>
<td>Neg. 20</td>
<td>Ancona 7483</td>
<td>ANCONA JADIS</td>
<td>04/10/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>03/10/2023</td>
<td>296,070</td>
</tr>
<tr>
<td>6_12</td>
<td>22</td>
<td>Neg. 22</td>
<td>Ancona 7483</td>
<td>ANCONA IL MONILE</td>
<td>01/07/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2023</td>
<td>285,216</td>
</tr>
<tr>
<td>6_13</td>
<td>22/B</td>
<td>Neg. 22/B</td>
<td>Ancona 7483</td>
<td>ANCONA IL MONDO FIORITO</td>
<td>01/10/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/09/2015</td>
<td>204,605</td>
</tr>
<tr>
<td>6_17</td>
<td>26</td>
<td>Neg. 26</td>
<td>Ancona 7483</td>
<td>ANCONA BOTTEGA VERDE</td>
<td>01/04/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/03/2018</td>
<td>606,114</td>
</tr>
<tr>
<td>6_18</td>
<td>27</td>
<td>Neg. 27</td>
<td>Ancona 7483</td>
<td>ANCONA ZEIS EXCELSA</td>
<td>01/05/2006</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/04/2013</td>
<td>230,151</td>
</tr>
<tr>
<td>6_19</td>
<td>28+29</td>
<td>Neg. 28+29</td>
<td>Ancona 7483</td>
<td>ANCONA INTIMO 3</td>
<td>01/01/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/12/2014</td>
<td>1,017,678</td>
</tr>
<tr>
<td>6_21</td>
<td>30</td>
<td>Neg. 30</td>
<td>Ancona 7483</td>
<td>ANCONA L’ISOLA VERDE</td>
<td>01/10/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/09/2015</td>
<td>412,429</td>
</tr>
<tr>
<td>6_23</td>
<td>32</td>
<td>Neg. 32</td>
<td>Ancona 7483</td>
<td>ANCONA BOBO di DUBBINI</td>
<td>01/06/2006</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/05/2018</td>
<td>97,753</td>
</tr>
<tr>
<td>6_26</td>
<td>35</td>
<td>Neg. 35</td>
<td>Ancona 7483</td>
<td>ANCONA ALONE S.R.L.</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/12/2014</td>
<td>673,410</td>
</tr>
<tr>
<td>6_29</td>
<td>38</td>
<td>Neg. 38</td>
<td>Ancona 7483</td>
<td>ANCONA MIROGLIO FASHION</td>
<td>01/03/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>28/02/2017</td>
<td>498,152</td>
</tr>
<tr>
<td>6_30</td>
<td>39</td>
<td>Neg. 39</td>
<td>Ancona 7483</td>
<td>ANCONA MIROGLIO FASHION</td>
<td>01/01/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/01/2014</td>
<td>506,421</td>
</tr>
<tr>
<td>6_31</td>
<td>4</td>
<td>Neg. 4</td>
<td>Ancona 7483</td>
<td>ANCONA NEW STYLE SRL</td>
<td>01/04/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/03/2018</td>
<td>554,269</td>
</tr>
<tr>
<td>6_33</td>
<td>41</td>
<td>Neg. 41</td>
<td>Ancona 7483</td>
<td>ANCONA G.E.M.O.S. S.C. S.R.L.</td>
<td>01/07/2012</td>
<td>31/12/2015</td>
<td>YES</td>
<td>31/12/2022</td>
<td>1,590,596</td>
</tr>
<tr>
<td>6_34</td>
<td>42</td>
<td>Neg. 42</td>
<td>Ancona 7483</td>
<td>ANCONA KING S.p.A.</td>
<td>01/01/2007</td>
<td>30/06/2010</td>
<td>YES</td>
<td>31/12/2015</td>
<td>4,163,028</td>
</tr>
<tr>
<td>6_36</td>
<td>44</td>
<td>Neg. 44</td>
<td>Ancona 7483</td>
<td>VODAFONE GESTIONI SPA</td>
<td>01/03/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>28/02/2014</td>
<td>197,345</td>
</tr>
<tr>
<td>6_37</td>
<td>45</td>
<td>Neg. 45</td>
<td>Ancona 7483</td>
<td>RC 18 IMP-EXP. G. CACACE SPA</td>
<td>01/12/2012</td>
<td>01/06/2016</td>
<td>YES</td>
<td>30/11/2019</td>
<td>362,147</td>
</tr>
<tr>
<td>6_38</td>
<td>46</td>
<td>Neg. 46</td>
<td>Ancona 7483</td>
<td>MARALD SPA con socio Unico</td>
<td>01/09/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/08/2014</td>
<td>629,361</td>
</tr>
<tr>
<td>6_41</td>
<td>7</td>
<td>Neg. 7</td>
<td>Ancona 7483</td>
<td>VICOM S.P.A.</td>
<td>01/07/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/01/2020</td>
<td>364,086</td>
</tr>
<tr>
<td>6_42</td>
<td>8</td>
<td>Neg. 8</td>
<td>Ancona 7483</td>
<td>ANGELO RANDAZZO SRL</td>
<td>01/07/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>906,112</td>
</tr>
<tr>
<td>6_43</td>
<td>9</td>
<td>Neg. 9</td>
<td>Ancona 7483</td>
<td>ANGELO RANDAZZO SRL</td>
<td>01/07/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>906,112</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------</td>
<td>------------------</td>
<td>---------</td>
<td>-----------------------------</td>
<td>----------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>01</td>
<td>Fashion</td>
<td>Local</td>
<td>126.67</td>
<td>700</td>
<td>61 681</td>
<td>59</td>
<td>67 429</td>
<td></td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>Fashion</td>
<td>National</td>
<td>218.3</td>
<td>90%</td>
<td>70 154</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>03</td>
<td>Services</td>
<td>Local</td>
<td>62.53</td>
<td>12</td>
<td>28,652</td>
<td></td>
<td></td>
<td></td>
<td>28,652</td>
</tr>
<tr>
<td>04</td>
<td>Services</td>
<td>National</td>
<td>51</td>
<td>75%</td>
<td>28,163</td>
<td></td>
<td></td>
<td></td>
<td>28,163</td>
</tr>
<tr>
<td>05</td>
<td>Bars &amp; Restaurants</td>
<td>Local</td>
<td>59.82</td>
<td>12</td>
<td>27,912</td>
<td></td>
<td></td>
<td></td>
<td>27,912</td>
</tr>
<tr>
<td>06</td>
<td>Fashion</td>
<td>National</td>
<td>57.77</td>
<td>100%</td>
<td>35,677</td>
<td></td>
<td></td>
<td></td>
<td>35,677</td>
</tr>
<tr>
<td>07</td>
<td>Gifts &amp; Other goods</td>
<td>Local</td>
<td>54.39</td>
<td>100%</td>
<td>39,000</td>
<td></td>
<td></td>
<td></td>
<td>39,000</td>
</tr>
<tr>
<td>08</td>
<td>Fashion</td>
<td>International</td>
<td>160.08</td>
<td>100%</td>
<td>115,478</td>
<td></td>
<td></td>
<td></td>
<td>115,478</td>
</tr>
<tr>
<td>09</td>
<td>Health &amp; Beauty</td>
<td>National</td>
<td>52.6</td>
<td>100%</td>
<td>40,632</td>
<td></td>
<td></td>
<td></td>
<td>40,632</td>
</tr>
<tr>
<td>10</td>
<td>Services</td>
<td>Local</td>
<td>41.84</td>
<td>12</td>
<td>9,989</td>
<td></td>
<td></td>
<td></td>
<td>9,989</td>
</tr>
<tr>
<td>11</td>
<td>Fashion</td>
<td>National</td>
<td>63.36</td>
<td>100%</td>
<td>46,170</td>
<td></td>
<td></td>
<td></td>
<td>46,170</td>
</tr>
<tr>
<td>12</td>
<td>Fashion</td>
<td>National</td>
<td>117.55</td>
<td>100%</td>
<td>71,767</td>
<td></td>
<td></td>
<td></td>
<td>71,767</td>
</tr>
<tr>
<td>13</td>
<td>Fashion</td>
<td>National</td>
<td>1836.93</td>
<td>100%</td>
<td>31,015</td>
<td></td>
<td></td>
<td></td>
<td>31,015</td>
</tr>
<tr>
<td>14</td>
<td>Gifts &amp; Other goods</td>
<td>National</td>
<td>231</td>
<td>100%</td>
<td>118,119</td>
<td></td>
<td></td>
<td></td>
<td>118,119</td>
</tr>
<tr>
<td>15</td>
<td>Fashion</td>
<td>National</td>
<td>130</td>
<td>100%</td>
<td>70,585</td>
<td></td>
<td></td>
<td></td>
<td>70,585</td>
</tr>
<tr>
<td>16</td>
<td>Gifts &amp; Other goods</td>
<td>Local</td>
<td>53.58</td>
<td>100%</td>
<td>37,592</td>
<td></td>
<td></td>
<td></td>
<td>37,592</td>
</tr>
</tbody>
</table>
Appendix 6
Market Value Calculation
### Indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflation Rate</strong></td>
<td>1.60%</td>
<td>1.50%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td></td>
</tr>
<tr>
<td><strong>Market growth</strong></td>
<td>0.0%</td>
<td>1.0%</td>
<td>1.50%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td></td>
</tr>
<tr>
<td><strong>Turnover Rent as % of MGR</strong></td>
<td>0.92%</td>
<td>0.90%</td>
<td>0.90%</td>
<td>0.90%</td>
<td>0.90%</td>
<td>0.90%</td>
<td>0.90%</td>
<td>0.90%</td>
<td>0.90%</td>
<td>0.90%</td>
<td>0.90%</td>
<td></td>
</tr>
<tr>
<td><strong>Mall Income as a % of MGR</strong></td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
</tr>
</tbody>
</table>

### Income

- **Gross Potential Minimum Guaranteed Rent**: 3,065,103
- **Rental Concession**: 0
- **Rental Loss**: (-39,633)
- **Provision for long-term vacancy**: 0.50% (-14,959)
- **Turnover Rent**: 28,000
- **Mall Income**: 170,000
- **Gross Effective Income**: 3,174,865

### Expenditures

**Operational Costs**

- **Property Management Fees (MGR)**: 2.00% (-60,629)
- **Property Management Fees (Turnover Rent)**: 2.00% (-560)
- **Property Tax**: 0.50% (-52,543)
- **Insurance**: 0.00% (-27,703)
- **Lease Registration Tax**: 0.50% (-969)
- **Service Charges on Vacant Units**: €90/sq m (-6,730)

**Total Operational Costs**: -268,492

**Net Operating Income**: 2,906,373

**Leasing and Capital Costs**

- **Letting fees**: 11% (-19,990)
- **Capital Expenditures**: (-54,902)

**Total Leasing and Capital Costs**: -74,892

**Net Cash Flow**: 2,831,481

### Cash Flow Summary

- **Gross Exit Value**: 48,905,616
- **Sale Costs**: 1.50% (-733,584)
- **Net Exit Value**: 48,172,032
- **Total Net Cash Flow**: 2,831,481

### Financial Analysis

- **Discount Rate**: 7.25%
- **Discount Factor**: 0.93 0.87 0.81 0.76 0.70 0.66 0.61 0.57 0.53 0.50
- **Discounted Cash Flow**: 2,640,075
- **Present Value of Annual Income**: 20,031,323
- **Present Value of Resale**: 23,923,348
- **Gross Present Value**: 43,954,671
- **Net Initial Yield**: 6.66%
- **Gross Initial Yield**: 7.47%
- **Net Exit Yield (on MGR)**: 6.87%
- **Gross Exit Yield (on MGR)**: 7.50%
- **Net Exit Yield (on Variable Rent)**: 7.79%
- **Gross Exit Yield (on Variable Rent)**: 8.00%
- **Net Blended Exit Yield**: 7.80%
- **Gross Blended Exit Yield**: 8.25%
- **Market Value / sq m GLA**: €5,560
- **Net Running Yield on Initial Investment**: 6.66%
- **Gross Running Yield on Initial Investment**: 7.47%

**Acquisition Costs (Legal/Technical and Agency Fees and Stamp Duty) @ 2.5%**: (1,486,390)

**Market Value Rounded**: 42,000,000

*Including current vacancy and void period of 3 months at lease expiry*
007
Iper Simply Market Senigallia Retail Gallery
Senigallia (Ancona), Italy
Table of Contents

1.0 Valuer Details and Inspection............................................................................................................................................ 3
2.0 Documentation Provided .................................................................................................................................................... 3
3.0 Location ............................................................................................................................................................................. 3
4.0 Situation ............................................................................................................................................................................. 4
5.0 Catchment ......................................................................................................................................................................... 5
6.0 Description ....................................................................................................................................................................... 8
7.0 Accommodation ................................................................................................................................................................. 9
8.0 Condition ........................................................................................................................................................................... 10
9.0 Services, Plant, and Equipment ....................................................................................................................................... 10
10.0 Environmental Considerations ......................................................................................................................................... 10
11.0 Statutory Requirements and Town Planning .................................................................................................................. 11
12.0 Cadastral Information ....................................................................................................................................................... 12
13.0 Tenure ............................................................................................................................................................................... 12
14.0 Occupational Tenancies and Income .............................................................................................................................. 12
15.0 Management, Service Charges, and Non-recoverable Costs ......................................................................................... 16
16.0 Performance .................................................................................................................................................................... 17
17.0 Local Retail Supply ............................................................................................................................................................ 17
18.0 Market Rent ....................................................................................................................................................................... 18
19.0 Principal Valuation Considerations ................................................................................................................................ 19
20.0 Valuation Methodology and Factors .................................................................................................................................. 20
21.0 Valuation ........................................................................................................................................................................... 22
22.0 Reinstatement Cost ............................................................................................................................................................ 22

Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plans
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Mario Nicolini and Cristina Brunalli, valuers of Savills Milan.

The Property was inspected on 17 June 2013 by Gianni Flammini MRICS and Cristina Brunalli. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was sunny.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file 'Project Granato - Lease DB_v4.xls');
- 2012 IMU Property Tax (Excel file 'IMU_v2.xls');
- Insurance (Excel file 'Insurance.xls');
- 2009-2012 mall income and turnover rent figures (Excel file 'Temporary and Turnover rents.xls');
- 2013 Service Charges Budget (Excel file 'Common Expenses - Budget 2013.xlsx') and capped service charges (Pdf file 'Lease Data - Capped Service Charges v5_compared.pdf');
- Agency fees and project management fees (Pdf file 'Project Granato_GCI Fee and Rental Guarantee.pdf');
- 2012-2013 total discounts (Excel file 'Discounts 2012 - 2013.xls');
- Capital Expenditure (Excel files 'Granato_Capex Split_sent.xls' and '130131_Capex Plan.xlsx'; Pdf file ‘130830 Project Granato_DD_Report.pdf');
- Bad debt information (Excel file 'Arretrati_Storico FSC '09-10-11-12.xls');
- Copies of a business lease contract (Pdf file '2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF') and copy of a property lease contract (Pdf file 'LOC. 20 - JADIS DI SEBASTIANELLI.PDF').
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file 'Non Recoverable Expenses v3.xls');
- 2012 total key money (Excel file 'Key Money.xls');
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file 'BEP Due Diligence Report- Final.pdf');
- Floor plans (Pdf file 'SENIGALLIA planimetria.pdf');
- Gross surfaces (Excel file 'Summary_Surfaces.xls')

3.0 Location

Auchan Senigallia Shopping Centre is located in the municipality of Senigallia, in the province of Ancona, province capital of the Marche region, in Central Italy. The shopping centre is approximately 2.5 km to the south-east of the city centre.

Accessibility by car is good both from the city, via the State road SS 16, and from the A14- Autostrada Adriatica motorway, which runs along the Adriatic Sea Coast from Bologna (Emilia-Romagna region) to Taranto (Apulia region). The Senigallia exit of the A14 motorway is approximately 1.5 km from the subject shopping centre.
The railway station of Senigallia is at 1.5 km.

### 4.0 Situation

Senigallia Shopping Centre is located in a retail district surrounded by residential buildings, some of which house commercial activities on the ground floor. In the vicinity of the centre are a Bricofer, Tigotà, King Sport, Officina 36, McDonald’s, a Multiplex Cinema, a wellness centre and a Holiday Inn Express Hotel.
The Property is bordered by Via Nicola Abbagnano to the east, by some retailers such as King Sport and Officina 36 to the north-east, and by green areas to the west and to the south. To the north-east and north-west the Property is bordered by the Nevola River, beyond which are residential clusters.

5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Marche region had approximately 1,540,688 residents. 30.7% of the inhabitants of the region are concentrated in the province of Ancona (473,642 people), with a density per sq km of 244 inhabitants (compared to the 164 inhabitants per sq km of the Marche region). The municipality of Senigallia has a population of approximately 44,320.

As to the age structure of the population in the province of Ancona, 17.9% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 59.0% is aged 20 to 64 (Italy 60.4%), while the remaining 23.1% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Ancona is of approximately €29,320.32, slightly above the average for Central Italy and the national average of €25,727 (2010 data). With reference to the national added value, the province of Ancona ranks 30th among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (68.63%), followed by the industrial sector (30.19%) and by agriculture (1.18%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Ancona is high compared to the Italian average (+13.5 points). The consumption per capita is slightly higher than the Marche average (+6.8 points) and the Italian average (+3.2 points). The non-food component of the total family spending is still predominant at 83.34% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Ancona was 9.3%, slightly above the Marche regional average (9.1%) and below the Italian average (10.7%).

Specifically, in the Marche region, the unemployment rate notably increased to 9.1% in 2012, compared to 6.7% in 2011 and 5.7% in 2010. (Source: ISTAT)
5.2 Catchment Analysis

We have defined 10 and 20 minute drive time catchment areas for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 and 10-20 isochrones analysed for the subject shopping centre are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>44,320</td>
<td>62.7%</td>
<td>44,320</td>
</tr>
<tr>
<td>10-20</td>
<td>26,420</td>
<td>37.3%</td>
<td>70,740</td>
</tr>
</tbody>
</table>

To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 20 minutes away. However, we would expect the most frequent visitors to come from the 0-10 minute drive time area, corresponding to the above estimate of 44,320 inhabitants (nearly 63% of the total catchment population).
5.3 Tourism Data

The Marche region, especially along the coast, is a popular Italian tourist destination. According to ISTAT data, in 2011, a total of approximately 2.3 million people arrived in the region, for an average stay of 4.9 days (5.0 days in 2010).

Data on tourism is available for the province, but we do not have any details regarding the single municipalities. The province of Ancona accounts for about 32% of total tourist arrivals (727,722 people). Compared to 2010, tourist arrivals for the entire region registered a 5.1% increase in 2011, while arrivals in the province of Ancona increased by 6.7%.

6.0 Description

Iper Simply Market Senigallia Shopping Centre opened to the public in 1999 and its Retail Gallery has a total GLA (Gross Lettable Area) of 2,414 sq m.

The Shopping Centre, with a traditional single corridor layout, consists of a mall developed on a single level, comprising 20 small retail units, 1 large-sized unit, 2 bars and restaurants, a cash dispenser and an Iper Simply supermarket (21 checkout counters), which is not part of the Property under valuation, as well as the large-sized unit and one of the bars and restaurants. We would point out that this kind of multi-ownership structure was a common practise for the shopping centre market until the beginning of 2000.

The Retail Gallery is developed in front of the supermarket, with the large-sized unit, which is not part of the Property, occupying the south-western portion of the centre, while the only restaurant, also not part of the Property, is located in the middle of the gallery. The gallery is accessible directly from the open-air car park via two main entrances situated at either end of the gallery. The portion accessible via the south-western entrance, where the large-sized unit Marco Polo Expert is situated, seems to be a ‘cold’ area suffering from poor visitor traffic. The exterior of the shopping centre has a rather low profile, though it was recently restyled, with walls being decorated with serigraphs and entrance doors being repainted. The internal finishes are of average quality. The gallery has suspended ceilings, with skylights providing some natural illumination. Artificial lighting is provided by recessed light fixtures in the suspended ceilings or suspended lamps. The flooring is in light-coloured marble tiles.
The shopping centre is served by two open-air car parks providing some 700 parking spaces. One is at ground level, with the parking spaces in front of the centre and to the south-west, the other is on the rooftop and is accessible via ramps located on the north and south-eastern sides of the centre.

Auchan Shopping Centre is open every day from 8:30 a.m. to 9:00 p.m.

A selection of Photographs is attached at Appendix 1.
The Floor Plans are attached at Appendix 2.
The Merchandising Plan is attached at Appendix 3.

### 7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 2,414 sq m, sub-divided into 21 units a Cash Desperser, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>49</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,335</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>511</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>382</td>
<td>1</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>135</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cash Desperser</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,414</strong></td>
<td><strong>22</strong></td>
<td></td>
</tr>
</tbody>
</table>

The retail gallery offers a diversified merchandising mix, characterised by the strong presence of the fashion sector (46.7% of the total GLA), followed by Health & Beauty (17.9%), and by Gift & other Goods (12.5%), as shown in the chart below:
A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.

8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in fair condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken. Moreover from the legal Due Diligence provided to us, we understand that a portion of the site where the shopping centre is built is included in the perimeter of the Plan for the hydro-geological protection and has hydraulic risk class R3, that means “high” risk. As the documentation is unclear and we understand that the existing regulation required to create safety measures not yet done by GCI, we would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.
In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.

11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Marche region, the retail sector is regulated by Regional Law no. 27 dated 10 November 2009. The law decree known as ‘Decreto Salva Italia’, which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the ‘possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage’. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence provided to us, a portion of the parking area must be still destined to public use, but the relevant public deed has not been executed yet.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.
12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Senigallia in full compliance with the current uses.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

Based on the Technical Due Diligence provided to us, we understand that the Shopping Centre belongs to different owners organised in a condominium and the Property is a portion of the entire retail gallery.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, Senigallia Retail Gallery had 1 vacant retail unit (7 Neg. 8) with a GLA of approximately 135 sq m. Furthermore, we have been informed that tenant “Erboristerie d’Italia” (unit 11 Neg 12) is negotiating a new contract with headline rent at €51,000/yr, duration of 7 years, start date on 1/5/2013. However, the tenant is currently paying the passing rent of the expired lease agreement.

14.2 Lease Terms

Of the 21 leases currently in place, 19 are business leases and 2 are property leases.

From the documentation provided we understand that:

- 18 of the 19 tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 3.0% to 11.0%). 1 of the 2 property leases (Unit 30 Neg 21 New Shampoo) contain turnover-rent provisions (with percentages of 8.0%).
- The duration of the business lease contracts varies from unit to unit, ranging from 1 to 9 years. One of the 2 property leases in place have a 6+6-year duration, while the other one has a duration of 7 year.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT.
- 2 of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.
Considering the assumed expiry dates, we would point out that some 30% of the signed leases (above €250,000) will expire in 2013, while the majority of the signed leases will have expired by the end of 2017 (57%), as shown in the following chart:

![Lease Expiry by Headline Rent](image)

We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

### 14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

**Parties:** Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona)

**Duration:** 6+6 years

**Break Option:** Break option after 36 months with 6 months notice.

**Rent:** The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).

**Indexation:** The rent will be increased annually by 75% of the ISTAT index from the 2nd year.

**Stepped Rent:** The lease does not contemplate any stepped rents.

**Maintenance:** With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.

**Insurance:** The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.

**Service Charges:** The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.

**Lease registration Tax:** 50% of the tax will be paid by the tenant and 50% by the landlord.

**Right to sublet:** The Tenant has no right to sublet the unit or any portion of it.

**Assignment:** Assignment of the lease contract is permitted.
14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 100% of the tax will be paid by the tenant.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following tenant can still exercise its break option:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
<th>Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 Neg. 16</td>
<td>PIAZZA ITALIA</td>
<td>31/12/2007</td>
<td>6 months</td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

2 of the leases in place have stepped-rent provisions. As a result, the stabilised situation will be reached in 2014.

We report below the list of tenants benefitting from stepped-rent agreements:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>MGR 2013-2014 (€/yr)</th>
<th>MGR 2014-2015 (€/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 Neg. 12</td>
<td>ERBORIST.D’ITALIA</td>
<td>45,000</td>
<td>51,000</td>
</tr>
<tr>
<td>12 Neg. 13</td>
<td>GOLDEN POINT</td>
<td>38,000</td>
<td>42,000</td>
</tr>
</tbody>
</table>

14.7 Rental Concessions

According to the information provided, we understand that rental concessions were granted in 2013 for an annualized total of €7,245.
14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €958,940 corresponding to an average of €397 per sq m of GLA per annum. This has been calculated based on the information provided by you and taking into account the stepped rents agreed. For the units whose leases expire before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry, and we have applied our estimate of market rent to the unit that is currently vacant until the assumed re-letting date. The Gross Effective MGR at the valuation date is in the order of €931,293 (excluding the potential rent of the currently vacant unit).

The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>49</td>
<td>22,427</td>
<td>2.3%</td>
<td>462</td>
</tr>
<tr>
<td>50-150</td>
<td>1,335</td>
<td>552,180</td>
<td>57.6%</td>
<td>413</td>
<td></td>
</tr>
<tr>
<td>150-250</td>
<td>511</td>
<td>213,756</td>
<td>22.3%</td>
<td>418</td>
<td></td>
</tr>
<tr>
<td>250-500</td>
<td>382</td>
<td>116,671</td>
<td>12.2%</td>
<td>305</td>
<td></td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>&gt;1,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>135</td>
<td>50,063</td>
<td>5.2%</td>
<td>370</td>
<td></td>
</tr>
<tr>
<td>Cash Dispenser</td>
<td>1</td>
<td>3,844</td>
<td>0.4%</td>
<td>3,844</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,414</td>
<td>958,940</td>
<td>100.0%</td>
<td>397</td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>135</td>
<td>50,063</td>
<td>5.2%</td>
<td>370</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>202</td>
<td>89,061</td>
<td>9.3%</td>
<td>441</td>
</tr>
<tr>
<td>Fashion</td>
<td>1,127</td>
<td>422,706</td>
<td>44.1%</td>
<td>375</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>302</td>
<td>139,203</td>
<td>14.5%</td>
<td>461</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>432</td>
<td>188,385</td>
<td>19.6%</td>
<td>437</td>
</tr>
<tr>
<td>Service</td>
<td>82</td>
<td>29,058</td>
<td>3.0%</td>
<td>356</td>
</tr>
<tr>
<td>Vacant</td>
<td>135</td>
<td>40,464</td>
<td>4.2%</td>
<td>300</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>2,414</td>
<td>958,940</td>
<td>100.0%</td>
<td>397</td>
</tr>
</tbody>
</table>

The gross Potential Headline MGR is equal to €978,152 (€405 per sq m per annum). As mentioned above, the stabilised situation will be reached in 2014. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, the turnover rent accrued in 2012 and paid in 2013 is equal to €1,461.

14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €41,882.
15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €440,000. Of these, €209,900 are to be paid by the retail units of the gallery, corresponding to a cost of approximately €85 per sq m of the total GLA, which seems appropriate for this type of scheme.

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €324,058 (€340,261 including the 5% project management fee)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€115,011</td>
<td>€45,758</td>
<td>€68,093</td>
<td>€31,323</td>
<td>€80,077</td>
</tr>
</tbody>
</table>

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €40,825 per annum.
- Insurance: €8,959 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €85 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.

15.5 Rental Arrears and Legal Proceedings

As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.
16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the retail gallery registered some 2,209,582 visitors, corresponding to a 6.6% increase compared to previous year (2,072,607 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery in 2012 is equal to €9,921,910, corresponding to a decrease on 2011 (-2.6%).

The trend over the past three years has been characterised by an increase until 2011 and by a decrease in the last year: in 2011 the turnover amounted to €10,183,521, +7.8% compared to the €9,446,290 in 2010, when turnover had increased by 6.4% on 2009.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery has an average rent-to-sales ratio (effort rate) of 10.8% (on homogeneous data, excluding service charges), which is good. The majority of the tenants have effort rates below 12%, and just one tenant presents a critical situation (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>10</td>
<td>56%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>6</td>
<td>33%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>2</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>18</td>
<td>100%</td>
</tr>
<tr>
<td>&gt;25%</td>
<td>unsustainable</td>
<td>1</td>
<td>6%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA<500 sqm)

<table>
<thead>
<tr>
<th>Effort Rate</th>
<th>2012 Turnover (€)</th>
<th>7,906,366</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GLA (sqm)</td>
<td>2,089</td>
</tr>
<tr>
<td></td>
<td>Turnover (€/sqm)</td>
<td>3,784</td>
</tr>
<tr>
<td></td>
<td>2013 MGR (€)</td>
<td>852,449</td>
</tr>
<tr>
<td></td>
<td>Effort Rate</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA <500 sqm)

17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area in order to identify the main competing shopping centres.

1. IL MAESTRALE Shopping Centre

<table>
<thead>
<tr>
<th>Location: Senigallia (AN)</th>
<th>Opening Date: 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total GLA: 13,950 sq m</td>
<td>Number of Retail Units: 50</td>
</tr>
<tr>
<td>Food Anchor: Ipercoop</td>
<td>Parking Spaces: 1,200</td>
</tr>
</tbody>
</table>

Il Maestrale shopping centre is located in Senigallia, some 7 km north of Auchan. The shopping centre benefits from the a good accessibility, with the Marotta-Mondolfo exit of the A14-Adriatica motorway less than 6 km to the north-west of the centre. Il Maestrale comprises a hypermarket and 50 retail units, which accommodate many international brands such as Bata, Geox, Carpisa, Benetton, Kiko, and Stroili Oro. Given its size and its merchandising mix, Il Maestrale Shopping Centre is the main competitor of the Auchan centre, having an impact particularly on the north and west portions of the secondary catchment area. Nevertheless, considering its location in a predominantly industrial area and the lack of leisure offer in the vicinity (i.e. multiplex), Il Maestrale Shopping Centre represents a less attractive shopping destination compared to the area where Auchan Shopping Centre is located.
17.2 The Future Retail Supply

We are not aware of any development projects falling within the subject shopping centre’s catchment area.

The following Map highlights the location of the schemes analysed above.

18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Central Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Retail Gallery, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €945,631, 3.32% lower than the Potential Headline Rent. Excluding the vacant unit, the headline rent is 3.59% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:
By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The Property is located within a small retail district that also accommodates a leisure structure and a hotel, thus increasing the appeal of the area.
- Good accessibility and visibility. The Shopping Centre is easily accessible from the A14 motorway and is very close to the city centre.
- The location provides a fair catchment area with approximately 71,000 inhabitants within the 20-minute drive time. During the summer months the population within the catchment area increases considerably thanks to tourist arrivals. The area is quite wealthy with consumption above the regional average.
- The main competitor is Il Maestrale Shopping Centre, located in the secondary catchment area. The two shopping centres, developed during the 1990’s, are both well established in the local market, and, given the catchment saturation, no new retail schemes are expected to be developed in the near future.
- The gallery, developed on a single level, is characterised by a simple layout. It is believed the scheme presents a ‘cold’ area suffering from poor visitor traffic near the western entrance.
- The retail gallery is not owned by a single subject and is organised in a condominium. This could be an issue for potential investors that prefer to have the full ownership of the Property.
- The supermarket operator (Iper Simply) is a strong food anchor, part of the Auchan Group.
The gallery has a good line-up of national and international brands (70%), along with some local operators.

The gallery offers a diversified merchandising mix with high proportion of Fashion operators (46.7%).

The majority of the lease contracts contain a turnover rent element, which increases the possibility for an investor to benefit from a potential increase in sales.

1 units in the Retail Gallery are not occupied as at the valuation date, with a vacancy rate of 5.5%.

After two years characterised by a positive trend in sales, in 2012, the retail gallery registered a decreased of approximately 2.5%. From the other hands, footfall registered a good increase (+6.6%).

The retail gallery has an average rent-to-sales ratio (effort rate) of 10.8% (on homogeneous data, excluding the supermarket). This result confirms a good performance of the gallery.

### 20.0 Valuation Methodology and Factors

#### 20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.

#### 20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is **€958,940**.

- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.

- The estimated Mall Income for 2013/14 is €29,800, representing approximately 3.1% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 3.0% of the gross annual MGR.
• The estimated Turnover Rent payable in 2014 is equal to €1,500, corresponding to 0.1% of the gross annual MGR. In our cash-flow analysis, from 2015 onward, we have assumed this figure to correspond to 0.25% of the gross annual MGR.

20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €40,825.
- Insurance: €8,959.
- Letting fees (new leases): 11.0% of the gross annual MGR.

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €85 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €115,011 (including 5% property management fee).

20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 7.25%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.

Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 7.60% to the MGR, while we have applied a yield of 8.60% to the income generated by the [temporary lettings] and [to the turnover rent]. The overall blended gross exit yield is equal to 7.63%.
Acquisition Costs

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

21.0 Valuation

Following our inspection on 17 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Senigallia Retail Gallery, in Senigallia (Ancona), is in the order of:

€13,060,000.00

(Thirteen Million Sixty Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of €4,830,000 (excl. VAT).

<table>
<thead>
<tr>
<th></th>
<th>Excl. VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€40/sqm</td>
</tr>
<tr>
<td>Construction Cost</td>
<td></td>
</tr>
<tr>
<td>Professional Fee</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td>rounded</td>
</tr>
</tbody>
</table>
Appendix 2
Floor Plans
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>GCI Location</th>
<th>Tenant Name</th>
<th>Brand</th>
<th>Lease start date</th>
<th>First Break Option</th>
<th>New Rolling Lease end date</th>
<th>Contract Type</th>
<th>% Inflation</th>
<th>Indexation (%)</th>
<th>Variable Rent</th>
<th>Annualized Rent at Entry (€k)</th>
<th>GLA (sqm)</th>
<th>1st Step Up (Annualized Rent)</th>
<th>Step up Date</th>
<th>2nd Step Up (Annualized Rent)</th>
<th>Step Up Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>7_1</td>
<td>18</td>
<td>BANCOMAT</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>3,902</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/12/2019</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_2</td>
<td>24</td>
<td>NEG. 1</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>01/01/2008</td>
<td>76,355</td>
<td>01/11/2008</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_3</td>
<td>9</td>
<td>Neg. 10</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/05/2008</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>01/05/2008</td>
<td>37,674</td>
<td>01/06/2008</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_4</td>
<td>10</td>
<td>Neg. 11</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/12/2010</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>n.a.</td>
<td>n.a.</td>
<td>49,395</td>
<td>01/12/2017</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_5</td>
<td>11</td>
<td>Neg. 12</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/05/2006</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>49,885</td>
<td>01/05/2006</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_6</td>
<td>12</td>
<td>Neg. 13</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/07/2012</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>n.a.</td>
<td>42,000</td>
<td>38,000</td>
<td>31/12/2013</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_9</td>
<td>15</td>
<td>Neg. 16</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/11/2006</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>119,663</td>
<td>01/11/2006</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_10</td>
<td>16</td>
<td>Neg. 17</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/12/2007</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>22,209</td>
<td>01/12/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_11</td>
<td>17</td>
<td>Neg. 18</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>15/03/2010</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>48,495</td>
<td>01/03/2017</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_13</td>
<td>20</td>
<td>Neg. 20</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/12/2010</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>3</td>
<td>n.a.</td>
<td>n.a.</td>
<td>19,560</td>
<td>01/12/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_14</td>
<td>30</td>
<td>Neg. 21</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/12/2010</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>25,028</td>
<td>81</td>
<td>n.a.</td>
<td>01/12/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_15</td>
<td>21</td>
<td>Neg. 22</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>02/03/2011</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>38,970</td>
<td>02/03/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_16</td>
<td>22</td>
<td>Neg. 24</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>30/06/2013</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2013</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_18</td>
<td>3</td>
<td>Neg. 3</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>08/11/2011</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>4</td>
<td>32,878</td>
<td>80</td>
<td>n.a.</td>
<td>08/11/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_19</td>
<td>4</td>
<td>Neg. 4</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/07/2012</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>80,000</td>
<td>01/07/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_20</td>
<td>5</td>
<td>Neg. 5</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/02/2011</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>t.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>01/02/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_21</td>
<td>28</td>
<td>Neg 6</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/12/2012</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>n.a.</td>
<td>n.a.</td>
<td>35,000</td>
<td>01/12/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_22</td>
<td>6</td>
<td>Neg. 7</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/11/2006</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>72,936</td>
<td>01/11/2006</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_23</td>
<td>7</td>
<td>Neg. 8</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/05/2006</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>t.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>01/05/2006</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>7_24</td>
<td>8</td>
<td>Neg. 9</td>
<td>Senigallia</td>
<td>7485</td>
<td>SENIGALLIA</td>
<td>01/05/2006</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>53,000</td>
<td>01/05/2006</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>----------</td>
<td>--------</td>
<td>----------</td>
<td>----------------</td>
<td>--------------</td>
<td>---------------</td>
<td>--------------</td>
<td>--------------</td>
<td>-------------------</td>
<td>-----------</td>
<td>----------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>18</td>
<td>22 209</td>
<td>BANCOMAT</td>
<td>Service National</td>
<td>Property Lease</td>
<td>3,844</td>
<td>...</td>
<td>4,080</td>
<td>4,142</td>
<td>4,269</td>
<td>4,371</td>
<td>4,437</td>
<td>4,503</td>
<td>4,571</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>22 209</td>
<td>NEG. 1</td>
<td>Gifts &amp; Other goods</td>
<td>Business Lease</td>
<td>26,227</td>
<td>...</td>
<td>26,751</td>
<td>27,286</td>
<td>27,832</td>
<td>28,389</td>
<td>28,956</td>
<td>29,536</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>22 209</td>
<td>Neg. 10</td>
<td>Gifts &amp; Other goods</td>
<td>National</td>
<td>35,077</td>
<td>...</td>
<td>35,779</td>
<td>36,494</td>
<td>37,224</td>
<td>37,968</td>
<td>38,728</td>
<td>39,502</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>22 209</td>
<td>Neg. 11</td>
<td>Fashion National</td>
<td>Business Lease</td>
<td>37,005</td>
<td>...</td>
<td>40,370</td>
<td>41,420</td>
<td>42,248</td>
<td>43,093</td>
<td>43,955</td>
<td>44,834</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>22 209</td>
<td>Neg. 12</td>
<td>Health &amp; Beauty National</td>
<td>Business Lease</td>
<td>54,302</td>
<td>...</td>
<td>55,388</td>
<td>55,258</td>
<td>50,006</td>
<td>51,006</td>
<td>52,026</td>
<td>53,066</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>22 209</td>
<td>Neg. 13</td>
<td>Fashion National</td>
<td>Business Lease</td>
<td>38,000</td>
<td>...</td>
<td>45,239</td>
<td>46,144</td>
<td>47,067</td>
<td>47,855</td>
<td>48,494</td>
<td>49,464</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>22 209</td>
<td>Neg. 15</td>
<td>Fashion International</td>
<td>Business Lease</td>
<td>76,355</td>
<td>...</td>
<td>80,076</td>
<td>81,677</td>
<td>83,311</td>
<td>84,977</td>
<td>86,676</td>
<td>88,410</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>22 209</td>
<td>Neg. 21</td>
<td>Service Local</td>
<td>Property Lease</td>
<td>25,028</td>
<td>...</td>
<td>26,618</td>
<td>27,017</td>
<td>27,423</td>
<td>27,834</td>
<td>28,251</td>
<td>26,806</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>22 209</td>
<td>Neg. 22/23</td>
<td>Fashion Local</td>
<td>Business Lease</td>
<td>41,300</td>
<td>...</td>
<td>42,126</td>
<td>42,968</td>
<td>43,828</td>
<td>44,704</td>
<td>45,598</td>
<td>46,510</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>22 209</td>
<td>3</td>
<td>Electronics &amp; Telecom International</td>
<td>Business Lease</td>
<td>35,745</td>
<td>...</td>
<td>38,133</td>
<td>39,933</td>
<td>40,731</td>
<td>41,546</td>
<td>42,377</td>
<td>43,224</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>22 209</td>
<td>5</td>
<td>COLOURS &amp; BEAUTY Fashion National</td>
<td>Business Lease</td>
<td>29,831</td>
<td>...</td>
<td>30,683</td>
<td>28,798</td>
<td>29,374</td>
<td>29,962</td>
<td>30,561</td>
<td>31,172</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>22 209</td>
<td>7</td>
<td>SALMOIRAGHI &amp; VIGANÒ Health &amp; Beauty National</td>
<td>Business Lease</td>
<td>52,416</td>
<td>...</td>
<td>53,464</td>
<td>54,533</td>
<td>55,624</td>
<td>56,737</td>
<td>57,871</td>
<td>59,029</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>22 209</td>
<td>8</td>
<td>Vacant Vacant Vacant</td>
<td>Business Lease</td>
<td>-</td>
<td>...</td>
<td>43,442</td>
<td>44,311</td>
<td>45,197</td>
<td>45,162</td>
<td>45,727</td>
<td>46,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>22 209</td>
<td>9</td>
<td>GIUNTI AL PUNTO Gifts &amp; Other goods National</td>
<td>Business Lease</td>
<td>57,717</td>
<td>...</td>
<td>58,871</td>
<td>53,322</td>
<td>51,609</td>
<td>52,641</td>
<td>53,694</td>
<td>54,767</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>22 209</td>
<td>10</td>
<td>Vacant Vacant Vacant</td>
<td>Business Lease</td>
<td>-</td>
<td>...</td>
<td>43,438</td>
<td>44,311</td>
<td>45,197</td>
<td>45,162</td>
<td>45,727</td>
<td>46,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>22 209</td>
<td>11</td>
<td>Fashion International</td>
<td>Business Lease</td>
<td>32,028</td>
<td>...</td>
<td>32,028</td>
<td>32,028</td>
<td>32,028</td>
<td>32,028</td>
<td>32,028</td>
<td>32,028</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Gallery: 2,414, 931,293, 931,293, 932,573, 409, 997,646, 1,022,711, 1,046,909, 1,059,938, 1,069,707, 1,089,451, 1,107,894, 1,128,544
Appendix 6
Market Value Calculation
Asset Code:
Asset:
Address:
Valuation Date:

007
Senigallia Retail Gallery
Senigallia (Ancona), Italy
30/06/2013

Year

1
2013/2014

Inflation Rate
Market growth
Turnover Rent as a % of MGR
Mall Income as a % of MGR

2
2014/2015

3
2015/2016

1.60%
0.50%
0.16%
3.11%

1.50%
1.00%
0.25%
3.00%

2.00%
1.50%
0.25%
3.00%

958,940
(7,245)
(50,581)
(4,542)
1,500
29,800

965,145
(10,093)
(4,775)
2,397
28,954

927,873

4
2016/2017

5
2017/2018

6
2018/2019

7
2019/2020

8
2020/2021

9
2021/2022

10
2022/2023

11
2023/2024

TOTAL

2.00%
2.00%
0.25%
3.00%

2.00%
2.00%
0.25%
3.00%

2.00%
2.00%
0.25%
3.00%

2.00%
2.00%
0.25%
3.00%

2.00%
2.00%
0.25%
3.00%

2.00%
2.00%
0.25%
3.00%

2.00%
2.00%
0.25%
3.00%

2.00%
2.00%
0.25%
3.00%

979,694

997,646

1,022,711

1,046,909

1,059,938

1,069,707

1,089,451

1,107,894

1,128,544

(6,704)
(4,865)
2,413
29,391

(15,052)
(4,913)
2,449
29,929

(16,742)
(5,030)
2,494
30,681

(6,460)
(5,202)
2,557
31,407

(23,859)
(5,180)
2,617
31,798

(30,490)
(5,196)
2,650
32,091

0
(5,447)
2,674
32,684

(13,906)
(5,470)
2,724
33,237

0
(5,643)
2,770
33,856

11,426,579
(7,245)
(173,887)
(56,263)
27,245
343,829

981,628

999,929

1,010,060

1,034,115

1,069,211

1,065,315

1,068,762

1,119,362

1,124,478

1,159,528

11,560,259

(19,034)
(30)
(5,960)
(40,825)
(8,959)
(145)
(9,011)
(9,589)
(13,119)
0

(19,303)
(48)
(5,791)
(41,437)
(9,093)
(147)
(9,551)
(9,651)
(1,680)
0

(19,594)
(48)
(5,878)
(42,266)
(9,275)
(149)
(9,730)
(9,797)
(2,014)
0

(19,953)
(49)
(5,986)
(43,111)
(9,461)
(151)
(9,826)
(9,976)
(3,010)
0

(20,454)
(50)
(6,136)
(43,974)
(9,650)
(153)
(10,060)
(10,227)
(2,944)
0

(20,938)
(51)
(6,281)
(44,853)
(9,843)
(156)
(10,404)
(10,469)
(1,255)
0

(21,199)
(52)
(6,360)
(45,750)
(10,040)
(155)
(10,361)
(10,599)
(5,237)
0

(21,394)
(53)
(6,418)
(46,665)
(10,241)
(161)
(10,392)
(10,697)
(5,857)
0

(21,789)
(53)
(6,537)
(47,599)
(10,445)
(163)
(10,895)
(10,895)
0
0

(22,158)
(54)
(6,647)
(48,550)
(10,654)
(135)
(10,940)
(11,079)
(3,656)
0

(22,571)
(55)
(6,771)
(49,521)
(10,867)
(153)
(11,285)
(11,285)
0
0

(228,387)
(545)
(68,766)
(494,553)
(108,529)
(1,669)
(112,454)
(114,266)
(38,771)
0

(106,673)

(96,701)

(98,751)

(101,524)

(103,648)

(104,251)

(109,752)

(111,879)

(108,376)

(113,874)

(112,510)

(1,167,939)

821,200

884,927

901,178

908,536

930,467

964,960

955,562

956,883

1,010,986

1,010,604

1,047,018

10,392,320

(33,514)
(115,011)

(2,982)
(45,758)

(8,133)
(68,093)

(9,934)
(31,323)

(11,208)
(80,077)

(4,349)
0

(10,329)
0

(25,927)
0

0
0

(9,234)
0

0
0

(115,611)
(340,261)

(148,525)

(48,740)

(76,226)

(41,257)

(91,285)

(4,349)

(10,329)

(25,927)

0

(9,234)

0

(455,872)

672,674

836,187

824,952

867,279

839,182

960,611

945,233

930,956

1,010,986

1,001,370

1,047,018

9,936,448

INCOME
Gross Potential Minimum Guaranteed Rent
Rental Concessions
Rental Loss (*)
Provision for long-term vacancy
Turnover Rent
Mall Income

0.50%

Gross Effective Income
EXPENDITURES
Operational Costs:
Property Management Fees (MGR)
Property Management Fees (Turnover Rent)
Property Management Fees (Mall Income)
Property Tax
Insurance
Lease Registration Tax
Provision for Bad Debts
Provision for Extraordinary Maintenance
Service Charges on Vacant Units
Other Costs

2.00%
2.00%
20.00%

0.50%
1.00%
1.00%
€85/sq m

Total Operational Costs
Net Operating Income
Leasing and Capital Costs:
Letting fees
Capital Expenditures

11%

Total Leasing and Capital Costs
Net Cash Flow
Gross Exit Value
Sale Costs (legal and technical costs and agency)
Net Exit Value
Total Net Cash Flow
Discount Rate
Period
Discount Factor

Present Value of Annual Income
Present Value of Resale @ Year 10

836,187

824,952

867,279

839,182

960,611

945,233

930,956

1,010,986

16,047,394

1
0.93

2
0.87

3
0.81

4
0.76

5
0.70

6
0.66

7
0.61

8
0.57

9
0.53

10
0.50

627,202

726,957

668,708

655,496

591,384

631,195

579,106

531,803

538,480

7,969,508

23,935,453

13,519,838

6,047,634
7,472,204

Gross Present Value

13,519,838

Acquisition Costs (Legal/Technical and Agency Fees and Stamp Duty) @ 3.5%

Net Initial Yield
Gross Initial Yield
Net Exit Yield (on MGR)
Gross Exit Yield (on MGR)
Net Exit Yield (on Variable Rent)
Gross Exit Yield (on Variable Rent)
Net Blended Exit Yield
Gross Blended Exit Yield
Market Value / sq m GLA

672,674
7.25%

Discounted Cash Flow

Market Value

15,275,150
(229,127)
15,046,023

1.50%

Rounded

(457,193)
13,060,000

5.15%
7.10%
6.86%
7.60%
7.77%
8.60%
6.89%
7.63%
€5,410

Net Running Yield on Initial Investment

5.15%

6.40%

6.32%

6.64%

6.43%

7.36%

7.24%

7.13%

7.74%

7.67%

8.02%

Gross Running Yield on Initial Investment

7.10%

7.52%

7.66%

7.73%

7.92%

8.19%

8.16%

8.18%

8.57%

8.61%

8.88%

(*) including current vacancy and void period of 2 months at lease expiry


008
Auchan Porto Sant’Elpidio Retail Gallery
Porto Sant’Elpidio (Fermo), Italy
Table of Contents

1.0 Valuer Details and Inspection .............................................................. 3
2.0 Documentation Provided ........................................................................................................ 3
3.0 Location ...................................................................................................................... 4
4.0 Situation ..................................................................................................................... 5
5.0 Catchment .................................................................................................................. 8
6.0 Description .................................................................................................................. 9
7.0 Accommodation ......................................................................................................... 10
8.0 Condition ..................................................................................................................... 10
9.0 Services, Plant, and Equipment .................................................................................... 11
10.0 Environmental Considerations ........................................................................................ 12
11.0 Statutory Requirements and Town Planning ............................................................... 12
12.0 Cadastral Information ................................................................................................. 16
13.0 Tenure ....................................................................................................................... 17
14.0 Occupational Tenancies and Income ............................................................................ 18
15.0 Management, Service Charges, and Non-recoverable Costs ........................................ 20
16.0 Performance ................................................................................................................. 20
17.0 Local Retail Supply ...................................................................................................... 21
18.0 Market Rent ................................................................................................................. 23
19.0 Principal Valuation Considerations ............................................................................... 23
20.0 Valuation Methodology and Factors ............................................................................. 23
21.0 Valuation ...................................................................................................................... 23
22.0 Reinstatement Cost ..................................................................................................... 23

Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plans
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Mario Nicolini and Cristina Brunalli, valuers of Savills Milan.

The Property was inspected on 17 June 2013 by Gianni Flammini MRICS and Cristina Brunalli. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was sunny.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’ and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5_compared.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report-Final.pdf’);
- Detail on Gross Area (Excel file ‘Summary_Surfaces.xls’)
- Floor plans (Pdf file ‘PORTO S.ELPIDIO planimetria.pdf’)

3.0 Location

Auchan Porto Sant’Elpidio Shopping Centre is located in the municipality of Porto Sant’Elpidio, in the province of Fermo, in the Marche region, in the centre of Italy. The shopping centre is less than 5 km to the southeast of Porto Sant’Elpidio, whilst Fermo is situated 18 km to the south of the subject centre.

Accessibility by car is good both from the city, via Provincial Road SP26, and from the A14-Adriatica motorway, with the Civitanova Marche - Macerata exit less than 5 km away.
The closest railway station is at 4.7 km in Porto Sant’Elpidio. The international airport of Ancona - Falconara is located approximately 56 km to the north-west.

4.0 Situation

Auchan Porto Sant’Elpidio Shopping Centre is located in the northern portion of the ‘Zona Industriale Nord’ industrial district, characterised by a number of warehouses, with farmland all around and a few residential buildings. Close to the centre is a building accommodating a Uci Cinema (9 screens) and an Old Wild West restaurant.
The Property is bordered by Provincial Road SP26 to the north, warehouses and some residential clusters to the south, farmland and some warehouses to the west, and by the UCI Cinema to the east.

5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Marche region had approximately 1,540,688 residents. 11.3% of the inhabitants of the region are concentrated in the province of Fermo (174,813 people), with a density per sq km of 203 inhabitants (compared to the 164 inhabitants per sq km of the Marche region). The municipality of Porto Sant'Elpidio has a population of approximately 25,442.

As to the age structure of the population in the province of Fermo, 17.6% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 59.2% is aged 20 to 64 (Italy 60.4%), while the remaining 23.2% is in the over-65 age group (Italy 20.8%).

We would drive your attention to the following data, that are related to the Marche region, as the data pertaining to the province of Fermo are not available yet, due to the fact that Fermo became a Province only in 2009 and data collection has been a task postponed so far. The per capita Gross Domestic Product (GDP) of the Marche region is of approximately €25,984, slightly below the average for Central Italy, and in line with the national average of €25,727 (2010 data). With reference to the national added value, the Marche region ranks 11th among the 20 Italian regions. The sector which contributes the most to the national added value is the service sector (68.09%), followed by the industrial sector (30.50%) and by agriculture (1.41%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the Marche region is slightly higher compared to the Italian average (+4.7 points). The consumption per capita, however, is much lower than the Central Italy average (-9.3 points) and below the Italian average (-3.4 points). The non-food component of the total family spending is still predominant at 82.62% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Fermo was 9.2%, in line with the Marche regional average (9.1%) and slightly below the Italian average (10.7%).

Specifically, in the Marche region, the unemployment rate notably increased to 9.1% in 2012, compared to 6.7% in 2011 and 5.7% in 2010. (Source: ISTAT)
5.2 Catchment Analysis

We have defined 10 and 20 minute drive time catchment areas for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 and 10-20 isochrones analysed for the subject shopping centre are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>65,670</td>
<td>47.9%</td>
<td>65,670</td>
</tr>
<tr>
<td>10-20</td>
<td>71,304</td>
<td>52.1%</td>
<td>136,974</td>
</tr>
</tbody>
</table>

To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 20 minutes away. However, we would expect the most frequent visitors to come from the 0-10 minute drive time area, corresponding to the above estimate of 65,670 inhabitants (nearly 48% of the total catchment population).

- The 20-minute catchment area covers some 238 sq km and has a density of 575 inhabitants/sq km (compared to the Italian average of 197/sq km). The density reaches 1,027 inhabitants/sq km in the 0-10 minute catchment area,
which includes the municipalities of Porto San’Elpidio and Civitanova Marche. Moreover it should be considered that Porto Sant’Elpidio is a beach town, with tourists adding to the resident population especially during the summer months.

- The region overall is quite wealthy, although consumption per capita is below the Italian average.
- We have identified one shopping centres located in the 10-minute isochrone and one in the 20-minute, both to the west side of the Property (for details and comments on the competition, please refer to Section 17.0 of this report).

5.3 Tourism Data

The Marche region, especially along the coast, is a popular Italian tourist destination. According to ISTAT data, in 2011, a total of approximately 2.3 million people arrived in the region, for an average stay of 4.9 days (5.0 days in 2010).

Data on tourism is available for the province, but we do not have any details regarding the single municipalities. The province of Fermo accounts for about 10% of total tourist arrivals (227,734 people). Compared to 2010, tourist arrivals for the entire region registered a 5.1% increase in 2011, while arrivals in the province of Fermo increased by 2.3%.

6.0 Description

Auchan Porto Sant’Elpidio Shopping Centre opened to the public in 1999 and its Retail Gallery (excluding the large-sized unit, which is not part of the Property) has a total GLA (Gross Lettable Area) of 8,035 sq m.

The Shopping Centre consists of a gallery developed on a single level, comprising 32 small retail units, 2 medium-sized units, 3 bars and restaurants, an Auchan hypermarket, which is not part of the Property under valuation, and 1 large-sized unit owned by a third party. We would point out that this kind of multi-ownership structure was a common practise for the shopping centre market until the beginning of 2000.

The Retail Gallery is developed in front of the hypermarket, with two clusters of shops at either end of the main corridor and the food court with some small-sized units situated in the centre of the gallery around a semi-circular plaza. On the west side of the hypermarket is the large-sized unit (Comet), which is not part of the Property, and 2 small-sized units.

The gallery is accessible directly from the open-air car park at the ground level. The shopping centre does not seem to have any ‘cold’ areas suffering from poor visitor traffic. The exterior of the shopping centre has a fair profile characterised by the subtle colours of the walls painted in light earthy yellow and the façade partially tiled with red bricks. The internal finishes are of good quality. In the gallery, the ceilings are characterised by beams and skylights running along the corridors of the gallery, providing natural illumination; in the shops and in some parts of the gallery the ceilings are either plastered or suspended. Artificial lighting is provided by recessed light fixtures in the suspended ceilings or suspended lamps. The walls are decorated with face-bricks. The flooring is in light-coloured marble tiles.
The shopping centre is served by an open-air car park at ground level, providing 1,700 parking spaces.

Auchan Porto Sant’Elpidio Shopping Centre is open every day from 9:00 a.m. to 9:00 p.m.

A selection of Photographs is attached at Appendix 1. The Floor Plans are attached at Appendix 2. The Merchandising Plan is attached at Appendix 3.

7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 8,035 sq m, sub-divided into 38 units, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>189</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,180</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>1,172</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>1,984</td>
<td>6</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>1,683</td>
<td>2</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>1,128</td>
<td>1</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td></td>
<td>699</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>8,035</strong></td>
<td><strong>38</strong></td>
</tr>
</tbody>
</table>

The Retail Gallery offers a diversified merchandising mix, characterised by a good presence of the fashion sector (44.0% of the total GLA), followed by Gift & Other goods (17.7%), and by Bar & Restaurants (8.7%), as shown in the chart below:
A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.

8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in good condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, we understand that there is a potential environmental issue related to the fact that the area where the Property is located is included in a larger polluted site (Basso Bacino del Fiume Chieti).

We understand that currently the magnitude of such pollution and the measures needed in order to reclaim the area are unclear. In this situation the Vendor should offer a guarantee for any liabilities relating to pre-existing and old contamination. However, due to the high risk of the matter, we would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

Furthermore, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.
Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.

11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Marche region, the retail sector is regulated by Regional Law no. 27 dated 10 November 2009. The law decree known as 'Decreto Salva Italia', which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the 'possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage'. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence provided to us, a portion of the parking area must be still destined to public use, but the relevant public deed has not been executed yet.

Furthermore, we understand that the SCIA (Commencement of Works Certificate) under the terms of building Pardon procedures has not been submitted yet and will be recorded after the cadastral updating.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.
11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

Based on the Legal Due Diligence provided to us we understand that there is an inconsistency between the existing and the authorised sale area and that lawyers are working to receive all the documentation to confirm this issue. As today it seems that there is a different internal split of the trading surfaces. The main risk related to this topic is that the change of a portion of the internal layout of the gallery on the base of the sale area authorised might be required. We would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Porto Sant’Elpidio in full compliance with the current uses.

Based on the Technical Due Diligence provided to us we understand that GCI is doing a cadastral updating related to the Building Pardon Procedures.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, Porto S. Elpidio Retail Gallery had 3 vacant retail units, for a total GLA of 410 sq m.

- Unit 7 NEG N.8 (246 sq m GLA);
- Unit 21 NEG N.25 (53 sq m GLA)
- Unit 28 NEG N.34 (111 sq m GLA)

We have been informed that there is an advanced negotiation (letter of intent to be signed) with Original Marines for the letting of Unit “5 NEG N° 6” now occupied by “Profumerie Galeazzi”. Details of the negotiation include a stepped rent of
€65,000 in Yr 1 and Yr 2 and €70,000 in Yr 3, with a lease duration of 7 years. Furthermore, we have been informed that negotiations are underway with Desigual for Unit “7 NEG N. 8”.

14.2 Lease Terms

Of the 35 leases currently in place, 32 are business leases and 3 are property leases.

From the documentation provided we understand that:

• 30 of the 32 tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 3.0% to 10.0%). 1 of the 3 property leases contain turnover-rent provisions (Bluvacanze with a percentages of 1.5%).
• The duration of the business lease contracts varies from unit to unit, ranging from 5 to 15 years. The 3 property leases in place have different duration ranging from 7 to 6+6-year duration.
• All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT.
• 3 of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.

Considering the assumed expiry dates, we would point out that the majority of the signed leases will have expired by the end of 2018 (70%), as shown in the following chart:

We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.
14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona)
Duration: 6+6 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).
Indexation: The rent will be increased annually by 75% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 50% of the tax will be paid by the tenant and 50% by the landlord.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.

14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 100% of the tax will be paid by the tenant.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.
14.5 **Break Options**

Based on the information available, the following 3 tenants can still exercise their break options:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>37 MS 01</td>
<td>BENETTON</td>
<td>30/12/2010</td>
</tr>
<tr>
<td>40 MS 04</td>
<td>GAME 7</td>
<td>17/08/2015</td>
</tr>
<tr>
<td>10 NEG 11/12</td>
<td>SEPHORA</td>
<td>01/07/2009</td>
</tr>
</tbody>
</table>

14.6 **Stepped-Rent Provisions**

3 of the leases in place have stepped-rent provisions. As a result, the stabilised situation will be reached in 2015.

We report below the list of tenants benefitting from stepped-rent agreements:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>MGR 2012-2013 (€/yr)</th>
<th>MGR 2013-2014 (€/yr)</th>
<th>MGR 2014-2015 (€/yr)</th>
<th>MGR 2015-2016 (€/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 NEG N. 6</td>
<td>PROFUMERIE GALEAZZI</td>
<td>62,439</td>
<td>65,000</td>
<td>65,000</td>
<td>70,000</td>
</tr>
<tr>
<td>3 NEG. 3/4</td>
<td>STROI LI ORO</td>
<td>51,563</td>
<td>52,594</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2 NEG.N. 2</td>
<td>WIND</td>
<td>-</td>
<td>28,000</td>
<td>29,500</td>
<td>-</td>
</tr>
</tbody>
</table>

14.7 **Rental Concessions**

According to the information provided, we understand that no rental concessions were granted in 2013.

14.8 **Minimum Guaranteed Rent**

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €2,681,301, corresponding to an average of €334 per sq m of GLA per annum. This has been calculated based on the information provided by you and taking into account the stepped rents agreed. For the units whose leases expire in before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry, and we have applied our estimate of market rent to those units that are currently vacant until the assumed re-letting date. The Gross Effective MGR at the valuation date is in the order of €2,493,478 (excluding the potential rent of the currently vacant units).

The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>189</td>
<td>116,036</td>
<td>4.3%</td>
<td>614</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,180</td>
<td>699,202</td>
<td>26.1%</td>
<td>593</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>1,172</td>
<td>468,534</td>
<td>17.5%</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>1,984</td>
<td>571,388</td>
<td>21.3%</td>
<td>288</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>1,683</td>
<td>359,979</td>
<td>13.4%</td>
<td>214</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>1,128</td>
<td>251,709</td>
<td>9.4%</td>
<td>223</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>699</td>
<td>214,452</td>
<td>287,293</td>
<td>8.0%</td>
<td>307</td>
</tr>
<tr>
<td>Total</td>
<td>8,035</td>
<td>2,681,301</td>
<td>100.0%</td>
<td>334</td>
<td></td>
</tr>
</tbody>
</table>
The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>699</td>
<td>214,452</td>
<td>8.0%</td>
<td>307</td>
</tr>
<tr>
<td>Sporting Goods</td>
<td>574</td>
<td>198,020</td>
<td>7.4%</td>
<td>345</td>
</tr>
<tr>
<td>Fashion</td>
<td>3,539</td>
<td>1,073,301</td>
<td>40.0%</td>
<td>303</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>1,419</td>
<td>436,644</td>
<td>16.3%</td>
<td>308</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>593</td>
<td>281,048</td>
<td>10.5%</td>
<td>474</td>
</tr>
<tr>
<td>Household Goods</td>
<td>282</td>
<td>82,832</td>
<td>3.1%</td>
<td>294</td>
</tr>
<tr>
<td>Services</td>
<td>519</td>
<td>230,873</td>
<td>8.6%</td>
<td>445</td>
</tr>
<tr>
<td>Vacant</td>
<td>410</td>
<td>164,130</td>
<td>6.1%</td>
<td>400</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>8,035</td>
<td>2,681,301</td>
<td>100.0%</td>
<td>334</td>
</tr>
</tbody>
</table>

The gross Potential Headline MGR is equal to €2,678,064 (€333 per sq m per annum). As mentioned above, the stabilised situation will be reached in 2015. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, the turnover rent accrued in 2012 and paid in 2013 is equal to €35,079.

14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €87,779.

15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €1,143,000. Of these, €900,000 are to be paid by the retail units of the gallery, corresponding to a cost of approximately €110 per sq m of the total GLA, which seems high for this type of schemes.

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €536,229 (€563,041 including the 5% project management fee)
15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €66,979 per annum.
- Insurance: €27,100 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €110 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.

15.5 Rental Arrears and Legal Proceedings

As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.

16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the Retail gallery registered some 2,812,727 visitors, corresponding to a 3.2% increase compared to previous year (2,725,474 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery in 2012 is equal to €33,027,755, corresponding to an increase on 2011 (+2.3%).

The trend over the past three years has been one of stability: in 2011 the turnover amounted to €32,276,897, +1.9% compared to the €31,671,300 in 2010, when turnover had increased by 1.8% on 2009.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery have an average rent-to-sales ratio (effort rate) of 10.9% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m) have an average effort rate of 10.1%, which is good. The majority of the tenants have effort rates below 12%, and no tenant presents a critical situation (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding the medium- and large-sized units, and excluding service charges:
The following table reports our comments with reference to the effort rates of the medium- and large-sized units:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENETTON</td>
<td>Fashion</td>
<td>1,128</td>
<td>1,610,453</td>
<td>247,745</td>
<td>15.4%</td>
<td>Critical</td>
</tr>
<tr>
<td>ALTAMAREA</td>
<td>Bars &amp; Restaurants</td>
<td>507</td>
<td>1,624,996</td>
<td>103,614</td>
<td>6.4%</td>
<td>Sustainable</td>
</tr>
<tr>
<td>BATA SUPERSTORE</td>
<td>Fashion</td>
<td>728</td>
<td>789,380</td>
<td>162,235</td>
<td>20.6%</td>
<td>Critical</td>
</tr>
<tr>
<td>GAME 7</td>
<td>Gifts &amp; Other goods</td>
<td>955</td>
<td>1,357,196</td>
<td>193,937</td>
<td>14.3%</td>
<td>Critical</td>
</tr>
</tbody>
</table>

We have been informed that tenant “Bata Superstore” asked for a reduction of rent at €110,000. However, at the date of valuation no reduction has been granted to the tenant.

17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area in order to identify the main competing shopping centres.

1. CIVITA CENTER Shopping Center

Civita Center Shopping Centre is located in Civitanova Marche, in the province of Macerata, some 29 km to the east of the city centre and less than 5 km to the north-west of the subject Auchan. The shopping centre is developed over two levels, comprising a hypermarket and 30 retail units with some international operators, such as Geox, Motivi, Pimkie, Golden Point, Stroll Oro. According to market rumours, Civita Center’s food anchor might leave the shopping centre, taking the trading license with it. No further information is available at the moment.

2. VAL DI CHIENTI Shopping Center

Val di Chienti Shopping Centre is located in the municipality of Macerata, in the locality of Piediripa, approximately 8.5 km to the south-east of the city centre and some 22 km west of the subject Auchan. Val di Chienti Shopping Centre is developed on a single level, comprising the hypermarket, 6 sub-anchors (Euronics, Piazza Italia, Game 7 Athletics, Bata, Toys, and Self), and a gallery with 44 small retail units. The merchandising mix is of good quality, with the operators including many international brands, such as Intimissini, Calzedonia, Geox, Original Marines, Tezenis, Thun, and GameStop. An extension is also planned in order to further widen the retail offer of the centre (for more details see paragraph 17.2). Despite being within the secondary catchment area Val di Chienti Shopping Centre does not have a real impact on the subject centre, which, in our view, given its format and location, is more likely to attract visitors from the 0-10 minute drive time area, with peaks in the summer months due to the presence of tourists.
To complete our analysis, it is worth mentioning the presence of two other schemes immediately outside the catchment area of the subject Auchan, but that can be considered as potential competitors for a portion of the 20-minute catchment: Corridomnia Shopping Park and Il Girasole Shopping Centre. Corridomnia, located in Corridonia, in the province of Macerata, some 25 km west to the Auchan Shopping Centre, opened in 2012 and comprises 7 sub-anchors and 10 retail units, for a total GLA of 20,000 sq m. Il Girasole is located in Fermo, in the locality of Campiglione, 6.8 km north-west of the city centre and 20 km to the south-west of the Property. This shopping centre comprises an Oasi hypermarket and 30 retail units for a total GLA of 14,500 sq m. Near the centre is a multiplex cinema, thus also offering leisure as the subject shopping centre.

17.2 The Future Retail Supply

We report below the future retail supply expected to be developed in the catchment area of the subject Shopping Centre:

<table>
<thead>
<tr>
<th>A. VAL DI CHIENTI Shopping Centre Extension – Piediripa di Macerate (MC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The extension to the Val di Chienti Shopping Center will add 41 new shops to those already existing, corresponding to a GLA of approximately 7,600 sq m of new retail space. Timing for completion was supposed to be 2014, though no news on the current state of works is available. Given the importance of this scheme the project’s future developments will have to be monitored, even though they might not have a direct impact on the Auchan Porto Sant’Elpidio Shopping Centre.</td>
</tr>
</tbody>
</table>

Finally, we would like to mention the existence of a project which is expected to be developed in Porto Sant’Elpidio, close to the Porto Sant’Elpidio exit of the A14-Adriatica motorway. The project involves the construction of a retail scheme, probably an outlet, with a GLA of approximately 30,000 sq m. Works have been postponed many times, and to date there is no available information as to whether the project will be effectively developed. However, given the location chosen for this scheme, future developments will have to be monitored.

The following Map highlights the location of the schemes analysed above.
18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Central Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Retail Gallery, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €2,532,440, 5.44% lower than the Potential Headline Rent. Excluding the vacant units, the headline rent is 6.15% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:

By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The Auchan Shopping Centre is located in a small light-industrial area, and a UCI Cinema and some restaurants are in the near vicinity.

- Good accessibility and visibility. The Shopping Centre is easily accessible from the A14 motorway and Provincial Road SP26, which links the area to the towns of Porto S. Elpidio and Civitanova Marche.
• The location provides a fair catchment area with approximately 137,000 inhabitants within the 20-minute drive time. During the summer months the population within the catchment area increases considerably thanks to tourist arrivals.

• Good quality materials and finishes have been used to decorate the interior of the centre.

• The gallery, developed on a single level, does not seem to have any ‘cold’ areas suffering from poor visitor traffic.

• The hypermarket operator (Auchan) is a strong food anchor.

• The gallery has a good line-up of national and international brands (74%), along with some local operators.

• The gallery offers a diversified merchandising mix with a good portion of Fashion operators (44.0%).

• The majority of the lease contracts contain a turnover rent element, which increases the possibility for an investor to benefit from a potential increase in sales.

• 3 units in the Retail Gallery are not occupied as at the valuation date, corresponding to a vacancy rate of 5.1%.

• In 2012, the shopping centre registered increases in both footfall (+3.2%) and sales (+2.3%), compared to 2011.

• The Retail Gallery has an average rent-to-sales ratio (effort rate) of 10.9% (on homogeneous data, excluding the hypermarket). This result is good and confirms that the shopping centre is performing well overall, although the performances of three of the medium-sized units are critical.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.
20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is **€2,681,301**.

- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.

- The estimated Mall Income for 2013/14 is €88,000, representing approximately 3.3% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 3.5% of the gross annual MGR.

- The estimated Turnover Rent payable in 2014 is equal to €35,000, corresponding to 1.3% of the gross annual MGR. In our cash-flow analysis, from 2015 onward, we have assumed this figure to correspond to 1.3% of the gross annual MGR.

20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €66,979.
- Insurance: €27,100.
- Letting fees (new leases): 11.0% of the gross annual MGR.

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €110 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €250,013 (including 5% property management fee).

20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 7.25%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.
**Exit Yield**

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 7.50% to the MGR, while we have applied a yield of 8.50% to the income generated by the temporary lettings and to the turnover rent. The overall blended gross exit yield is equal to 7.54%.

**Acquisition Costs**

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

**21.0 Valuation**

Following our inspection on 17 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Porto S. Elpidio Retail Gallery, in Porto S. Elpidio (Fermo), is in the order of:

€36,700,000.00

(Thirty-Six Million Seven Hundred Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

**22.0 Reinstatement Cost**

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of office premises, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.
On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of **€14,010,000** (excl. VAT).

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (Excl. VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€40/sqm</td>
</tr>
<tr>
<td></td>
<td>€427,440.00</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>€12,346,840.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>€1,234,684.00</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td>rounded</td>
</tr>
<tr>
<td></td>
<td><strong>€14,010,000.00</strong></td>
</tr>
</tbody>
</table>
Appendix 1
Photographs
Appendix 2
Floor Plans
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>Location</th>
<th>Landlord Name</th>
<th>Brand</th>
<th>Lease start date</th>
<th>Rent Indexation</th>
<th>Variable Rent</th>
<th>Lease start date</th>
<th>% Indexation</th>
<th>% Variable Rent</th>
<th>Lease start date</th>
<th>% Indexation</th>
<th>% Variable Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>8_1</td>
<td>37</td>
<td>MS 01 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO ECO S.R.L. / VIA G. VERDI, 16 / IT-47043 GATTEO MARE</td>
<td>BENETTON</td>
<td>01/07/2008</td>
<td>30/06/2015</td>
<td>YES</td>
<td>30/06/2015</td>
<td>1,610,453</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_2</td>
<td>38</td>
<td>MS 02 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO SPEEDFOOD SRL / VIA FRATTE 41 / IT-63018 PORTO S. ELPIDIO</td>
<td>ALTAMAREA</td>
<td>01/12/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/12/2018</td>
<td>1,624,996</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_4</td>
<td>40</td>
<td>MS 04 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO GAME 7 ATHLETICS S.P.A. / VIA FERRARI 2 / IT-41011 CAMPOGALLIANO</td>
<td>GAME 7</td>
<td>18/02/2011</td>
<td>17/08/2015</td>
<td>YES</td>
<td>17/02/2020</td>
<td>1,357,196</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_5</td>
<td>20</td>
<td>NEG N. 24 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO BOTTEGA VERDE SRL / VIA XXV APRILE 10 / IT-13836 COSSATO</td>
<td>BOTTEGA VERDE</td>
<td>01/07/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>383,872</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_6</td>
<td>7</td>
<td>NEG N. 8 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO</td>
<td>n.a.</td>
<td>n.a.</td>
<td>0</td>
<td>246</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_7</td>
<td>9</td>
<td>NEG N. 10 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO KAIAN GROUP SRL / VIA LUCA DA PENNE 3 / IT-80122 NAPOLI</td>
<td>YAMAMAY</td>
<td>15/10/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>14/10/2017</td>
<td>238,258</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_8</td>
<td>13</td>
<td>NEG N. 16 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO TIM</td>
<td>n.a.</td>
<td>n.a.</td>
<td>0</td>
<td>22,500</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_10</td>
<td>15</td>
<td>NEG N. 18 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO DOLCE CAPRICCIO DI TOMMASINI S. &amp; C SNC. / VIA CONTRADA CROCE N. 4 / IT-63010 ALTIDONA</td>
<td>DOLCE CAPRICCIO</td>
<td>01/07/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>259,854</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_11</td>
<td>16</td>
<td>NEG N. 19 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO ADRIATICA GIOCHI S.A.S.. / CONTRADA PANTANO BASSO SNC / IT-86039 TERMOLI</td>
<td>DE DEM</td>
<td>10/03/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>09/03/2024</td>
<td>158,772</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_16</td>
<td>25</td>
<td>NEG. N. 30 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO COMPAR S.P.A. / VIA A. VOLTA,6 / IT-35010 LIMENA</td>
<td>ATHLETES WORLD</td>
<td>01/03/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>29/02/2016</td>
<td>676,447</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_17</td>
<td>26</td>
<td>NEG N. 31/32 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO GOLDEN LADY COMPANY SPA / VIA GIACOMO LEOPARDI, 3/5 / IT-47043 GATTEO</td>
<td>GOLDEN POINT</td>
<td>17/03/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>01/03/2019</td>
<td>138,082</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_21</td>
<td>29</td>
<td>NEG N. 35 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO MODISTI SRL / VIA MONZORO 41/43 / IT-20010 CORNAREDO</td>
<td>PIMKIE</td>
<td>01/07/2005</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2014</td>
<td>770,856</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_22</td>
<td>30</td>
<td>NEG. N. 36 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO AURORA S.R.L. / PIAZZA DELLA REPUBBLICA 12 / IT-60035 JESI</td>
<td>CARPISA</td>
<td>01/05/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/04/2018</td>
<td>284,986</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_24</td>
<td>32</td>
<td>NEG. N. 38 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO FARMACIA COMUNALE</td>
<td>1/2/2013</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/01/2020</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_26</td>
<td>34</td>
<td>NEG. N. 40 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO KING S.p.A. / VIA MODIGLIANI 3 / IT-60019 SENIGALLIA</td>
<td>KING SPORT</td>
<td>15/05/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>14/05/2014</td>
<td>1,408,812</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_28</td>
<td>4</td>
<td>NEG N. 5 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO TAKKO FASHION ITALIA SRL / VIA XXV APRILE, 5 / IT-20016 PERO</td>
<td>TAKKO</td>
<td>15/03/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>24/02/2020</td>
<td>419,659</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_29</td>
<td>5</td>
<td>NEG N. 6 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO GALEAZZI PROFUMERIE S.A.S. DI QUERCETTIAMMINISTRAZIONE E PAR/ VIA ANCONA</td>
<td>PROFUMERIE GALEAZZI</td>
<td>16/07/2006</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/07/2013</td>
<td>258,860</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_30</td>
<td>6</td>
<td>NEG N. 7 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO GIUNTI AL PUNTO S.P.A. / VIA BOLOGNESE 165 / IT-50139 FIRENZE</td>
<td>GIUNTI AL PUNTO</td>
<td>08/07/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>07/07/2018</td>
<td>660,808</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_31</td>
<td>8</td>
<td>NEG N. 9 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO KIKO SRL / VIA G. PAGLIA 1/D / IT-24122 BERGAMO</td>
<td>KIKO</td>
<td>15/10/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>11/09/2018</td>
<td>687,320</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_12</td>
<td>11</td>
<td>NEG 13/14 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO ELLEA S.r.l. / VIA DELLE TUJE 8 / IT-06083 BASTIA UMBRA</td>
<td>INTIMISSIMI</td>
<td>01/07/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2017</td>
<td>672,824</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_13</td>
<td>12</td>
<td>NEG 15 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO STROILI ORO SPA / VIA VALLI DI CARNIA N. 5 / IT-33020 AMARO</td>
<td>FRANCESCO GIOIELLI</td>
<td>01/07/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/06/2018</td>
<td>473,496</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8_23</td>
<td>35</td>
<td>NEG 27/28 Porto S. Elpidio 1108</td>
<td>PORTO S. ELPIDIO OTTICA AVANZI</td>
<td>01/02/2013</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/01/2020</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 5
Rent Roll
<table>
<thead>
<tr>
<th>Unit no.</th>
<th>Tenant Category</th>
<th>Type of Retailer</th>
<th>GLA</th>
<th>Gross Turnover 2015-2016</th>
<th>Stepped Headline Rent</th>
<th>Market Rent 01/07/2013 indexed as at Lease End</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTAMAREA Bars &amp; Restaurants</td>
<td>Local 507</td>
<td>Business Lease</td>
<td>100%</td>
<td>30/06/2013 (€)</td>
<td>103,614</td>
<td>103,614</td>
<td>108,098</td>
</tr>
<tr>
<td>39 MS 03 BATA SUPERSTORE</td>
<td>Fashion</td>
<td>National 728</td>
<td>Business Lease</td>
<td>100%</td>
<td>01/07/2005 31/12/2020 31/12/2020</td>
<td>162,235</td>
<td>170,649</td>
</tr>
<tr>
<td>40 MS 04 GAME 7 Gifts &amp; Other goods</td>
<td>National 955</td>
<td>Business Lease</td>
<td>100%</td>
<td>18/02/2011 17/02/2020 17/02/2020</td>
<td>17/08/2015</td>
<td>202,456</td>
<td>206,505</td>
</tr>
<tr>
<td>9 NEG N. 10 YAMAMA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>22,500</td>
<td>22,500</td>
</tr>
<tr>
<td>14 NEG N. 16 BIS BLUVACANZE</td>
<td>Services</td>
<td>National 28</td>
<td>Property Lease</td>
<td>75%</td>
<td>01/11/2006 31/03/2016 31/03/2016</td>
<td>20,624</td>
<td>20,796</td>
</tr>
<tr>
<td>21 NEG N. 25 Vacant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>26 NEG. N. 31/32 GOLDEN POIN</td>
<td>Fashion</td>
<td>National 193</td>
<td>Business Lease</td>
<td>100%</td>
<td>01/07/2012 30/06/2019 30/06/2019</td>
<td>39,000</td>
<td>41,843</td>
</tr>
<tr>
<td>42 NEG N. 33 BIS GAME STOP</td>
<td>Gifts &amp; Other goods</td>
<td>National 58</td>
<td>Business Lease</td>
<td>100%</td>
<td>01/12/2010 30/11/2017 30/11/2017</td>
<td>41,234</td>
<td>43,879</td>
</tr>
<tr>
<td>29 NEG. N. 35 PIMKIE</td>
<td>Fashion</td>
<td>National 193</td>
<td>Business Lease</td>
<td>100%</td>
<td>01/07/2005 30/06/2014 30/06/2014</td>
<td>79,147</td>
<td>84,480</td>
</tr>
<tr>
<td>30 NEG. N. 36 CARPISA</td>
<td>Fashion</td>
<td>National 119</td>
<td>Business Lease</td>
<td>100%</td>
<td>01/05/2011 30/04/2018 30/04/2018</td>
<td>52,205</td>
<td>55,312</td>
</tr>
<tr>
<td>31 NEG. N. 37 BLU LAVANDA</td>
<td>Health &amp; Beauty</td>
<td>National 71</td>
<td>Business Lease</td>
<td>100%</td>
<td>01/07/2011 30/06/2018 30/06/2018</td>
<td>51,563</td>
<td>54,719</td>
</tr>
<tr>
<td>5 NEG N. 6 PROFUMERIE GALEAZZI</td>
<td>Health &amp; Beauty</td>
<td>National 413</td>
<td>Business Lease</td>
<td>100%</td>
<td>15/03/2011 24/02/2020 24/02/2020</td>
<td>81,445</td>
<td>86,580</td>
</tr>
<tr>
<td>10 NEG 11/12 SEPHORA</td>
<td>Health &amp; Beauty</td>
<td>National 120</td>
<td>Business Lease</td>
<td>100%</td>
<td>01/07/2011 30/06/2018 30/06/2018</td>
<td>42,091</td>
<td>45,160</td>
</tr>
<tr>
<td>17 NEG 20/21 HOT COFFEE PIZZA &amp; C</td>
<td>Bars &amp; Restaurants</td>
<td>Local 152</td>
<td>Business Lease</td>
<td>100%</td>
<td>18/12/2009 31/10/2018 31/10/2018</td>
<td>42,091</td>
<td>45,160</td>
</tr>
<tr>
<td>23 Neg. 27/28 OTTICA AVANZI</td>
<td>Services</td>
<td>National 120</td>
<td>Business Lease</td>
<td>100%</td>
<td>01/02/2013 31/01/2020 31/01/2020</td>
<td>70,000</td>
<td>74,536</td>
</tr>
<tr>
<td>3 NEG. 3/4 STROILI ORO</td>
<td>Gifts &amp; Other goods</td>
<td>National 71</td>
<td>Business Lease</td>
<td>100%</td>
<td>01/07/2011 30/06/2018 30/06/2018</td>
<td>51,563</td>
<td>54,719</td>
</tr>
<tr>
<td>2 NEG.N. 2 WIND</td>
<td>Services</td>
<td>National 46</td>
<td>Business Lease</td>
<td>100%</td>
<td>26/07/2012 25/07/2019 25/07/2019</td>
<td>28,000</td>
<td>30,692</td>
</tr>
<tr>
<td>3 NEG. 3/4 STROILI ORO</td>
<td>Gifts &amp; Other goods</td>
<td>National 71</td>
<td>Business Lease</td>
<td>100%</td>
<td>01/07/2011 30/06/2018 30/06/2018</td>
<td>51,563</td>
<td>54,719</td>
</tr>
</tbody>
</table>

Total Gallery 8,035 2,493,478 2,493,478 2,503,842 326 2,513,934 327 2,678,064
## Asset Code: 008
### Address:
Porto S. Elpidio Retail Gallery
Porto S. Elpidio

### Valuation Date:
30/06/2013

### Year 1 2 3 4 5 6 7 8 9 10 11 TOTAL

#### Inflation Rate
1.60% 1.90% 2.06% 2.06% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00%

#### Market Growth
0.00% 1.00% 1.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00%

#### Turnover Rent as a % of MGR
1.21% 1.30% 1.26% 1.26% 1.30% 1.30% 1.30% 1.30% 1.30% 1.30% 1.30%

#### Net MGR as a % of MGR
3.28% 3.20% 3.20% 3.20% 3.20% 3.20% 3.20% 3.20% 3.20% 3.20% 3.20%

### INCOME

#### Gross Potential Minimum Guaranteed Rent
2,681,301 2,713,922 2,721,557 2,821,529 2,863,708 2,875,875 2,891,694 2,866,075 2,887,577 2,944,702 3,003,041 31,320,982

#### Rental Concessions
0

#### Rental Loss (*
(41,676) (37,940) (63,387) (11,260) (69,620) (97,741) (85,852) (56,019) 0 0 (3,219) (466,713)

#### Provision for long-term vacancy
0.50% (13,198) (13,380) (13,541) (14,051) (13,970) (13,891) (14,029) (14,050) (14,438) (14,724) (15,427)

#### Turnover Rent
35,000 34,857 35,281 36,030 36,680 37,228 37,386 37,592 37,259 37,539 38,281 403,133

#### Mall Income
88,000 94,987 97,004 98,754 100,230 100,656 101,209 100,313 101,065 103,065 105,106 1,090,389

#### Gross Effective Income
2,749,426 2,792,446 2,826,915 2,931,001 2,917,028 2,902,128 2,930,409 2,933,911 3,011,463 3,070,582 3,128,210 32,193,520

### EXPENDITURES

#### Property Management Fees (MGR)
2.00% (53,626) (54,278) (55,431) (56,431) (57,274) (57,518) (57,834) (57,321) (57,752) (58,894) (60,061) (626,420)

#### Property Management Fees (Turnover Rent)
2.00% (700) (697) (706) (721) (734) (745) (748) (752) (745) (751) (766) (7,908)

#### Property Tax
66,979 67,984 69,343 70,730 72,145 73,588 75,059 76,561 78,092 79,654 81,247 811,381

#### Insurance
27,100 27,507 28,057 28,618 29,190 29,774 30,369 30,977 31,596 32,228 32,873 32,828

#### Lease Registration Tax
0.50% (544) (567) (557) (580) (588) (597) (539) (617) (626) (636) (629) (6,481)

#### Service Charges on Vacant Units
110/sq m (16,186) (10,481) (25,069) (4,088) (15,723) (27,391) (40,647) (25,054) 0 0 (907) (165,547)

#### Other Costs
0 0 0 0 0 0 0 0 0 0 0 0

#### Total Operational Costs
235,945 234,410 253,361 237,235 252,278 266,283 282,414 268,106 246,776 251,669 257,533 2,786,010

#### Net Operating Income
2,513,481 2,558,036 2,573,554 2,693,766 2,664,750 2,635,845 2,647,995 2,665,805 2,764,688 2,818,913 2,870,677 29,407,510

#### Letting fees
11% (26,395) (33,430) (41,835) 0 (36,370) (81,781) (56,662) (36,972) 0 0 (2,125) (315,571)

#### Capital Expenditures
250,013 (105,446) (168,047) (40,555) (18,980) 0 0 0 0 0 0 563,041

#### Total Leasing and Capital Costs
276,408 138,876 189,882 40,555 55,351 81,781 56,662 36,972 0 0 (2,125) 2,419,160 2,383,672 2,653,212 2,609,400 2,554,064 2,591,333 2,628,833 2,764,688 2,818,913 2,868,553 28,528,899

#### Gross Exit Value
41,727,455

#### Sale Costs (legal and technical costs and agency)
1.50% (625,912)

#### Net Exit Value
41,101,543

#### Total Net Cash Flow
2,237,073 2,419,160 2,383,672 2,653,212 2,609,400 2,554,064 2,591,333 2,628,833 2,764,688 43,920,456 66,761,889

#### Discount Rate
7.25%

#### Discount Factor
0.93 0.87 0.81 0.76 0.70 0.66 0.61 0.57 0.53 0.50

#### Discounted Cash Flow
2,085,849 2,103,149 1,932,211 2,005,315 1,838,883 1,678,217 1,587,604 1,501,705 1,472,551 21,811,917 38,017,400

#### Present Value of Annual Income
17,605,420

#### Present Value of Resale @ Year 10
33,928,456 66,761,889

#### Gross Present Value
38,017,400

#### Net Initial Yield
6.10%

#### Gross Initial Yield
7.49%

#### Net Exit Yield (on MGR)
6.88%

#### Net Exit Yield (on Variable Rent)
7.89%

#### Market Value
41,151,545

#### Net Running Yield on Initial Investment
6.10% 6.59% 6.50% 7.23% 7.11% 6.92% 6.88% 6.88% 6.88% 6.88% 6.88% 6.88%

#### Gross Running Yield on Initial Investment
7.49% 7.61% 7.70% 7.99% 7.95% 7.91% 7.98% 7.99% 8.21% 8.37% 8.52% 8.52%

(*) including current vacancy and void period of 2 months at lease expiry.
009
Iper Simply Market Grottammare Retail Gallery
Grottammare (Ascoli Piceno), Italy
Table of Contents

1.0 Valuer Details and Inspection ............................................................................................................................................ 3
2.0 Documentation Provided .................................................................................................................................................. 3
3.0 Location ...................................................................................................................................................................... 3
4.0 Situation ................................................................................................................................................................. 4
5.0 Catchment ............................................................................................................................................................. 5
6.0 Description ........................................................................................................................................................... 8
7.0 Accommodation ..................................................................................................................................................... 9
8.0 Condition ............................................................................................................................................................. 10
9.0 Services, Plant, and Equipment ........................................................................................................................................ 10
10.0 Environmental Considerations ................................................................................................................................... 10
11.0 Statutory Requirements and Town Planning ............................................................................................................. 11
12.0 Cadastral Information .................................................................................................................................................. 12
13.0 Tenure .................................................................................................................................................................. 12
14.0 Occupational Tenancies and Income .......................................................................................................................... 12
15.0 Management, Service Charges, and Non-recoverable Costs ...................................................................................... 16
16.0 Performance .......................................................................................................................................................... 17
17.0 Local Retail Supply .................................................................................................................................................. 18
18.0 Market Rent .......................................................................................................................................................... 19
19.0 Principal Valuation Considerations ............................................................................................................................. 19
20.0 Valuation Methodology and Factors .......................................................................................................................... 20
21.0 Valuation ................................................................................................................................................................. 22
22.0 Reinstatement Cost .................................................................................................................................................. 22

Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plans
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Mario Nicolini and Cristina Brunalli, valuers of Savills Milan.

The Property was inspected on 17 June 2013 by Gianni Flammini MRICS and Cristina Brunalli. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was sunny.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’) and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5_compared.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report-Final.pdf’);
- Details on Gross Area (Excel file ‘Summary_Surfaces.xls’);
- Floor plans (Pdf file ‘GROTTAMMARE planimetria.pdf’);

3.0 Location

Auchan Grottammare Shopping Centre is located in the municipality of Grottammare, in the province of Ascoli Piceno, in the Marche region, in central Italy. The shopping centre is approximately 2.5 km to the south of Grottammare, and some 40 km to the north-east of Ascoli Piceno.

Accessibility by car is good, thanks to proximity of the A14-Autostrada Adriatica motorway, with the Grottammare exit situated at less than 4 km from the shopping centre.
The closest railway station is at less than 4 km, in San Benedetto del Tronto. The international airports of Pescara and Ancona-Falconara are respectively at 80 km and 94 km from the Property.

4.0 Situation

The shopping centre is located in a peripheral area mainly characterised by 3-4-storey residential buildings, close to the sea coast. In the vicinity of the shopping centre are also some warehouses.

The Property is bordered by Via Generale Carlo Alberto dalla Chiesa to the north, sports facilities to the south, Via Salvo d’Acquisto and green areas to the west, and by Via Niccolò Machiavelli to the east.
5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Marche region had approximately 1,540,688 residents. 13.6% of the inhabitants of the region are concentrated in the province of Ascoli Piceno (210,182 people), with a density per sq km of 171 inhabitants (compared to the 164 inhabitants per sq km of the Marche region). The municipality of Grottammare has a population of approximately 15,601.

As to the age structure of the population in the province of Ascoli Piceno, 17.5% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 59.6% is aged 20 to 64 (Italy 60.4%), while the remaining 23.0% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Ascoli Piceno is of approximately €22,733, lower than the average for Central Italy the national average of €25,727 (2010 data). With reference to the national added value, the province of Ascoli Piceno ranks 55th among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (67.94%), followed by the industrial sector (30.21%) and by agriculture (1.86%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Ascoli Piceno is almost in line the Italian average (-0.5 points). The consumption per capita is lower than the Marche average (-5.3 points) and the Italian average (-8.7 points). The non-food component of the total family spending is still predominant at 81.85% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Ascoli Piceno was 12.2%, well above both the Marche regional average (9.1%) and the Italian average (10.7%).

Specifically, in the Marche region, the unemployment rate increased to 9.1% in 2012, compared to 6.7% in 2011 and 5.7% in 2010. (Source: ISTAT)
5.2 Catchment Analysis

We have defined a 10-minute drive time catchment area for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into the 10-minute isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 isochrone analysed for the subject shopping centre is summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>62,489</td>
<td>100.0%</td>
<td>62,489</td>
</tr>
</tbody>
</table>

To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 10 minutes away, corresponding to the above estimate of 62,489 inhabitants.
- The 10-minute catchment area covers some 43 sq km and has a density of 1,454 inhabitants/sq km (compared to the Italian average of 197/sq km). We would point out that the Adriatic coast in the Marche region is a popular tourist destination especially during the summer months, when tourists arrivals further increase the local resident population.
The region overall is quite wealthy, although consumption per capita in the province of Ascoli Piceno is below both the regional and the Italian average.

We have identified one shopping centre just outside the 10-minute isochrone to the south of Grottammare Shopping Centre (for details and comments on the competition, please refer to Section 17.0 of this report).

### 5.3 Tourism Data

The Marche region, especially along the coast, is a popular Italian tourist destination. According to ISTAT data, in 2011, a total of approximately 2.3 million people arrived in the region, for an average stay of 4.9 days (5.0 days in 2010).

Data on tourism is available for the province, but we do not have any details regarding the single municipalities. The province of Ascoli Piceno accounts for about 15% of total tourist arrivals (329,228 people). Compared to 2010, tourist arrivals for the entire region registered an 5.1% increase in 2011, while arrivals in the province of Ascoli Piceno increased by 0.7%.

### 6.0 Description

Iper Simply Market Grottammare Shopping Centre opened to the public in 1995 and its Retail Gallery has a total GLA (Gross Lettable Area) of 4,887 sq m.

The Shopping Centre consists of a gallery developed on three levels, comprising 10 small retail units, 1 medium-sized unit, 2 large-sized units, 2 bars and restaurants, a cash dispenser and an Iper Simply supermarket (17 checkout counters), which is not part of the Property under valuation. Moreover, we understand that the building where the gallery is located comprises some office space, including 1,121 sq m on the 2nd floor and 620 sq m on the 3rd floor, which is not part of the Property under valuation.

The Retail Gallery, on the first level, is developed in front of the supermarket, with two larger units at either end of the main corridor and the small-sized units in front of the supermarket. On the second level, the units are arranged along a ‘Y’-shaped corridor, with a large-sized unit occupying the north portion of this level and the medium-sized unit occupying the south portion. On the third level is the other large-sized unit.

The gallery is accessible directly from the car parks on all three levels.

The exterior of the shopping centre has a fair profile characterised by the white colour of the walls with a red bricks and glazed façade. The internal finishes are of medium-low quality. In the gallery, the ceilings are either plastered or suspended, with skylights providing some natural illumination. Artificial lighting is provided by recessed light fixtures in the suspended ceilings or suspended lamps. The flooring is in light-coloured marble tiles.
The shopping centre is served by an open-air car park, with some covered spaces on the first level and an open-air one by the second level, providing a total of approximately 600 parking spaces. The parking on the second level can be accessed via ramps.

Auchan Shopping Centre is open Monday through Saturday from 8:30 a.m. to 8:30 p.m., and on Sundays from 9:00 a.m. to 8:30 p.m.

A selection of Photographs is attached at Appendix 1.
The Floor Plans are attached at Appendix 2.
The Merchandising Plan is attached at Appendix 3.

7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 4,887 sq m, sub-divided into 15 units and 1 cash dispenser, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>635</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>426</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>304</td>
<td>1</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>586</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>&gt;1,000</td>
<td>2,806</td>
<td>2</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td></td>
<td>130</td>
<td>2</td>
</tr>
<tr>
<td>Cash Dispenser</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4,887</td>
<td>16</td>
</tr>
</tbody>
</table>

The retail gallery offers a diversified merchandising mix, characterised by the strong presence of the Electronics & Telecom sector (31.3% of the total GLA), followed by Fashion (26.7%), as shown in the chart below:
A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.

8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in reasonable condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Legal Due Diligence provided to us, we understand that the Property is located in a former industrial area (Ex-Esso), having a potential high risk of contamination. We have not been provided with further documentation. Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken. We would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.
With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.

11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Marche region, the retail sector is regulated by Regional Law no. 27 dated 10 November 2009. The law decree known as 'Decreto Salva Italia', which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the ‘possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage’. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence provided to us, we understand that a portion of the car park pertaining to the shopping mall, together with the ramp that gives access to the retail gallery, have been transferred to the Municipality. Furthermore the land registry data are not consistent with the Cadastre.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

Based on the Legal Due Diligence provided to us, we understand that the Property does not have a Comprehensive Authorisation. Furthermore, there are 4 medium-size retail authorisations issued by the Municipality which, however, have been fractionated into eleven business units. We understand that this situation represents a considerable risk for the business of the retail units. We would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.
For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Grottammare in full compliance with the current uses.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

Based on the Technical Due Diligence provided to us, we understand that the shopping centre belongs to different owners. Currently there is a condominium without a specific regulation, that after the transfer from GCI, should be regulated. In particular the correct share of property between the parties needs to be calculated and agreed.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, Grottammare Shopping Centre had 2 vacant retail units, for a total GLA of 1,332 sq m.

- Unit 11 NEG 10/11 (1,277 sq m GLA): this unit was previously occupied by Scarpe & Scarpe;
- Unit 12 NEG 12 (55 sq m GLA).

14.2 Lease Terms

Of the 14 leases currently in place, 9 are business leases and 5 are property leases.

From the documentation provided we understand that:

- All the 9 tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 2.0% to 10.0%). 3 of the 5 property leases contain turnover-rent provisions (with percentages ranging from 7.0% to 8.0%).
- The duration of the business lease contracts varies from unit to unit, ranging from 1 to 11 years. 4 of the 5 property leases in place have a 6+6-year duration, while one have a 7 year lease duration.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT.
1 lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.

Considering the assumed expiry dates, the majority of the signed leases will have expired by end of 2017 (55%), as shown in the following chart:

We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

| Parties: | Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona) |
| Duration: | 6+6 years |
| Break Option: | Break option after 36 months with 6 months notice. |
| Rent: | The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (£28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%). |
| Indexation: | The rent will be increased annually by 75% of the ISTAT index from the 2nd year. |
| Stepped Rent: | The lease does not contemplate any stepped rents. |
| Maintenance: | With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit. |
| Insurance: | The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company. |
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.

Lease registration Tax: 50% of the tax will be paid by the tenant and 50% by the landlord.

Right to sublet: The Tenant has no right to sublet the unit or any portion of it.

Assignment: Assignment of the lease contract is permitted.

14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (£32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 100% of the tax will be paid by the tenant.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following tenant can still exercise the break options:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 NEG 4</td>
<td>Unieuro</td>
<td>28/02/2011</td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

1 of the leases in place has a stepped-rent provision. As a result, the stabilised situation will be reached in 2014.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>MGR 2013-2014 (£/yr)</th>
<th>MGR 2014-2015 (£/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 NEG 24</td>
<td>JEAN LOUIS DAVID</td>
<td>28,000</td>
<td>30,000</td>
</tr>
</tbody>
</table>

14.7 Rental Concessions

According to the information provided, we understand that rental concessions for €6,250 were granted in 2013.
14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €704,521, corresponding to an average of €144 per sq m of GLA per annum. This has been calculated based on the information provided by you and taking into account the stepped rents agreed. For the units whose leases expire before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry, and we have applied our estimate of market rent to those units that are currently vacant until the assumed re-letting date. The Gross Effective MGR at the valuation date is in the order of €614,179 (excluding the potential rent of the currently vacant units).

The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail</td>
<td>&lt;50</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Units</td>
<td>50-150</td>
<td>635</td>
<td>261,449</td>
<td>37.1%</td>
<td>412</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>426</td>
<td>85,181</td>
<td>12.1%</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>304</td>
<td>62,008</td>
<td>8.8%</td>
<td>204</td>
</tr>
<tr>
<td>Medium-sized Retail</td>
<td>500-1000</td>
<td>586</td>
<td>52,209</td>
<td>7.4%</td>
<td>90</td>
</tr>
<tr>
<td>Units</td>
<td>&gt;1,000</td>
<td>2,806</td>
<td>186,183</td>
<td>26.4%</td>
<td>66</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>130</td>
<td>56,101</td>
<td>8.0%</td>
<td>432</td>
<td></td>
</tr>
<tr>
<td>Cash Dispenser</td>
<td>1</td>
<td>1,390</td>
<td>0.2%</td>
<td>1,390</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,887</td>
<td>704,521</td>
<td>100.0%</td>
<td>144</td>
<td></td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>130</td>
<td>56,101</td>
<td>8.0%</td>
<td>432</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>1,529</td>
<td>122,347</td>
<td>17.4%</td>
<td>80</td>
</tr>
<tr>
<td>Fashion</td>
<td>1,303</td>
<td>247,452</td>
<td>35.1%</td>
<td>190</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>257</td>
<td>44,837</td>
<td>6.4%</td>
<td>174</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>334</td>
<td>146,559</td>
<td>20.8%</td>
<td>439</td>
</tr>
<tr>
<td>Vacant</td>
<td>1,332</td>
<td>85,836</td>
<td>12.2%</td>
<td>64</td>
</tr>
<tr>
<td>Services</td>
<td>1</td>
<td>1,390</td>
<td>0.2%</td>
<td>1,390</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>4,887</td>
<td>704,521</td>
<td>100.0%</td>
<td>144</td>
</tr>
</tbody>
</table>

The gross Potential Headline MGR is equal to €701,666 (€144 per sq m per annum). As mentioned above, the stabilised situation will be reached in 2014. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, the turnover rent accrued in 2012 and paid in 2013 is equal to €64.

14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €20,069.
15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €525,000. Of these, €319,000 are to be paid by the retail units of the gallery, corresponding to a cost of approximately €65 per sq m of the total GLA, which seems appropriate for this type of scheme.

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €485,770 (€510,059 including the 5% project management fee)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>€210,373</td>
<td>€120,173</td>
<td>€127,154</td>
<td>€9,973</td>
<td>€42,385</td>
</tr>
</tbody>
</table>

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €25,572 per annum.
- Insurance: €13,290 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.5% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €65 per sq m of GLA per annum.
- Rental loss (void): 3 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.

15.5 Rental Arrears and Legal Proceedings

As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.
16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the retail gallery registered some 1,734,650 visitors, corresponding to a 2.6% increase compared to previous year (1,690,600 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery in 2012 is equal to €7,888,312, corresponding to a significant decrease on 2011 (-10.7%). We note that such decrease is mainly due to the poor performance of Unieuro that in 2012 registered a drop in turnover equal to 16%. This is a common trend for the period, where customers in a downturn momentum tend to reduce the purchase of this kind of goods.

The trend over the past three years has been one of stability: in 2011 the turnover amounted to €8,832,816, in line with the €8,832,378 in 2010, when turnover had increased by 1.5% on 2009.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail have an average rent-to-sales ratio (effort rate) of 9.4% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m have an average effort rate of 13.9%, which is good. The majority of the tenants have effort rates in the range between 12% and 20%, and one tenant presents a critical situation (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding the medium- and large-sized units, and excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>3</td>
<td>33%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>5</td>
<td>56%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>1</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>unsustainable</td>
<td>9</td>
<td>100%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA<500 sqm)

<table>
<thead>
<tr>
<th>Effort Rate</th>
<th>2012 Turnover (€)</th>
<th>GLA (sqm)</th>
<th>Turnover (€/sqm)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable/Critical</td>
<td>2,707,218</td>
<td>1,155</td>
<td>2,345</td>
<td>375,571</td>
<td>13.9%</td>
<td></td>
</tr>
<tr>
<td>unsustainable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20.9%</td>
<td>unsustainable</td>
</tr>
</tbody>
</table>

The following table reports our comments with reference to the effort rates of the medium- and large-sized units:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNIEURO</td>
<td>Electronics &amp; Telecom</td>
<td>1,529</td>
<td>2,913,701</td>
<td>121,738</td>
<td>4.2%</td>
<td>Sustainable/Critical</td>
</tr>
<tr>
<td>FUCSIA</td>
<td>Fashion</td>
<td>586</td>
<td>246,300</td>
<td>51,590</td>
<td>20.9%</td>
<td>unsustainable</td>
</tr>
</tbody>
</table>
17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area in order to identify the main competing shopping centres.

1. PORTO GRANDE Shopping Centre

| Location: San Benedetto del Tronto-Porto D’Ascoli (Ascoli Piceno) |
| Opening Date: 2001 |
| Total GLA: 23,100 sq m |
| Number of Retail Units: 39 |
| Food Anchor: Ipercoop |
| Sub-anchors: 3 |
| Parking Spaces: 1,730 |

Porto Grande Shopping Centre is located in San Benedetto del Tronto in the province of Ascoli Piceno, east of the city centre and less than 9 km to the south of Auchan. The shopping centre is developed on a single level, comprising the hypermarket, 1 sub-anchor, 5 bars and restaurants and a gallery with 31 small retail units and 3 medium-sized units. The operators comprise national and local operators, with some international brands, such as Calzedonia, Deichman, Champion, United Colors of Benetton and GameStop. To the south-east of the shopping centre is a Decathlon. Given its size and merchandising offer, Porto Grande shopping centre represents the main competitor for the Auchan Grottammare, though it is located outside the estimated catchment area. Together with the nearby retail activities, Porto Grande creates an appealing shopping destination, that would attract visitors especially during summer months, given the predominantly tourist nature of the location. Furthermore, works for the extension of the shopping centre are expected to be carried out by the end of 2014. According to the project the extension will add 2 external medium-sized units for a total GLA of some 5,000 sq m, and will include further parking spaces and green areas.

Finally, in order to complete our analysis, it is worth mentioning La Fontana Shopping Centre, which is located in San Benedetto del Tronto, less than 6 km to the south of the subject Iper Simply Market. La Fontana Shopping Centre has a GLA of 5,600 sq m and comprises a Maxi Tigre supermarket, and 13 retail units. Although it does not represent a real threat for Grottammare Shopping Centre, La Fontana might have an impact on the southern portion of its primary catchment.

17.2 The Future Retail Supply

We are not aware of any development projects falling within the subject shopping centre’s catchment area.

The following Map highlights the location of the schemes analysed above.
18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Central Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Retail Gallery, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €683,168, 2.64% lower than the Potential Headline Rent. Excluding the vacant units, the headline rent is 3.1% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:

By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The Property consists of a small retail scheme located within the municipality of Grottammare, close to San Benedetto del Tronto, a renowned tourist destination.
- Good accessibility and visibility. The Shopping Centre is easily accessible from the city centre and from the A14 motorway.
• The location provides a fair catchment area with approximately 62,000 inhabitants within the 10-minute drive time. During the summer months the catchment population is increased greatly by tourist arrivals.

• The gallery is developed on three levels, with some cold areas especially on the upper levels.

• The large-sized unit on the second level is characterized by structural limitations, as it is narrow with little visibility from the gallery. Its layout would make it difficult to split into smaller, separate units.

• The supermarket operator (Iper Simply) is a strong food anchor, part of the Auchan Group.

• The gallery has a good line-up of national and international brands (85%), along with some local operators.

• The gallery offers a diversified merchandising mix with high proportion of Electronic & Telecom operators (31.3%), due to the presence of the UniEuro large-sized unit.

• The majority of the lease contracts contain a turnover rent element, which increases the possibility for an investor of benefitting from a potential increase in sales.

• One of the two vacant units consists of a large unit that was still occupied by Scarpe&Scarpe at the time of our visit (lease expiration 30 June 2013). The high vacancy rate (27%) is mostly related to this unit, and we have not received information about any advanced negotiations with a potential new tenant.

• In 2012, the shopping centre registered an increase in footfall (+2.6%) and a significant fall in sales (-10.7%), compared to 2011. This is mainly due to the poor performance of UniEuro that recorded a 16% decrease in sales, corresponding to approximately €700,000, and accounting for 74% of the entire decrease in turnover. We highlight that the Electronics sector in general is suffering; however, we suggest monitoring the situation.

• The retail gallery has an average rent-to-sales ratio (effort rate) of 13.9% (on homogeneous data, excluding large-size units). This result is fairly good and confirms that the Shopping Centre is performing almost well.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flows represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.
Specific assumptions, integral to the analysis, are summarised below.

### 20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €704,521.

- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.

- The estimated Mall Income for 2013/14 is €10,000, representing approximately 1.4% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 1.25% of the gross annual MGR.

### 20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €25,572.
- Insurance: €13,290.
- Letting fees (new leases): 11.0% of the gross annual MGR.

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.5% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €65 per sq m of GLA per annum.
- Rental loss (void): 3 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €210,373 (including 5% property management fee).

### 20.4 Discount Rate, Exit Yield, Acquisition Costs

#### Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 8.00%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.

#### Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period
farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 8.00% to the MGR, while we have applied a yield of 9.00% to the income generated by the temporary lettings. The overall blended gross exit yield is equal to 8.01%.

**Acquisition Costs**

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

### 21.0 Valuation

Following our inspection on 17 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Grottammare Retail Gallery or Shopping Centre, in Grottammare (ascoli Piceno), is in the order of:

€8,140,000.00

(Eight Million One Hundred Forty Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

### 22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of €8,150,000 (excl. VAT).

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (Excl. VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€40/sqm</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>€7,162,100.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (Excl. VAT)</strong></td>
<td><strong>€8,150,000.00</strong></td>
</tr>
</tbody>
</table>
Appendix 1
Photographs
Appendix 2
Floor Plans
Retail gallery 3rd level
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>GCI Location</th>
<th>Tenant Name</th>
<th>Brand</th>
<th>Lease start date</th>
<th>Yearly Inflation %</th>
<th>% Variable Rent</th>
<th>Annualized Rent at Entry (€k)</th>
<th>GLA (sqm)</th>
<th>1st Step Up (Annualized Rent)</th>
<th>1st Step Up Date</th>
<th>2nd Step Up (Annualized Rent)</th>
<th>2nd Step Up Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>9_1</td>
<td>18904814004</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/09/20</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30,670</td>
<td>974</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
</tr>
<tr>
<td>9_2</td>
<td>12292915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>15/10/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>143,532</td>
<td>413,532</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
</tr>
<tr>
<td>9_3</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/03/2007</td>
<td>28/02/2011</td>
<td>YES</td>
<td>1,213,701</td>
<td>2,913,701</td>
<td>28/02/2018</td>
<td>30/06/2018</td>
<td>30/06/2019</td>
<td>n.a</td>
</tr>
<tr>
<td>9_4</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_5</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/03/2007</td>
<td>28/02/2011</td>
<td>YES</td>
<td>1,213,701</td>
<td>2,913,701</td>
<td>28/02/2018</td>
<td>30/06/2018</td>
<td>30/06/2019</td>
<td>n.a</td>
</tr>
<tr>
<td>9_6</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_7</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_8</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_9</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_10</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_11</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_12</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_13</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_14</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_15</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_16</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_17</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_18</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_19</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
<tr>
<td>9_20</td>
<td>12392915002</td>
<td>Grottammare</td>
<td>7486 GROTTAMMARE</td>
<td>CARISAP</td>
<td>01/04/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
<td>267,773</td>
<td>236,047</td>
</tr>
</tbody>
</table>
Appendix 5
Rent Roll
## Infatiation

1.6%  
1.5%  
2.0%  
2.0%  
2.0%  
2.0%  
2.0%  
2.0%  
2.0%  
2.0%  

### Market Growth

- 0.5%  
- 1.0%  
- 1.5%  
- 2.0%  
- 2.0%  
- 2.0%  
- 2.0%  
- 2.0%  
- 2.0%  
- 2.0%  

### Indexation Breakdown

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Second</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GLA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of Retailer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notice Period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Start</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease End</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Tenant Listings

<table>
<thead>
<tr>
<th>No.</th>
<th>Tenant Category</th>
<th>Type of Retailer</th>
<th>Unit no.</th>
<th>Tenant</th>
<th>Category</th>
<th>Type of Contract</th>
<th>GLA (sq m)</th>
<th>Type of Indexation</th>
<th>Indexation Breakdown</th>
<th>Notice Period</th>
<th>Duration</th>
<th>Lease Start</th>
<th>Lease End</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Local</td>
<td>Bars &amp; Restaurants</td>
<td>38</td>
<td>12/A</td>
<td>Pizzeria del Centro</td>
<td>Local</td>
<td>38</td>
<td>Local</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>12/A</td>
<td>12/A</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>National</td>
<td>Fashion</td>
<td>586</td>
<td>12/A</td>
<td>Fucsia</td>
<td>Fashion</td>
<td>586</td>
<td>12/A</td>
<td>Fashion</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>12/A</td>
<td>12/A</td>
</tr>
<tr>
<td>3</td>
<td>National</td>
<td>Fashion</td>
<td>1,529</td>
<td>11</td>
<td>UNIEURO</td>
<td>Electronics &amp; Telecom</td>
<td>1,529</td>
<td>11</td>
<td>Electronics &amp; Telecom</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>National</td>
<td>Fashion</td>
<td>70</td>
<td>7</td>
<td>Yamama</td>
<td>Fashion</td>
<td>70</td>
<td>7</td>
<td>Fashion</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>National</td>
<td>Fashion</td>
<td>110</td>
<td>7</td>
<td>Carpisa</td>
<td>Fashion</td>
<td>110</td>
<td>7</td>
<td>Fashion</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td>National</td>
<td>Fashion</td>
<td>97</td>
<td>12</td>
<td>Jean Louis David</td>
<td>Health &amp; Beauty</td>
<td>97</td>
<td>12</td>
<td>Health &amp; Beauty</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>7</td>
<td>National</td>
<td>Fashion</td>
<td>97</td>
<td>5</td>
<td>Temporare</td>
<td>Gifts &amp; Other goods</td>
<td>97</td>
<td>5</td>
<td>Gifts &amp; Other goods</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>National</td>
<td>Fashion</td>
<td>107</td>
<td>8</td>
<td>Salmoiraga &amp; Vigan</td>
<td>Health &amp; Beauty</td>
<td>107</td>
<td>8</td>
<td>Health &amp; Beauty</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>National</td>
<td>Fashion</td>
<td>304</td>
<td>7</td>
<td>King Sport</td>
<td>Fashion</td>
<td>304</td>
<td>7</td>
<td>Fashion</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>10</td>
<td>National</td>
<td>Fashion</td>
<td>1,529</td>
<td>11</td>
<td>UNIEURO</td>
<td>Electronics &amp; Telecom</td>
<td>1,529</td>
<td>11</td>
<td>Electronics &amp; Telecom</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>11</td>
<td>National</td>
<td>Fashion</td>
<td>70</td>
<td>7</td>
<td>Yamama</td>
<td>Fashion</td>
<td>70</td>
<td>7</td>
<td>Fashion</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>12</td>
<td>National</td>
<td>Fashion</td>
<td>110</td>
<td>7</td>
<td>Carpisa</td>
<td>Fashion</td>
<td>110</td>
<td>7</td>
<td>Fashion</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>13</td>
<td>National</td>
<td>Fashion</td>
<td>97</td>
<td>12</td>
<td>Jean Louis David</td>
<td>Health &amp; Beauty</td>
<td>97</td>
<td>12</td>
<td>Health &amp; Beauty</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>14</td>
<td>National</td>
<td>Fashion</td>
<td>97</td>
<td>5</td>
<td>Temporare</td>
<td>Gifts &amp; Other goods</td>
<td>97</td>
<td>5</td>
<td>Gifts &amp; Other goods</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>15</td>
<td>National</td>
<td>Fashion</td>
<td>107</td>
<td>8</td>
<td>Salmoiraga &amp; Vigan</td>
<td>Health &amp; Beauty</td>
<td>107</td>
<td>8</td>
<td>Health &amp; Beauty</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>16</td>
<td>National</td>
<td>Fashion</td>
<td>304</td>
<td>7</td>
<td>King Sport</td>
<td>Fashion</td>
<td>304</td>
<td>7</td>
<td>Fashion</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>17</td>
<td>National</td>
<td>Fashion</td>
<td>1,529</td>
<td>11</td>
<td>UNIEURO</td>
<td>Electronics &amp; Telecom</td>
<td>1,529</td>
<td>11</td>
<td>Electronics &amp; Telecom</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>18</td>
<td>National</td>
<td>Fashion</td>
<td>70</td>
<td>7</td>
<td>Yamama</td>
<td>Fashion</td>
<td>70</td>
<td>7</td>
<td>Fashion</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>19</td>
<td>National</td>
<td>Fashion</td>
<td>110</td>
<td>7</td>
<td>Carpisa</td>
<td>Fashion</td>
<td>110</td>
<td>7</td>
<td>Fashion</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>20</td>
<td>National</td>
<td>Fashion</td>
<td>97</td>
<td>12</td>
<td>Jean Louis David</td>
<td>Health &amp; Beauty</td>
<td>97</td>
<td>12</td>
<td>Health &amp; Beauty</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>21</td>
<td>National</td>
<td>Fashion</td>
<td>97</td>
<td>5</td>
<td>Temporare</td>
<td>Gifts &amp; Other goods</td>
<td>97</td>
<td>5</td>
<td>Gifts &amp; Other goods</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>22</td>
<td>National</td>
<td>Fashion</td>
<td>107</td>
<td>8</td>
<td>Salmoiraga &amp; Vigan</td>
<td>Health &amp; Beauty</td>
<td>107</td>
<td>8</td>
<td>Health &amp; Beauty</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>23</td>
<td>National</td>
<td>Fashion</td>
<td>304</td>
<td>7</td>
<td>King Sport</td>
<td>Fashion</td>
<td>304</td>
<td>7</td>
<td>Fashion</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>24</td>
<td>National</td>
<td>Fashion</td>
<td>1,529</td>
<td>11</td>
<td>UNIEURO</td>
<td>Electronics &amp; Telecom</td>
<td>1,529</td>
<td>11</td>
<td>Electronics &amp; Telecom</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

### Notes

- Gross Headline Rent
- Rental Concessions
- Turnover Rent
- Market Rent

### Additional Information

- 2013 MGR
- 2013 MGR indexed as at 30/06/2013 (€)
- 2013 MGR indexed as at 01/07/2013 (€)
- 2013 MGR as at 01/07/2013 (€/sqm)
- Gross Headline Rent (€/yr)
- Gross Headline Rent (€/sqm/yr)
- Notes

---

The table contains detailed information about various tenants, including their category, type of retailer, unit number, type of contract, indexation, and other relevant details. It also provides information about gross headline rent, rental concessions, turnover rent, market rent, and notes for each entry.
Appendix 6
Market Value Calculation
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflation Rate</strong></td>
<td>1.60%</td>
<td>1.50%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td><strong>Market Growth</strong></td>
<td>0.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td><strong>Turnover Rent as % of MGR</strong></td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Net Mall Income as a % of MGR</strong></td>
<td>1.42%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
</tr>
</tbody>
</table>

**INCOME**

- **Gross Potential Minimum Guaranteed Rent**: 704,521
- **Rental Concessions**: (-6,250)
- **Rental Loss**: (-110,957)
- **Provision for long-term vacancy**: (0.50%)
- **Mall Income**: 10,000

**EXPENDITURES**

- **Operational Costs**:
  - **Property Management Fees (MGR)**: (13,965)
  - **Property Management Fees (Turnover Rent)**: 0
  - **Property Management Fees (Mall Income)**: (2,000)
  - **Property Tax**: (25,572)
  - **Insurance**: (13,290)
  - **Lease Registration Tax**: (0.50%)
  - **Service Charges on Vacant Units**: €65/sq m
  - **Other Costs**: 0

**Total Operational Costs**: (165,973)

**Net Operating Income**: 428,373

**Leasing and Capital Costs**:

- **Leasing Fees**: (6,714)
- **Capital Expenditures**: (210,373)

**Total Leasing and Capital Costs**: (217,087)

**Total Net Cash Flow**: 211,286

**Gross Exit Value**: 10,387,580

**Sale Costs (legal and technical costs and agency)**: (155,814)

**Net Exit Value**: 10,231,767

**Discounted Cash Flow**: 1,655,445

**Present Value of Annual Income**: 3,686,157

**Present Value of Resale @ Year 10**: 4,739,288

**Gross Initial Yield**: 2.60%

**GrossNet Initial Yield**: 7.30%

**Net Exit Yield (on MGR)**: 7.14%

**Gross Exit Yield (on MGR)**: 8.00%

**Net Exit Yield (on Variable Rent)**: 9.56%

**Gross Exit Yield (on Variable Rent)**: 8.96%

**Net Blended Exit Yield**: 7.15%

**Gross Blended Exit Yield**: 8.01%

**Market Value Rounded**: 8,140,000

**Net Running Yield on Initial Investment**: 2.60% 6.24% 6.69% 7.44% 6.37% 7.83% 8.48% 7.36% 8.80% 8.97% 9.05%

**Gross Running Yield on Initial Investment**: 7.30% 8.89% 9.18% 8.91% 8.53% 9.21% 9.54% 9.14% 9.83% 10.02% 10.13%
010
Auchan Cepagatti Retail Gallery
Cepagatti (Pescara), Italy
Table of Contents

1.0 Valuer Details and Inspection ............................................................................................................................................ 3
2.0 Documentation Provided ................................................................................................................................................... 3
3.0 Location ............................................................................................................................................................................. 3
4.0 Situation ............................................................................................................................................................................. 4
5.0 Catchment ......................................................................................................................................................................... 5
6.0 Description ....................................................................................................................................................................... 8
7.0 Accommodation ................................................................................................................................................................. 9
8.0 Condition ............................................................................................................................................................................ 10
9.0 Services, Plant, and Equipment ....................................................................................................................................... 10
10.0 Environmental Considerations ....................................................................................................................................... 10
11.0 Statutory Requirements and Town Planning .................................................................................................................. 11
12.0 Cadastral Information ..................................................................................................................................................... 12
13.0 Tenure ............................................................................................................................................................................... 12
14.0 Occupational Tenancies and Income .................................................................................................................................. 12
15.0 Management, Service Charges, and Non-recoverable Costs .......................................................................................... 16
16.0 Performance .................................................................................................................................................................... 17
17.0 Local Retail Supply .......................................................................................................................................................... 18
18.0 Market Rent ..................................................................................................................................................................... 20
19.0 Principal Valuation Considerations .................................................................................................................................. 20
20.0 Valuation Methodology and Factors .................................................................................................................................. 21
21.0 Valuation ........................................................................................................................................................................... 23
22.0 Reinstatement Cost ........................................................................................................................................................... 23

Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plans
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Mario Nicolini and Cristina Brunalli, valuers of Savills Milan.

The Property was inspected on 17 June 2013 by Gianni Flammini MRICS and Cristina Brunalli. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was sunny.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’) and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5_compared.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report- Final.pdf’);
- Detail on Gross Area (Excel file ‘Summary_Surfaces.xls’)
- Floor plans (Pdf file ‘CEPAGATTI planimetria.pdf’);

3.0 Location

Auchan Cepagatti Shopping Centre is located in the municipality of Cepagatti, in the province of Pescara, in the southern region of Abruzzo. The shopping centre is approximately 10 km to the south-west of Pescara city centre.

Auchan Cepagatti Shopping Centre is easily accessible from the motorway: the Villanova exit of the A25-Strada dei Parchi motorway is less than 3 km from the Property, close to the junction with the A14-Adriatica motorway. Accessibility
from Cepagatti is also good thanks to the vicinity of State Road SS602. The centre is situated at the end of a secondary road that intersects SS602.

The closest railway station is Pescara S. Marco, located approximately 9.5 km to the north-east of the subject centre. The Aeroporto d’Abruzzo airport of Pescara is at some 9 km from the Auchan Shopping Centre.

![Map of Macrolocation](image)

### 4.0 Situation

Auchan Cepagatti Shopping Centre is located in a peripheral area mainly characterised by the presence of warehouses and farmland, with some retail boxes and a few residential buildings, some of which house retail activities on the ground floor.

![Aerial View of Auchan Cepagatti Shopping Centre](image)

The Property is bordered by green areas/farmland and by the Pescara river to the north-east, a number of warehouses to the south-east, a warehouse and some residential buildings to the north-west and farmland to the south-west.
5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Abruzzo region had approximately 1,306,416 residents. 24.1% of the inhabitants of the region are concentrated in the province of Pescara (314,391 people), with a density per sq km of 264 inhabitants (compared to the 121 inhabitants per sq km of the Abruzzo region). The municipality of Cepagatti has a population of approximately 10,432.

As to the age structure of the population in the province of Pescara, 18.5% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 60.0% is aged 20 to 64 (Italy 60.4%), while the remaining 21.5% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Pescara is of approximately €22,166, higher compared to the average for Southern Italy, and below the national average of €25,727 (2010 data). With reference to the national added value, the province of Pescara ranks 68th among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (74.15%), followed by the industrial sector (23.98%) and by agriculture (1.87%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Pescara is much lower than the Italian average (-14.4 points). The consumption per capita, however, is slightly higher than the Abruzzo average (-10.3 points) but below the Italian average (-6.1 points). The non-food component of the total family spending is still predominant at 83.32% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Pescara was 12.8%, above both the Abruzzo regional average (10.8%) and the Italian average (10.7%).

Specifically, in the Abruzzo region, the unemployment rate significantly increased to 10.8% in 2012, compared to 8.8% in 2010 and 8.5% in 2011. (Source: ISTAT)
5.2 Catchment Analysis

We have defined a 10-minute drive time catchment area for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into the 10-minute isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 isochrone analysed for the subject shopping centre is summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>41,718</td>
<td>100.0%</td>
<td>41,718</td>
</tr>
</tbody>
</table>

To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 10 minutes away, corresponding to the above estimate of 41,718 inhabitants.
- The 10-minute catchment area covers some 84 sq km and has a density of 497 inhabitants/sq km (compared to the Italian average of 197/sq km).
The region overall is not very wealthy, and consumption per capita in the province of Pescara is above the regional average but below the Italian average.

We have identified 3 shopping centres located in the area of which 2 within the 10-minute isochrone (for details and comments on the competition, please refer to Section 17.0 of this report).

6.0 Description

The subject shopping centre opened in the 1980s, when, as we understand, it was anchored by an Interspar hypermarket. The Auchan opened to the public in 2001 and its Retail Gallery has a total GLA (Gross Lettable Area) of 17,620 sq m.

The Shopping Centre consists of a gallery developed on two levels, with the second one accommodating only a children’s play area. On the first level, the retail gallery comprises 27 small retail units, 1 medium-sized unit, 3 large-sized units, one of which has a GLA of more than 10,000 sq m, 3 bars and restaurants, 2 storage units, a cash dispenser, and an Auchan hypermarket, which is not part of the Property under valuation.

The Retail Gallery is developed in front and to the south-west of the hypermarket, where the large-sized units are located. The gallery is accessible directly from the open-air car park via two main entrances situated along the main façade, one in the middle and the other one at the north-eastern corner of the centre. The portion of gallery occupying the south-west portion of the shopping centre seems to be a ‘cold’ area, as the layout of the centre does not favour an effective internal circulation of visitors. Moreover, the large-sized unit, adjacent to the restaurant, which at the date of our inspection was vacant, is characterized by a very small shop window, which would make the marketing of the unit highly difficult.

The exterior of the shopping centre has a low profile characterised by red colour pre-concrete panels, which are partially decorated with red and green serigraphies. The internal finishes are of low quality. Parts of the gallery have plastered ceilings, while in some areas the roofing structure is visible. Lighting is provided by recessed light fixtures in the suspended ceilings or suspended lamps. The flooring is in light-coloured marble tiles.

The shopping centre is served by an open-air car park at ground level, providing circa 1,200 parking spaces.
Auchan Cepagatti Shopping Centre is open every day from 8:30 a.m. to 9:00 p.m.

A selection of Photographs is attached at Appendix 1.
The Floor Plans are attached at Appendix 2.
The Merchandising Plan is attached at Appendix 3.

7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 17,620 sq. m, sub-divided into 34 units, 1 cash dispenser, and 2 storage units, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>239</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,435</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>179</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>908</td>
<td>2</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>650</td>
<td>1</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>13,555</td>
<td>3</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td></td>
<td>651</td>
<td>3</td>
</tr>
<tr>
<td>Cash Dispenser</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Storage</td>
<td></td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>17,620</td>
<td>37</td>
</tr>
</tbody>
</table>

The retail gallery offers a diversified merchandising mix, characterised by a strong presence of the Electronic & Telecom sector (61.8% of the total GLA). Actually the latter data might be misleading. This because the largest MSU-10,668 sq. m, even if branded as Expert (Electronic) also hosts furniture, a small portion of DIY and off course Electronic & Telecom sector. Chart below is showing the surfaces breakdown.
A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.

8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in fair, condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.
11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Abruzzo region, the retail sector is regulated by Regional Law no.62 dated 09 August 1999.

The law decree known as 'Decreto Salva Italia', which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the 'possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage'. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence provided to us, we understand that the mall has some building irregularities. GCI has declared that a SCIA (Commencement of Works Certificate) has been filed with the Municipality which should resolve this issue. From the Legal Due Diligence provided, we understand that no documentation related to this issue has been provided yet. We would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

Furthermore we understand that some areas are owned by the State and occupied with concession deeds.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.
12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with
the Land and Building Registries of the Municipality of Cepagatti in full compliance with the current uses.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any
enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently
owned by Gallerie Commerciali Italia S.p.A.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and
marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual
obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over
the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to
us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, the Retail Gallery had 8 vacant retail units, for a total GLA of 1,519 sq m.

- Unit 39 MS02 (1,159 sq m GLA);
- Unit 30 Neg 10 (53 sq m GLA);
- Unit 32 Neg 11+12 (64 sq m GLA);
- Unit 50 Neg 20 (16 sq m GLA);
- Unit 16 Neg 22 (33 sq m GLA);
- Unit 17 Neg 23 (66 sq m GLA);
- Unit 19 Neg 24 (110 sq m GLA);
- Unit 20 Neg 26 (19 sq m GLA).

14.2 Lease Terms

Of the 29 leases currently in place, 21 are business leases, 4 are property leases, and 4 are reported as "other" in the
documentation provided.

From the documentation provided we understand that:

- 18 of the 21 tenants with business leases pay the higher of two amounts, consisting of either the base
  rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging
  from 3.5% to 12.0%). 1 of the 4 property leases and 3 of the 4 "other" leases contain turnover-rent
  provisions (with percentages ranging from 2.0% to 7.0%).
- The duration of the business lease contracts varies from unit to unit, ranging from 5 to 13 years. The 4
  property leases in place have a 6+6-year duration, while the "other" leases have durations ranging from 2
to 12 years.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts
  contemplate indexation in the order of 75% of ISTAT. Of the 4 "other" leases, 2 are indexed at 100% and
  2 at 75%.
• 3 of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.

Considering the assumed expiry dates, the majority of the signed leases will have expired by end of 2018 (63%), as shown in the following chart:

We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona)
Duration: 6+6 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).
Indexation: The rent will be increased annually by 75% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 100% of the tax will be paid by the tenant.
Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following 2 tenants can still exercise their break options:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 MS05</td>
<td>CONBIPEL</td>
<td>30/10/2014</td>
</tr>
<tr>
<td>2 MS07</td>
<td>EXPERT</td>
<td>01/06/2015</td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

3 of the leases in place have stepped-rent provisions. As a result, the stabilised situation will be reached in 2014.

We report below the list of tenants benefitting from stepped-rent agreements:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>MGR 2013-2014 (£/yr)</th>
<th>MGR 2014-2015 (£/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 MS07</td>
<td>EXPERT</td>
<td>340,749</td>
<td>369,912</td>
</tr>
<tr>
<td>28 Neg. 08/A</td>
<td>STROLI ORO</td>
<td>18,500</td>
<td>20,000</td>
</tr>
<tr>
<td>6 Neg.4</td>
<td>TIM</td>
<td>25,000</td>
<td>27,500</td>
</tr>
</tbody>
</table>
14.7 Rental Concessions

According to the information provided, we understand that rental concessions were granted in 2013 for a total amount of €11,990.

14.8 Minimum Guaranteed Rent

The July 2013/June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €1,644,332, corresponding to an average of €93 per sq m of GLA per annum. This has been calculated based on the information provided by you and taking into account the stepped rents agreed. For the units whose leases expire before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry, and we have applied our estimate of market rent to those units that are currently vacant until the assumed re-letting date. The Gross Effective MGR at the valuation date is in the order of €1,421,103 (excluding the potential rent of the currently vacant units).

The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>239</td>
<td>93,864</td>
<td>5.7%</td>
<td>394</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,435</td>
<td>594,422</td>
<td>36.1%</td>
<td>414</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>179</td>
<td>15,347</td>
<td>0.9%</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>908</td>
<td>65,492</td>
<td>4.0%</td>
<td>72</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>650</td>
<td>154,763</td>
<td>9.4%</td>
<td>238</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>13,555</td>
<td>541,826</td>
<td>33.0%</td>
<td>40</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>651</td>
<td>171,594</td>
<td>10.4%</td>
<td>264</td>
<td></td>
</tr>
<tr>
<td>Cash Dispenser</td>
<td>1</td>
<td>2,210</td>
<td>0.1%</td>
<td>2,210</td>
<td></td>
</tr>
<tr>
<td>Storage</td>
<td>2</td>
<td>4,813</td>
<td>0.3%</td>
<td>2,407</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>17,620</td>
<td>1,644,332</td>
<td>93</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>651</td>
<td>171,594</td>
<td>10.4%</td>
<td>264</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>10,886</td>
<td>431,462</td>
<td>26.2%</td>
<td>40</td>
</tr>
<tr>
<td>Fashion</td>
<td>3,773</td>
<td>669,429</td>
<td>40.7%</td>
<td>177</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>177</td>
<td>90,565</td>
<td>5.5%</td>
<td>512</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>109</td>
<td>50,123</td>
<td>3.0%</td>
<td>460</td>
</tr>
<tr>
<td>Services</td>
<td>504</td>
<td>13,972</td>
<td>0.8%</td>
<td>28</td>
</tr>
<tr>
<td>Storage</td>
<td>2</td>
<td>4,813</td>
<td>0.3%</td>
<td>2,407</td>
</tr>
<tr>
<td>Vacant</td>
<td>1,519</td>
<td>212,373</td>
<td>12.9%</td>
<td>140</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>17,620</td>
<td>1,644,332</td>
<td>100.0%</td>
<td>93</td>
</tr>
</tbody>
</table>

The gross Potential Headline MGR is equal to €1,664,405 (€94 per sq m per annum). As mentioned above, the stabilised situation will be reached in 2014. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, no turnover rent was paid in 2013.
14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €55,545.

15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €1,216,000. Of these, €963,000 are to be paid by the retail units of the gallery, corresponding to a cost of approximately €60 per sq m of the total GLA, which seems appropriate for this type of scheme.

Please note that one tenant has a cap on the Service Charges: Unit 2MS07 – Expert (€250,000/yr). Based on the budget provided, no service charges will be paid by the landlord for this unit in 2013.

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €485,689 (€509,973 including the 5% project management fee):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€98,860</td>
<td>€115,739</td>
<td>€102,477</td>
<td>€48,224</td>
<td>€144,673</td>
</tr>
</tbody>
</table>

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €122,834 per annum.
- Insurance: €43,266 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 3.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €60 per sq m of GLA per annum.
- Rental loss (void): 9 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.
15.5 Rental Arrears and Legal Proceedings

As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.

16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the retail gallery registered some 2,101,899 visitors, corresponding to a -6.5% decrease compared to 2011 (2,247,580 visitors).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery in 2012 is equal to €17,155,240, showing a significant decrease on 2011 (-19.0%). This is mainly due to Expert/Papino Brico’s strong drop in sales, losing approximately €3,000,000 in 2012 (-27% on 2011). The reason for this may be the opening of an IKEA store in mid 2012, which is in competition with the Expert/Papino Brico unit for the portion related to furniture and appliances.

Because of its large size in relation with the entire scheme (61% of the total GLA), also the trend in performance over the past three years has been strongly affected by the turnover of Expert/Papino Brico, which opened in 2010 and performed very well in 2011. Considering the retail gallery as a whole, in 2011 the turnover amounted to €21,175,848, +21.2% compared to the €17,477,337 in 2010, when turnover had increased by 25.9% on 2009.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery has an average rent-to-sales ratio (effort rate) of 10.4% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m, have an average effort rate of 15.0%, which is fair. One third of the tenants have effort rates below 12%, and 4 tenant presents a critical situation (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding the medium- and large-sized units, and excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>6</td>
<td>30%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>7</td>
<td>35%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>7</td>
<td>35%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Effort Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Turnover (€)</td>
</tr>
<tr>
<td>GLA (sqm)</td>
</tr>
<tr>
<td>Turnover (€/sqm)</td>
</tr>
<tr>
<td>2013 MGR (€)</td>
</tr>
<tr>
<td>Effort Rate</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA<500 sqm)

The following table reports our comments with reference to the effort rates of the medium- and large-sized units:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expert</td>
<td>Electronics &amp; Telecom</td>
<td>10,668</td>
<td>6,561,157</td>
<td>345,217</td>
<td>5.3%</td>
<td>unsustainable</td>
</tr>
<tr>
<td>fcusia</td>
<td>Fashion</td>
<td>1,728</td>
<td>539,680</td>
<td>85,200</td>
<td>15.8%</td>
<td>unsustainable</td>
</tr>
<tr>
<td>CONBIPEL</td>
<td>Fashion</td>
<td>650</td>
<td>818,400</td>
<td>154,377</td>
<td>18.9%</td>
<td>unsustainable</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA <500 sqm)
17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area in order to identify the main competing shopping centres.

### 1. CENTRO D’ABRUZZO Shopping Centre

| Location: | S. Giovanni Teatino (Chieti) |
| Opening Date: | 2001 |
| Total GLA: | 23,832 sq m |
| Number of Retail Units: | 33 |
| Food Anchor: | Ipercoop |
| Sub-anchors: | 3 |
| Parking Spaces: | 1,730 |

Centro d’Abruzzo Shopping Centre is located in San Giovanni Teatino, in the province of Chieti, at 4 km from the subject shopping centre. Centro d’Abruzzo Shopping Centre is developed on a single level, comprising a hypermarket (38 checkout counters), 3 sub-anchors (Decathlon, Euronics, and Piazza Italia), and a number of units accommodating good quality brands such as Artigli, Sephora, Stroli Oro, Game Stop, Calzedonia, Fergi, Giorgia&Johns, in addition to some local operators and a small food court. The centre is provided with both covered and open-air parking spaces. The shopping centre is situated in a retail/light-industrial district, which accommodates other retail activities such as OBI, Saturn, OVS, Metro, Mercatone Uno, Poltrone & Sofà, Leroy Merlin, Pittarello, making this area a more appealing shopping destination. Works for the extension of the retail gallery are currently underway (for more details see paragraph 17.2).

### 2. L’Arca Shopping Centre

| Location: | Spoltore (Chieti) |
| Opening Date: | 2005 |
| Total GLA: | 14,668 sq m |
| Number of Retail Units: | 37 |
| Food Anchor: | Iper Simply |
| Sub-anchors: | Multiplex |
| Parking Spaces: | 90 |

L’Arca Shopping Centre is located in Spoltore, in the province of Chieti, less than 6 km to the north-east of the subject shopping centre. It comprises a hypermarket and 37 retail units mainly accommodating local operators. The centre also houses a Multiplex cinema with 2,506 seats. L’Arca Shopping Centre has an influence on the north-eastern portion of Auchan Cepagatti’s primary catchment.

### 3. MEGALÒ Shopping Centre

| Location: | Chieti Scalo (Chieti) |
| Opening Date: | 2005 |
| Total GLA: | 50,000 sq m |
| Number of Retail Units: | 110 |
| Food Anchor: | E Leclerc |
| Sub-anchors: | 7 + Cinema |
| Parking Spaces: | 2,800 |

Megalò Shopping Centre is located in Chieti Scalo, in the Santa Filomena locality, approximately 10 km to the south-west of the subject shopping centre. Megalò Shopping centre is developed on two levels, with the first accommodating the hypermarket, 7 sub-anchors (Media World, Scarpe & Scarpe, H&M, Brico Io, Zara, Dell’Arte e Game 7) and a great number of high quality retail units such as Desigual, Motivi, Levis, Guess, Calvin Klein, Yamamay, Max & Co, while the second level accommodates the food court and the 9 screen cinema Movieland. Megalò Shopping Centre is not within the catchment area considered for the subject Property, and, given its size and format, is not in direct competition with it. Megalò is a regional centre, and therefore it represents a different kind of shopping destination from Auchan Cepagatti Shopping Centre, providing not only a wider and higher quality retail offer, but also leisure activities.

We would highlight that another Auchan asset, part of the portfolio under valuation, namely Auchan Pescara Retail Gallery, is within the primary catchment area.

Finally, it is worth mentioning the presence of an Ikea Store close to the Pescara Ovest-Chieti exit of the A14-Adriatica motorway, 6.5 km from the subject shopping centre. This scheme represents a competitor for the subject Retail Gallery, considering that the latter houses a large-sized unit of more than 10,000 sq m, 40% of which dedicated to household goods and furniture.
17.2 The Future Retail Supply

We report below the future retail supply expected to be developed in the catchment area of the subject Shopping Centre:

**A. CENTRO D’ABRUZZO Shopping Centre - EXTENSION**

According to the project 20 new shops, of which 2 medium-sized units, will be added to the retail gallery of Centro d’Abruzzo Shopping Centre, for a total of 3,000 sq m. Parking provision will be increased too, with 1,900 further parking spaces. Works are currently under way. The extension would further strengthen the appeal of the centre, and this is likely to have an impact on the Property, whose catchment is already significantly influenced by Centro d’Abruzzo Shopping Centre.

**B. CHIETI SCALO Retail Park**

According to the project, Chieti Scalo Retail Park will be built in front of Megalò Shopping Centre and will have a GLA of 42,000 sq m. This development would further increase the appeal of this retail pole. Timing for the development however is uncertain as works have not started yet.

The following Map highlights the location of the schemes analysed above.
18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Central Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Retail Gallery, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €1,451,041, considerably below the Potential Headline Rent (-12.82%). Excluding the vacant units, the headline rent is 17.22% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:

By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The area where the Property is located is mainly characterised by the presence of light-industrial warehouses and by farmland. The limited retail offer in the area does not allow any synergies with the Property to increase the appeal of the area.

- Good accessibility and visibility.
• The location provides a limited catchment area with approximately 42,000 inhabitants within the 10-minute drive time. Consumption of the province is above the regional average but below the national average.

• The Property is characterised by low quality materials and finishes.

• The south-west portion of the Gallery seems to be a ‘cold’ area.

• The hypermarket operator (Auchan) is a strong food anchor.

• The gallery has a good line-up of national and international brands (66%), along with some local operators.

• 8 units in the Retail Gallery are not occupied as at the valuation date, corresponding to a vacancy rate of 8.6%.

• In 2012, the retail gallery registered decreases in both footfall (-6.5%) and sales (-19.0%), compared to 2011. The performance of the retail gallery is strongly affected by the turnover of Expert/Papino Brico (10,668 sq m GLA), which, due to an increase in the competition, has recorded a significant drop in sales.

• The effort rates for the medium-sized unit and the two large-sized units that are currently occupied are unsustainable and this could be a threat for the performance of the retail gallery.

• The Shopping Centre has an average rent-to-sales ratio (effort rate) of 15.0% (on homogeneous data, excluding the medium/large units). While this result is fair overall, it should be noted that the retail gallery is currently affected by the low performances of the sub-anchors mentioned above.

### 20.0 Valuation Methodology and Factors

#### 20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.
20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €1,644,332.

- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.

- The estimated Mall Income for 2013/14 is €73,412, representing approximately 4.5% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 2.5% of the gross annual MGR.

20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €122,834.
- Insurance: €43,266.
- Letting fees (new leases): 11.0% of the gross annual MGR.

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 3.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €60 per sq m of GLA per annum.
- Rental loss (void): 9 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €98,860 (including 5% property management fee).

20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 11.50%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.

Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period
farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 11.00% to the MGR, while we have applied a yield of 12.00% to the income generated by the temporary lettings. The overall blended gross exit yield is equal to 11.02%.

**Acquisition Costs**

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

### 21.0 Valuation

Following our inspection on 17 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Ceppagatti Retail Gallery, in Ceppagatti (Pescara), is in the order of:

€11,310,000.00

*(Eleven Million Three Hundred Ten Thousand Euros)*

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

### 22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of €20,000,000 (excl. VAT).

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€902,120.00</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>€17,365,810.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>€1,736,581.00</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td><strong>€20,000,000.00</strong></td>
</tr>
</tbody>
</table>
Appendix 1
Photographs
Auchan Shopping Centre

Retail Gallery

Large-sized unit 2MS07 – Expert/Papino Brico

Auchan hypermarket checkout counters

Cold area on the south-west portion of the centre

Open-Air Car Park
Appendix 2
Floor Plans
Appendix 3
Merchandising Plan
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>Cepagatti 1861</th>
<th>Brand</th>
<th>Lease start date</th>
<th>Lease end date</th>
<th>Contract Type</th>
<th>% Indexation</th>
<th>% Variable Rent</th>
<th>Annualized Rent (Annualized Rent) Step up Date</th>
<th>First Break Option</th>
<th>Yearly Inflation</th>
<th>Net Turnover</th>
<th>1st Step</th>
<th>2st Step</th>
<th>Up Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>10_2</td>
<td>MS01</td>
<td>Cepagatti 1861</td>
<td>1861</td>
<td>01/01/2012</td>
<td>n.a.</td>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>2,000</td>
<td></td>
<td></td>
<td>1,100</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>10_3</td>
<td>MS02</td>
<td>Cepagatti 1861</td>
<td>CEPAGATTI</td>
<td>01/01/2010</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>0</td>
<td>0</td>
<td>1,159</td>
<td></td>
<td></td>
<td>335,140</td>
<td>14</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>10_4</td>
<td>MS03</td>
<td>Cepagatti 1861</td>
<td>CEPAGATTI</td>
<td>15/03/2011</td>
<td>31/12/2014</td>
<td>Business Lease</td>
<td>100</td>
<td>11</td>
<td>55,290</td>
<td>552,682</td>
<td></td>
<td>2,360,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_5</td>
<td>MS04</td>
<td>Cepagatti 1861</td>
<td>CEPAGATTI</td>
<td>01/01/2010</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>12</td>
<td>57,919</td>
<td>335,140</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_6</td>
<td>MS06</td>
<td>Cepagatti 1861</td>
<td>CEPAGATTI</td>
<td>01/12/2010</td>
<td>n.a.</td>
<td>Business Lease</td>
<td>100</td>
<td>9</td>
<td>84,583</td>
<td>539,680</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_7</td>
<td>MS07</td>
<td>Cepagatti 1861</td>
<td>PAPINO ELETTRODOMESTICI S.P.A.</td>
<td>01/06/2010</td>
<td>30/06/2019</td>
<td>Business Lease</td>
<td>100</td>
<td>-</td>
<td>340,749</td>
<td>6,561,157</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_8</td>
<td>MS08</td>
<td>Cepagatti 1861</td>
<td>GAMESTOP ITALY SRL</td>
<td>15/10/2010</td>
<td>04/10/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>4</td>
<td>10,625</td>
<td>262,690</td>
<td></td>
<td>750,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_9</td>
<td>MS09</td>
<td>Cepagatti 1861</td>
<td>VALLE ATERNO SRL</td>
<td>01/05/2008</td>
<td>30/04/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>48,910</td>
<td>523,704</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_10</td>
<td>MS10</td>
<td>Cepagatti 1861</td>
<td>MAVERIK SRL</td>
<td>01/07/2009</td>
<td>15/11/2014</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>59,201</td>
<td>285,685</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_11</td>
<td>MS11</td>
<td>Cepagatti 1861</td>
<td>PROFUMERIE DOUGLAS SPA</td>
<td>16/02/2012</td>
<td>15/02/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>5</td>
<td>35,000</td>
<td>328,567</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_12</td>
<td>MS12</td>
<td>Cepagatti 1861</td>
<td>CALI' SRL</td>
<td>01/07/2011</td>
<td>30/06/2018</td>
<td>Business Lease</td>
<td>100</td>
<td>11</td>
<td>44,344</td>
<td>316,874</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_13</td>
<td>MS13</td>
<td>Cepagatti 1861</td>
<td>STROILI ORO SPA</td>
<td>01/09/2012</td>
<td>31/08/2020</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>18,500</td>
<td>62,436</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_14</td>
<td>MS14</td>
<td>Cepagatti 1861</td>
<td>ANGELO RANDAZZO SRL</td>
<td>01/07/2008</td>
<td>30/06/2015</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>49,334</td>
<td>403,969</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_15</td>
<td>MS15</td>
<td>Cepagatti 1861</td>
<td>NEMO S.A.S.di TOMASETTI ELISA &amp; C./</td>
<td>01/10/2006</td>
<td>30/09/2013</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>40,603</td>
<td>190,830</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_16</td>
<td>MS16</td>
<td>Cepagatti 1861</td>
<td>FOLLIEGROSS SRL</td>
<td>20/03/2011</td>
<td>19/03/2018</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>70,597</td>
<td>426,798</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_17</td>
<td>MS17</td>
<td>Cepagatti 1861</td>
<td>LOSCALZO MICHELE</td>
<td>01/03/2004</td>
<td>28/02/2016</td>
<td>Other</td>
<td>75</td>
<td>5</td>
<td>5,732</td>
<td>39,918</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_18</td>
<td>MS18</td>
<td>Cepagatti 1861</td>
<td>Pirocco ANTONIETTA</td>
<td>15/04/2010</td>
<td>14/04/2022</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>7</td>
<td>23,092</td>
<td>49,942</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_19</td>
<td>MS19</td>
<td>Cepagatti 1861</td>
<td>DI FEDERICO GABRIELLA</td>
<td>01/01/2008</td>
<td>n.a.</td>
<td>Other</td>
<td>100</td>
<td>7</td>
<td>48,626</td>
<td>99,056</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_20</td>
<td>MS20</td>
<td>Cepagatti 1861</td>
<td>4G RETAIL SRL</td>
<td>11/07/2012</td>
<td>10/07/2019</td>
<td>Business Lease</td>
<td>100</td>
<td>4</td>
<td>25,000</td>
<td>52,193</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_21</td>
<td>MS21</td>
<td>Cepagatti 1861</td>
<td>Lavanderia</td>
<td>01/04/2013</td>
<td>n.a.</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>-</td>
<td>6,000</td>
<td></td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>10_22</td>
<td>MS22</td>
<td>Cepagatti 1861</td>
<td>PIROCCO ANTONIETTA</td>
<td>15/04/2010</td>
<td>14/04/2022</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>7</td>
<td>23,092</td>
<td>49,942</td>
<td></td>
<td>1,500,000</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 5
Rent Roll
<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Category</th>
<th>Type of Retail</th>
<th>GLA</th>
<th>indexed as at</th>
<th>Headline Rent (€/yr)</th>
<th>Headline Rent (€/sqm/yr)</th>
<th>Stepped (€/yr)</th>
<th>Stepped (€/sqm/yr)</th>
<th>Total Galleries</th>
<th>Total Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>39</td>
<td>MS02 VACANT</td>
<td>Vacant</td>
<td>Vacant</td>
<td>1,159</td>
<td></td>
<td>109,612</td>
<td>96,100</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>40</td>
<td>MS06 FUCSIA</td>
<td>Fashion</td>
<td>National</td>
<td>1,728</td>
<td></td>
<td>385,498</td>
<td>223,180</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>MS07 EXPERT</td>
<td>Electronics &amp; Telecom</td>
<td>National</td>
<td>10,668</td>
<td></td>
<td>385,498</td>
<td>35,954</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>1</td>
<td>Neg. 02 SARNI</td>
<td>Bars &amp; Restaurants</td>
<td>Local</td>
<td>61</td>
<td></td>
<td>51,710</td>
<td>863</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>Neg. 03 DI VARESE</td>
<td>Fashion</td>
<td>National</td>
<td>116</td>
<td></td>
<td>48,921</td>
<td>430</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>13</td>
<td>Neg. 13 3</td>
<td>Electronics &amp; Telecom</td>
<td>International</td>
<td>45</td>
<td></td>
<td>19,412</td>
<td>428</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>8</td>
<td>Neg. 18 GIOCLA'</td>
<td>Fashion</td>
<td>Local</td>
<td>179</td>
<td></td>
<td>15,271</td>
<td>833</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>15</td>
<td>Neg. 21 CALZOLAIO</td>
<td>Services</td>
<td>Local</td>
<td>13</td>
<td></td>
<td>5,724</td>
<td>432</td>
<td></td>
<td></td>
<td></td>
<td>75%</td>
</tr>
<tr>
<td>16</td>
<td>Neg. 22 VACANT</td>
<td>Vacant</td>
<td>Vacant</td>
<td>33</td>
<td></td>
<td>10,450</td>
<td>321</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>17</td>
<td>Neg. 23 VACANT</td>
<td>Vacant</td>
<td>Vacant</td>
<td>66</td>
<td></td>
<td>21,223</td>
<td>318</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>19</td>
<td>Neg. 24 VACANT</td>
<td>Vacant</td>
<td>Vacant</td>
<td>110</td>
<td></td>
<td>35,373</td>
<td>321</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>20</td>
<td>Neg. 26 VACANT</td>
<td>Vacant</td>
<td>Vacant</td>
<td>19</td>
<td></td>
<td>5,949</td>
<td>323</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>21</td>
<td>Neg. 27 PIROCCO</td>
<td>Fashion</td>
<td>Local</td>
<td>67</td>
<td></td>
<td>23,380</td>
<td>349</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>22</td>
<td>Neg. 28 PRESTIGE</td>
<td>Fashion</td>
<td>National</td>
<td>81</td>
<td></td>
<td>48,807</td>
<td>599</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>9</td>
<td>Neg.16BIS GOLDEN POINT</td>
<td>Fashion</td>
<td>National</td>
<td>73</td>
<td></td>
<td>34,229</td>
<td>466</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>6</td>
<td>Neg.4 TIM</td>
<td>Electronics &amp; Telecom</td>
<td>National</td>
<td>56</td>
<td></td>
<td>29,621</td>
<td>533</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>53</td>
<td>Uffici CAMPERCHIOLI</td>
<td>Storage</td>
<td>National</td>
<td>1</td>
<td></td>
<td>5,086</td>
<td>580</td>
<td></td>
<td></td>
<td></td>
<td>75%</td>
</tr>
</tbody>
</table>

Total Gallery 17,620  1,421,103  1,421,103  1,423,549  89  1,670,795  1,682,969  1,637,204  1,605,588  1,633,376  1,662,510  1,686,516  1,719,866
Appendix 6
Market Value Calculation
### Valuation Details

- **Asset Code:** 010
- **Asset:** Cepagatti Retail Gallery
- **Address:** Cepagatti (Pescara), Italy
- **Valuation Date:** 30/06/2013

### Financial Metrics

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation Rate</th>
<th>Market Growth</th>
<th>Turnover Rent as % of MGR</th>
<th>Mall Income as % of MGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>1.60%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>4.46%</td>
</tr>
<tr>
<td>2014/2015</td>
<td>1.50%</td>
<td>0.50%</td>
<td>0.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2015/2016</td>
<td>2.00%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2016/2017</td>
<td>2.00%</td>
<td>1.50%</td>
<td>0.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2017/2018</td>
<td>2.00%</td>
<td>2.00%</td>
<td>0.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2018/2019</td>
<td>2.00%</td>
<td>2.00%</td>
<td>0.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2019/2020</td>
<td>2.00%</td>
<td>2.00%</td>
<td>0.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2020/2021</td>
<td>2.00%</td>
<td>2.00%</td>
<td>0.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2021/2022</td>
<td>2.00%</td>
<td>2.00%</td>
<td>0.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2022/2023</td>
<td>2.00%</td>
<td>2.00%</td>
<td>0.00%</td>
<td>2.50%</td>
</tr>
<tr>
<td>2023/2024</td>
<td>2.00%</td>
<td>2.00%</td>
<td>0.00%</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

### Financial Highlights

- **Gross Potential Minimum Guaranteed Rent:** €1,644,332 - €1,719,866
- **Rental Concessions:** (€11,990) - (€84,869)
- **Rental Loss:** (€137,914) - (€1,310,499)
- **Provision for Long-term Vacancy:** (€7,532) - (€84,869)
- **Gross Effective Income:** €1,560,309 - €17,366,404
- **Expenses:**
  - **Operational Costs:**
    - **Property Management Fees (MGR):** (€32,647) - (€365,447)
    - **Property Management Fees (Turnover Rent):** 0 - 0
    - **Property Management Fees (Mall Income):** (€14,682) - (€97,882)
  - **Property Tax:** €(122,834) - €(1,488,007)
  - **Insurance:** €(43,266) - €(524,123)
  - **Lease Registration Tax:** (€182) - (€1,917)
  - **Service Charges on Vacant Units:** €60/sq m - €898,497
  - **Other Costs:** 0 - 0
- **Total Operational Costs:** (€340,639) - (€4,094,023)
- **Net Operating Income:** €1,219,669 - €13,272,381
- **Leasing and Capital Costs:**
  - **Letting Fees:** 11% - 0
  - **Capital Expenditures:** (€98,860) - (€509,973)
- **Total Leasing and Capital Costs:** (€122,273) - (€548,530)
- **Gross Exit Value:** €15,993,454
- **Sale Costs (legal and technical costs and agency):** 1.50% - 0
- **Net Exit Value:** €15,753,552
- **Total Net Cash Flow:** €1,097,396 - €26,891,315
- **Discount Rate:** 11.50%
- **Discount Factor:** 0.90 - 0.34
- **Discounted Cash Flow:** €984,212 - €9,702,237
- **Present Value of Annual Income:** €6,397,916
- **Present Value of Resale @ Year 10:** €5,304,321
- **Gross Present Value:** €11,702,237
- **Net Initial Yield:** 9.70%
- **Gross Initial Yield:** 13.80%
- **Net Exit Yield (on MGR):** 9.03%
- **Gross Exit Yield (on MGR):** 11.00%
- **Net Exit Yield (on Variable Rent):** 12.00%
- **Gross Exit Yield (on Variable Rent):** 11.00%
- **Net Blended Exit Yield:** 9.05%
- **Gross Blended Exit Yield:** 11.02%
- **Market Value / sq m GLA:** €642
- **Net Running Yield on Initial Investment:** 9.70% - 12.74%
- **Gross Running Yield on Initial Investment:** 13.80% - 15.51%

### Acquisition Costs

- **Acquisition Costs (Legal/Technical and Agency Fees and Stamp Duty):** 3.5% - 0

### Market Analysis

- **Net Initial Yield:** 9.78%
- **Gross Initial Yield:** 13.89%
- **Net Exit Yield (on MGR):** 9.03%
- **Gross Exit Yield (on MGR):** 11.98%
- **Net Exit Yield (on Variable Rent):** 9.88%
- **Gross Exit Yield (on Variable Rent):** 12.00%
- **Net Blended Exit Yield:** 9.05%
- **Gross Blended Exit Yield:** 11.02%
- **Market Value / sq m GLA:** 694

### Adjusted Figures

- **Net Running Yield on Initial Investment:** 10.64% - 12.74%
- **Gross Running Yield on Initial Investment:** 14.38% - 15.51%

(*) Including current vacancy and void period of 9 months at lease expiry.
011
Auchan Pescara Retail Gallery
Pescara, Italy
### Table of Contents

1.0 Valuer Details and Inspection ............................................................................................................................................ 3
2.0 Documentation Provided ..................................................................................................................................................... 3
3.0 Location ............................................................................................................................................................................. 3
4.0 Situation ............................................................................................................................................................................. 4
5.0 Catchment .......................................................................................................................................................................... 5
6.0 Description ....................................................................................................................................................................... 8
7.0 Accommodation ................................................................................................................................................................. 9
8.0 Condition .......................................................................................................................................................................... 10
9.0 Services, Plant, and Equipment ....................................................................................................................................... 10
10.0 Environmental Considerations ....................................................................................................................................... 10
11.0 Statutory Requirements and Town Planning .................................................................................................................... 11
12.0 Cadastral Information ...................................................................................................................................................... 12
13.0 Tenure ............................................................................................................................................................................. 12
14.0 Occupational Tenancies and Income .................................................................................................................................. 12
15.0 Management, Service Charges, and Non-recoverable Costs .......................................................................................... 16
16.0 Performance .................................................................................................................................................................... 17
17.0 Local Retail Supply .......................................................................................................................................................... 18
18.0 Market Rent ..................................................................................................................................................................... 20
19.0 Principal Valuation Considerations .................................................................................................................................. 20
20.0 Valuation Methodology and Factors ................................................................................................................................ 21
21.0 Valuation .......................................................................................................................................................................... 23
22.0 Reinstatement Cost .......................................................................................................................................................... 23

### Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plans
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Mario Nicolini and Cristina Brunalli, valuers of Savills Milan.

The Property was inspected on 17 June 2013 by Gianni Flammini MRICS and Cristina Brunalli. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was sunny.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’) and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5_compared.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report-Final.pdf’);
- Detail on Gross Area (Excel file ‘Summary_Surfaces.xls’);
- Floor plans (Pdf file ‘PESCARA planimetria.pdf’).

3.0 Location

Auchan Pescara Shopping Centre is located in the municipality of Pescara, province capital of the Abruzzo region, in the South of Italy. The shopping centre is approximately 5 km to the south-west of the city centre, in the airport area.

Auchan Pescara Shopping Centre is easily accessible thanks to its position along State Road SS5, leading to the Pescara Ovest – Chieti exit of the A14-Adriatica motorway, approximately 5 km to the south-west.
The closest railway station is Pescara S. Marco, located approximately 3.5 km to the north-east of the subject centre. The Aeroporto d’Abruzzo airport of Pescara is at 350 m from the centre.

4.0 Situation

As mentioned above, the subject shopping centre is located in the airport area, which is characterised by the presence of some warehouses accommodating light-industrial activities and of a residential neighbourhood.

The Property is bordered by Via Vincenzo Muccioli to the north and to the east, by residential buildings to the south, and by State Road SS5 to the west. Via Vincenzo Muccioli separates the shopping centre car park from the airport.
5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Abruzzo region had approximately 1,306,416 residents. 24.1% of the inhabitants of the region are concentrated in the province of Pescara (314,391 people), with a density per sq km of 264 inhabitants (compared to the 121 inhabitants per sq km of the Abruzzo region). The municipality of Pescara has a population of approximately 116,846.

As to the age structure of the population in the province of Pescara, 18.5% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 60.0% is aged 20 to 64 (Italy 60.4%), while the remaining 21.5% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Pescara is of approximately €22,166, higher compared to the average for Southern Italy, and below the national average of €25,727 (2010 data). With reference to the national added value, the province of Pescara ranks 68th among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (74.15%), followed by the industrial sector (23.98%) and by agriculture (1.87%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Pescara is much lower than the Italian average (-14.4 points). The consumption per capita, however, is slightly higher than the Abruzzo average (-10.3 points) but below the Italian average (-6.1 points). The non-food component of the total family spending is still predominant at 83.32% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Pescara was 12.8%, above both the Abruzzo regional average (10.8%) and the Italian average (10.7%).

Specifically, in the Abruzzo region, the unemployment rate significantly increased to 10.8% in 2012, compared to 8.8% in 2010 and 8.5% in 2011. (Source: ISTAT)
5.2 Catchment Analysis

We have defined 10 and 20 minute drive time catchment areas for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10 and 10-20 isochrones analysed for the subject shopping centre are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>70,108</td>
<td>32.7%</td>
<td>70,108</td>
</tr>
<tr>
<td>10-20</td>
<td>143,970</td>
<td>67.3%</td>
<td>214,078</td>
</tr>
</tbody>
</table>

To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 20 minutes away. However, we would expect the most frequent visitors to come from the 0-10 minute drive time area, corresponding to the above estimate of 70,108 inhabitants (nearly 33% of the total catchment population).
- The 20-minute catchment area covers some 191 sq km and has a density of 1,123 inhabitants/sq km (compared to the Italian average of 197/sq km). The density reaches 3,491 inhabitants/sq km in the 0-10 minute catchment area, which includes the eastern portion of the city of Pescara.

- The region overall is not very wealthy, and consumption per capita in the province of Pescara is above the regional average but below the Italian average.

- We have identified 3 shopping centre located in the catchment area, of which 2 within the 10-minute isochrone (for details and comments on the competition, please refer to Section 17.0 of this report). Furthermore, we mention Pescara Nord Shopping Centre, located at the northern limit of the secondary catchment.

6.0 Description

Auchan Pescara Shopping Centre opened to the public in 1999 and its Retail Gallery has a total GLA (Gross Lettable Area) of 6,052 sq m.

The Shopping Centre consists of a gallery developed on a single level, comprising 29 small retail units, 2 large-sized units, 4 bars and restaurants, and an Auchan hypermarket, which is not part of the Property under valuation.

The Retail Gallery (6,052 sq m GLA) is developed in a figure ‘8’ in front of the hypermarket, with the large-sized units at either end of the central corridor. The gallery is accessible directly from the open-air car park via two main entrances situated along the main façade, near the large-sized units. The shopping centre does not seem to have any ‘cold’ areas suffering from poor visitor traffic. The exterior of the shopping centre has an average profile characterised by the white and red colours of the pre-concrete panels, with red arcades by the entrances. The internal finishes are of medium quality. In the gallery, the ceilings are mainly plastered or suspended, though some parts of the arcades have glazed ceilings providing natural illumination. Artificial lighting is provided by recessed light fixtures in the suspended ceilings or suspended lamps. The flooring is in light-coloured marble tiles.

The shopping centre is served by an open-air car park at ground level and one on the basement, providing a total of 1,300 parking spaces.

Auchan Shopping Centre is open every day from 8:30 a.m. to 9:00 p.m.

A selection of Photographs is attached at Appendix 1.  
The Floor Plans are attached at Appendix 2.  
The Merchandising Plan is attached at Appendix 3.
7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 6,025 sq m, sub-divided into 35 units, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>219</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,719</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>790</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>2,792</td>
<td>2</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td></td>
<td>532</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>6,052</td>
<td>35</td>
</tr>
</tbody>
</table>

The Retail Gallery offers a diversified merchandising mix, characterised by the strong presence of both the Electronics & Telecom and Fashion sectors (respectively at 32.1% and 31.3% of the total GLA), as shown in the chart below:

A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.
8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in good condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.
11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Abruzzo region, the retail sector is regulated by Regional Law no. 62 dated 9 August 1999. The law decree known as 'Decreto Salva Italia', which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the ‘possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage’. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence and the Legal Due Diligence provided to us, we understand that the Property is affected by some building irregularities, and that GCI has notified to the Municipality of the execution of minor works carried out in March 2013. We understand that the procedure should be regularly concluded, but the documentation provided is incomplete. We would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.
12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Pescara in full compliance with the current uses.

However based on the Technical Due Diligence provided to us we understand that the parking area on the basement is not registered at the Cadastre.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, the Property had 2 vacant retail units, for a total GLA of 277 sq m.

- Unit 21 Neg 12 (189 sq m GLA);
- Unit 30 Neg 27 (88 sq m GLA).

14.2 Lease Terms

Of the 33 leases currently in place, 27 are business leases, 5 are property leases and 1 is reported as “other” in the documentation provided.

From the documentation provided we understand that:

- 25 of the 27 tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 2.0% to 10.0%). 4 of the 5 property leases contain turnover-rent provisions (with percentages ranging from 2.0% to 8.0%), while the “other” lease has no turnover-rent provision.
- The duration of the business lease contracts varies from unit to unit, ranging from 1 to 9 years. The 4 of the 5 property leases in place have a 6+6-year duration and 1 has a 4 years duration. The “other” lease has a duration of 2 years.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property and “other” contracts contemplate indexation in the order of 75% of ISTAT.
- 1 of the lease agreements in place still benefits from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.
Considering the assumed expiry dates, 19% of the signed leases will expire in 2014, while the cumulative majority (62%) will have expired by the end of 2018, as shown in the following chart:

![Lease Expiry by Headline Rent](chart.png)

We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

### 14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

| Parties: | Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona) |
| Duration: | 6+6 years |
| Break Option: | Break option after 36 months with 6 months notice. |
| Rent: | The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%). |
| Indexation: | The rent will be increased annually by 75% of the ISTAT index from the 2nd year. |
| Stepped Rent: | The lease does not contemplate any stepped rents. |
| Maintenance: | With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit. |
| Insurance: | The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company. |
| Service Charges: | The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities. |
| Lease registration Tax: | 50% of the tax will be paid by the tenant and 50% by the landlord. |
| Right to sublet: | The Tenant has no right to sublet the unit or any portion of it. |
| Assignment: | Assignment of the lease contract is permitted. |
14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 100% of the tax will be paid by the tenant.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following tenant can still exercise its break option:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 MS 02</td>
<td>PIAZZA ITALIA</td>
<td>01/02/2015</td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

1 of the leases in place has a stepped-rent provision. As a result, the stabilised situation will be reached in 2014.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>MGR 2013-2014 (€/yr)</th>
<th>MGR 2014-2015 (€/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>37 Neg. 34</td>
<td>TEZENIS</td>
<td>94,523</td>
<td>98,633</td>
</tr>
</tbody>
</table>

14.7 Rental Concessions

According to the information provided, we understand that rental concessions were granted in 2013 for a total amount of €32,033.
14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €1,901,208, corresponding to an average of €314 per sq m of GLA per annum. This has been calculated based on the information provided by you and taking into account the stepped rent agreed. For the units whose leases expire before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry, and we have applied our estimate of market rent to those units that are currently vacant. The Gross Effective MGR at the valuation date is in the order of €1,748,419 (excluding the potential rent of the currently vacant units).

The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>219</td>
<td>103,858</td>
<td>5.5%</td>
<td>474</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>1,719</td>
<td>924,063</td>
<td>48.6%</td>
<td>538</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>790</td>
<td>378,191</td>
<td>19.9%</td>
<td>479</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>2,792</td>
<td>308,649</td>
<td>16.2%</td>
<td>111</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>532</td>
<td>186,447</td>
<td>166,447</td>
<td>9.8%</td>
<td>350</td>
</tr>
<tr>
<td>Total</td>
<td>6,052</td>
<td>1,901,208</td>
<td>1,901,208</td>
<td>100.0%</td>
<td>314</td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>532</td>
<td>186,447</td>
<td>9.8%</td>
<td>350</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>1,944</td>
<td>315,406</td>
<td>16.6%</td>
<td>162</td>
</tr>
<tr>
<td>Fashion</td>
<td>1,894</td>
<td>624,384</td>
<td>32.8%</td>
<td>330</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>321</td>
<td>168,023</td>
<td>8.8%</td>
<td>523</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>544</td>
<td>260,868</td>
<td>13.7%</td>
<td>480</td>
</tr>
<tr>
<td>Household Goods</td>
<td>110</td>
<td>57,009</td>
<td>3.0%</td>
<td>518</td>
</tr>
<tr>
<td>Services</td>
<td>430</td>
<td>150,677</td>
<td>7.9%</td>
<td>350</td>
</tr>
<tr>
<td>Vacant</td>
<td>277</td>
<td>138,395</td>
<td>7.3%</td>
<td>500</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>6,052</td>
<td>1,901,208</td>
<td>100.0%</td>
<td>314</td>
</tr>
</tbody>
</table>

The gross Potential Headline MGR is equal to €1,908,572 (€315 per sq m per annum). As mentioned above, the stabilised situation will be reached in 2014. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, no turnover rent was paid in 2013.

14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €99,228.
15.0 **Management, Service Charges, and Non-recoverable Costs**

15.1 **Property Management**

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 **Service Charges and Recovery**

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to **€881,000**. Of these, **€527,000** are to be paid by the retail units of the gallery, corresponding to a cost of approximately **€90 per sq m** of the total GLA, which seems appropriate for this type of scheme.

Please note that one tenant has a cap on the Service Charges: Unit 39 MS 01 – Unieuro (€50,000/yr). Based on the budget provided, the landlord will pay €60,968 for this unit in 2013.

15.3 **Capital Expenditures**

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €557,339 (€585,206 including the 5% project management fee)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>€41,029</strong></td>
<td><strong>€146,224</strong></td>
<td><strong>€78,865</strong></td>
<td><strong>€67,868</strong></td>
<td><strong>€251,419</strong></td>
<td></td>
</tr>
</tbody>
</table>

15.4 **Other Non-recoverable Expenses**

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €45,511 per annum.
- Insurance: €21,100 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.
- Other Costs (caps on service charges): €60,968.

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €90 per sq m of GLA per annum.
- Rental loss (void): 3 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.
15.5 Rental Arrears and Legal Proceedings

As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.

16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the retail gallery registered some 3,094,722 visitors, corresponding to a -5.5% decrease compared to previous year (3,274,183 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery in 2012 is equal to €13,029,080, corresponding to a significant decrease compared with 2011 (-18.8%). This decrease is mainly due to the fact that unit ‘39 MS 01’, occupied by Euronics in 2011, became vacant in 2012 until May 2013, when Unieuro signed the current lease agreement.

The trend over the past three years has been one of stability: in 2011 the turnover amounted to €16,054,954 in 2010, when turnover had decreased by 4.1% on 2009.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery has an average rent-to-sales ratio (effort rate) of 14.2% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m, have an average effort rate of 15.4%, which is fair. The majority of the tenants have effort rates between 12% and 20%, and 1 tenant presents a critical situation (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding the large-sized unit, and excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>4</td>
<td>18</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>12</td>
<td>55</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>6</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>&gt;25%</td>
<td>unsustainable</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA<500 sqm)

The following table reports our comments with reference to the effort rate of the large-sized unit that generated turnover in 2012:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piazza Italia</td>
<td>Fashion</td>
<td>1,060</td>
<td>1,607,622</td>
<td>141,082</td>
<td>8.8</td>
<td>Critical</td>
</tr>
</tbody>
</table>
17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area in order to identify the main competing shopping centres.

1. CENTRO D’ABRUZZO Shopping Centre

| Location: S. Giovanni Teatino (Chieti) | Centro d’Abruzzo Shopping Centre is located in San Giovanni Teatino, in the province of Chieti, less than 4 km south-west of the subject shopping centre. Centro d’Abruzzo shopping centre is developed on a single level, comprising a hypermarket (38 checkout counters), 3 sub-anchors (Decathlon, Euronics and Piazza Italia) and a number of units accommodating good quality brands such as Artigli, Sephora, Stroili Oro, Game Stop, Calzedonia, Fergi, Giorgia&Johns, in addition to some local operators and a small food court. The centre is provided with both covered and open-air parking spaces. The shopping centre is situated in a retail/light-industrial district that accommodates other retail activities such as OBI, Saturn, OVS, Metro, Mercatone Uno, Poltrone & Sofà, Le Roy Merlin, Pittarello, making this area a more appealing shopping destination. Works for the extension of the retail gallery are currently underway (for more details see paragraph 17.2). |
| Opening Date: 2001 |
| Total GLA: 23,832 sq m |
| Number of Retail Units: 33 |
| Food Anchor: Ipercoop |
| Sub-anchors: 3 |
| Parking Spaces: 1,730 |

2. L’ARCA Shopping Centre

| Location: Spoltore (Chieti) | L’Arca Shopping Centre is located in Spoltore, in the province of Chieti, less than 6 km to the north-east of the subject shopping centre. It comprises a hypermarket and 37 retail units mainly accommodating local operators. The centre also houses a Multiplex cinema with 2,506 seats. |
| Opening Date: 2005 |
| Total GLA: 14,668 sq m |
| Number of Retail Units: 37 |
| Food Anchor: Iper Simply |
| Sub-anchors: Multiplex |
| Parking Spaces: 90 |

3. MEGALÒ Shopping Centre

| Location: Chieti Scalo (Chieti) | Megalò Shopping Centre is located in Chieti Scalo, in the Santa Filomena locality, approximately 12 km to the south-west of the subject shopping centre. Megalò is developed over two levels, with the first accommodating the hypermarket, 7 sub-anchors (MediaWorld, Scarpe & Scarpe, H&M, Brico Io, Zara, Pellizzani and Game 7) and a great number of high quality retail units such as Desigual, Motivi, Levis, Guess, Calvin Klein, Yamamay, Max & Co; while the second level houses the food court and the 9-screen cinema Movieland. Given its format, Megalò Shopping Centre is not in direct competition with the Property. Megalò is a regional centre, and therefore it represents a different kind of shopping destination from Auchan, providing not only a wider and higher quality retail offer, but also leisure activities. |
| Opening Date: 2005 |
| Total GLA: 50,000 sq m |
| Number of Retail Units: 110 |
| Food Anchor: E Leclerc |
| Sub-anchors: 7 + Cinema |
| Parking Spaces: 2,800 |

4. PESCARA NORD Shopping Centre

| Location: Città Sant’Angelo (Pescara) | Pescara Nord Shopping Centre is located in Città Sant’Angelo, at some 15 km from the subject shopping centre. It comprises a hypermarket, 5 sub-anchors (MediaWorld, Game 7, OVS, Scarpe & Scarpe and Piazza Italia) and a number of retail units accommodating both national and international operators of good quality, such as Yamamay, Intimissimi, Geox, Foot Locker, Sisley, Tally Weijl, Cache Cache, Kiko, Stroili Oro, Alcott. Pescara Nord Shopping Centre, thanks also to the presence of various retail boxes nearby, represents a fair shopping destination, and might have a particular impact on the northern portion of the secondary catchment area of the subject Auchan, even though is not within its catchment. |
| Opening Date: 1995 |
| Total GLA: 28,224 sq m |
| Number of Retail Units: 72 |
| Food Anchor: Iper |
| Sub-anchors: 5 |
| Parking Spaces: 2,200 |
We would highlight that another Auchan asset, part of the portfolio, namely Auchan Cepagatti Retail Gallery, is located within the primary catchment area.

Finally, to complete our analysis it is worth mentioning the presence of two other significant retail schemes, respectively to the north and to the south-east of Auchan: Città Sant’Angelo Village and the retail pole in Ortona. As regards Città Sant’Angelo, despite having the factory outlet format, it is worth mentioning as it is just outside the catchment area of the Property and provides a wide retail offer, recently increased by the extension, totalling a GLA of 23,000 sq m. The operators comprise many international brands of good quality, such as Guess, Timberland, Calvin Klein Jeans, Kiko, Desigual, Murphy & Nye. At some 24 km from Auchan is the Ortona retail pole, an area with a wide retail offer, comprising a shopping centre with an Iper as food-anchor and a retail park with 4 units.

17.2 The Future Retail Supply

We report below the future retail supply expected to be developed in the catchment area of the subject Shopping Centre:

<table>
<thead>
<tr>
<th>A. CENTRO D’ABRUZZO Shopping Centre - EXTENSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>According to the project 20 new shops, of which 2 medium-sized units, will be added to the retail gallery of Centro d'Abruzzo Shopping Centre, for a total of 3,000 sq m. Parking provision will be increased too, with 1,900 further parking spaces. Works are currently under way. The extension would further strengthen the appeal of the centre, and this is likely to have an impact on the Property, whose catchment is already significantly influenced by Centro d'Abruzzo Shopping Centre.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. CHIETI SCALO Retail Park</th>
</tr>
</thead>
<tbody>
<tr>
<td>According to the project, Chieti Scalo Retail Park will be built in front of Megalò Shopping Centre and will have a GLA of 42,000 sq m. This development would further increase the appeal of this retail pole. Timing for the development however is uncertain as works have not started yet.</td>
</tr>
</tbody>
</table>

The following Map highlights the location of the schemes analysed above.
18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Central Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Retail Gallery, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €1,795,750, 5.91% lower than the Potential Headline Rent. Excluding the vacant units, the headline rent is 5.74% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:

By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

• The Property is located in the Pescara Airport area, characterised by a prevalence of light-industrial and residential buildings. The limited retail offer in the area does not allow any synergies with the Property to increase the appeal of the area.

• Good accessibility and visibility.
• The location provides a fair catchment area with approximately 214,000 inhabitants within the 20-minute drive time. Consumption in the Province is above the regional average but below the national average.
• The gallery, developed on a single level, does not seem to have any ‘cold’ areas suffering from poor visitor traffic.
• The hypermarket operator (Auchan) is a strong food anchor.
• The gallery has a good line-up of national and international brands (67%), along with some local operators.
• The gallery offers a diversified merchandising mix with more than 60% equally shared by the Fashion and Electronics Sectors.
• 2 units in the Retail Gallery are not occupied as at the valuation date, corresponding to a vacancy rate of 4.5%.
• The strong turnover decrease in 2012 is mainly due to the fact that unit ‘39 MS 01’, now occupied by Unieuro, was vacant in 2012. Probably due to the same reason, the footfall in 2012 decreased by 5.5%.
• The Retail Gallery has an average rent-to-sales ratio (effort rate) of 14.2% (on homogeneous data excluding the medium/large units). Overall the Gallery’s results are fair, while the MSU occupied by Piazza Italia is presenting low performances, resulting in a critical effort ratio. This should be carefully monitored.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.

20.2 Income

• The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €1,901,208.
• The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.
The estimated Mall Income for 2013/14 is €141,200, representing approximately 7.4% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 7.5% of the gross annual MGR.

20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €45,511.
- Insurance: €21,100.
- Letting fees (new leases): 11.0% of the gross annual MGR.
- Other Costs (caps on service charges): €60,968.

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €90 per sq m of GLA per annum.
- Rental loss (void): 3 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €41,029 (including 5% property management fee).

20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 7.50%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.

Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 7.60% to the MGR, while we have applied a yield of 8.60% to the income generated by the [temporary lettings] and [to the turnover rent]. The overall blended gross exit yield is equal to 7.66%.
Acquisition Costs

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

21.0 Valuation

Following our inspection on 17 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Pescara Retail Gallery, in Pescara, is in the order of:

€25,300,000.00

(Twenty-Five Million Three Hundred Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of €14,270,000 (excl. VAT).

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost (excl. VAT)</td>
<td>€14,270,000.00</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>€12,627,680.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>€1,262,768.00</td>
</tr>
<tr>
<td>Reinstatement Cost (excl. VAT)</td>
<td>rounded</td>
</tr>
</tbody>
</table>

Demolition and Site Clearance Cost  €40/sqm      €377,920.00
Construction Cost                    €12,627,680.00
Professional Fee                     10%      €1,262,768.00
Appendix 1
Photographs
Appendix 2
Floor Plans
Appendix 3
Merchandising Plan
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>#</th>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>GCI Location</th>
<th>Tenant Name</th>
<th>Brand</th>
<th>Lease start date</th>
<th>New Rolling Lease end date</th>
<th>Contract Type</th>
<th>GLA (Annualized up Entry)</th>
<th>% Variable Rent</th>
<th>Entry (€)</th>
<th>% Indexation</th>
<th>Contractual Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>11_1</td>
<td>39 MS 01 Pescara</td>
<td>1006 PESCARA UNIEURO</td>
<td>PESCARA</td>
<td>1/05/2013</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/04/2022</td>
<td>Business Lease</td>
<td>100</td>
<td>3.5</td>
<td>100,000</td>
<td>1,732</td>
<td>-</td>
</tr>
<tr>
<td>11_2</td>
<td>40 MS 02 Pescara</td>
<td>PESCARA PIAZZA SPA / CIS DI NOLA-ISOLA</td>
<td>n.ola</td>
<td>01/02/2012</td>
<td>01/02/2015</td>
<td>YES</td>
<td>29/01/2021</td>
<td>Business Lease</td>
<td>100</td>
<td>6</td>
<td>140,760</td>
<td>1,060</td>
<td>-</td>
</tr>
<tr>
<td>11_3</td>
<td>46 Neg. 10 Pescara</td>
<td>PESCARA MENNA GABRIELLA / VIA TIBURTINA VALERIA</td>
<td>PESCARA</td>
<td>01/01/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>25/04/2016</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>2</td>
<td>27,210</td>
<td>45</td>
<td>-</td>
</tr>
<tr>
<td>11_4</td>
<td>16 Neg. 12/13 Pescara</td>
<td>GOLDEN LADY COMPANY SPA / VIA GIACOMO LEOPARDI, 3/5</td>
<td>CASTIGLIONE DELLE STIVIE</td>
<td>01/08/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/07/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>73,968</td>
<td>93</td>
<td>-</td>
</tr>
<tr>
<td>11_5</td>
<td>18 Neg. 14 Pescara</td>
<td>DS S.R.L. / VIA ALDO MORO 8</td>
<td>CITTA' SANT'ANGELO</td>
<td>01/08/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/07/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>39,103</td>
<td>101</td>
<td>-</td>
</tr>
<tr>
<td>11_6</td>
<td>15 Neg. 15 Pescara</td>
<td>GRECO ELIO IMPRESA INDIVIDUALE / VIA UNITA' D'ITALIA, 20</td>
<td>CHIETI</td>
<td>01/11/2003</td>
<td>n. a.</td>
<td>n.a.</td>
<td>31/10/2015</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>5</td>
<td>20,678</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td>11_7</td>
<td>19 Neg. 16 Pescara</td>
<td>GEOX SPA / VIA FELTRINA CENTRO</td>
<td>BLADENE DI MONTEBELLUNA</td>
<td>19/11/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>18/11/2019</td>
<td>Business Lease</td>
<td>100</td>
<td>10</td>
<td>55,000</td>
<td>131</td>
<td>-</td>
</tr>
<tr>
<td>11_8</td>
<td>21 Neg. 18 Pescara</td>
<td>PROGETTO S.R.L. / CORSO UMBERTO 134</td>
<td>MONTESILVANO</td>
<td>01/12/2015</td>
<td>n.a.</td>
<td>n.a.</td>
<td>14/11/2016</td>
<td>Business Lease</td>
<td>100</td>
<td>6</td>
<td>94,521</td>
<td>189</td>
<td>-</td>
</tr>
<tr>
<td>11_9</td>
<td>22 Neg. 19 Pescara</td>
<td>TRADERY S.R.L. / VIA TIBURTINA VALERIA 386</td>
<td>PESCARA</td>
<td>15/11/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>14/11/2014</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>40,211</td>
<td>67</td>
<td>-</td>
</tr>
<tr>
<td>11_10</td>
<td>2 Neg. 2 Pescara</td>
<td>FOLLIEGROSS SRL / VIA P.U. FRASCA SNC</td>
<td>CHIETI</td>
<td>01/01/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>14/11/2014</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>48,030</td>
<td>57</td>
<td>-</td>
</tr>
<tr>
<td>11_11</td>
<td>23 Neg. 20 Pescara</td>
<td>GAMESTOP ITALY SRL / VIA DEI LAVORATORI 6</td>
<td>BUCCINASCO</td>
<td>16/07/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/07/2014</td>
<td>Business Lease</td>
<td>100</td>
<td>3</td>
<td>36,887</td>
<td>54</td>
<td>-</td>
</tr>
<tr>
<td>11_12</td>
<td>24 Neg. 21 Pescara</td>
<td>ADRIATICA GIOCHI S.A.S.U. / CONTRADA PANTANO BASSO SNC</td>
<td>TERMOLI</td>
<td>01/01/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/12/2014</td>
<td>Other</td>
<td>-</td>
<td>0</td>
<td>44</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11_13</td>
<td>25 Neg. 22 Pescara</td>
<td>GATTI VINCENZO</td>
<td>PESCARA</td>
<td>15/10/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>14/10/2016</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>52,827</td>
<td>98</td>
<td>-</td>
</tr>
<tr>
<td>11_14</td>
<td>26 Neg. 23 Pescara</td>
<td>CAMPLONE SRL / VIA TIBURTINA VALERIA 386</td>
<td>PESCARA</td>
<td>01/03/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>28/02/2019</td>
<td>Business Lease</td>
<td>100</td>
<td>4</td>
<td>72,204</td>
<td>310</td>
<td>-</td>
</tr>
<tr>
<td>11_15</td>
<td>27 Neg. 24 Pescara</td>
<td>n.a.</td>
<td>n.a.</td>
<td>0</td>
<td>62</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11_16</td>
<td>29 Neg. 26 Pescara</td>
<td>LIMONI SPA / VIA AGNELLO, 12</td>
<td>MILANO</td>
<td>15/11/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>14/11/2014</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>80,199</td>
<td>147</td>
<td>-</td>
</tr>
<tr>
<td>11_17</td>
<td>28 Neg. 28 Pescara</td>
<td>COIFFEURS DE LA PLACE S.R.L. / CORSO UMBERTO I, 35</td>
<td>PESCARA</td>
<td>01/08/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/07/2024</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>6</td>
<td>36,188</td>
<td>103</td>
<td>-</td>
</tr>
<tr>
<td>11_18</td>
<td>29 Neg. 29 Pescara</td>
<td>MODISTI SRL / VIA MONZORO 41/43</td>
<td>CORNAREDO</td>
<td>01/02/2008</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/01/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>10</td>
<td>97,298</td>
<td>208</td>
<td>-</td>
</tr>
<tr>
<td>11_19</td>
<td>3 Neg. 3 Pescara</td>
<td>DI TIERI NEGOZI SRL / VIA TERAMO 6</td>
<td>PESCARA</td>
<td>09/09/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>08/09/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>4</td>
<td>38,141</td>
<td>57</td>
<td>-</td>
</tr>
<tr>
<td>11_20</td>
<td>30 Neg. 30 Pescara</td>
<td>VINCENZO ZUCCHI SPA / VIA LEGNANO 24</td>
<td>RESCALDINA</td>
<td>15/11/2007</td>
<td>n.a.</td>
<td>n.a.</td>
<td>14/11/2014</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>56,407</td>
<td>110</td>
<td>-</td>
</tr>
<tr>
<td>11_21</td>
<td>33 Neg. 33 Pescara</td>
<td>ANGELO RANDAZZO SRL / VIA RUGGERO SETTIMO, 51A-53-53A</td>
<td>PALERMO</td>
<td>01/09/2012</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/08/2019</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>88,000</td>
<td>218</td>
<td>-</td>
</tr>
<tr>
<td>11_22</td>
<td>35 Neg. 35 Pescara</td>
<td>WIND RETAIL S.R.L. / VIA CESARE GIULIO VIOLA 48</td>
<td>ROMA</td>
<td>17/07/2009</td>
<td>n.a.</td>
<td>n.a.</td>
<td>16/07/2016</td>
<td>Business Lease</td>
<td>100</td>
<td>2</td>
<td>40,544</td>
<td>57</td>
<td>-</td>
</tr>
<tr>
<td>11_23</td>
<td>3 Neg. 4 Pescara</td>
<td>PIZZAMANIADI ALESSIA MARI / VIA TEVERE 29</td>
<td>PIANELLA</td>
<td>01/04/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/03/2023</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>8</td>
<td>38,917</td>
<td>85</td>
<td>43,013</td>
</tr>
<tr>
<td>11_24</td>
<td>5 Neg. 5 Pescara</td>
<td>AZZURRA GEST S.R.L. / VIA TIBURTINA 386</td>
<td>PESCARA</td>
<td>01/12/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>30/11/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>34,890</td>
<td>85</td>
<td>-</td>
</tr>
<tr>
<td>11_25</td>
<td>6 Neg. 6 Pescara</td>
<td>STROILI ORO SPA / VIA VALLE DI CARNIA N. 5</td>
<td>AMARO</td>
<td>01/11/2010</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/10/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>43,470</td>
<td>57</td>
<td>-</td>
</tr>
<tr>
<td>11_26</td>
<td>7 Neg. 7 Pescara</td>
<td>PAPRIKA S.R.L. / VIA DELLA CROCE 87</td>
<td>ROMA</td>
<td>01/04/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>31/03/2018</td>
<td>Business Lease</td>
<td>100</td>
<td>8</td>
<td>63,994</td>
<td>111</td>
<td>-</td>
</tr>
<tr>
<td>11_27</td>
<td>9 Neg. 9 Pescara</td>
<td>H3G S.P.A. / VIA LEONARDO DA VINCI 1</td>
<td>TREZZANO SUL NAVIGLIO</td>
<td>19/05/2011</td>
<td>n.a.</td>
<td>n.a.</td>
<td>18/05/2018</td>
<td>Business Lease</td>
<td>100</td>
<td>4</td>
<td>30,960</td>
<td>44</td>
<td>-</td>
</tr>
<tr>
<td>11_28</td>
<td>10 Neg. 10 Pescara</td>
<td>n.a.</td>
<td>n.a.</td>
<td>0</td>
<td>62</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Appendix 5
Rent Roll
| Reference | Tenure  | Category                  | Type of Offer | sq m | Type of Contract | Indexation | Duration | Start Rent Year | End Rent Year | Potential Turnover | Headline Rent | Headline Rent (€) | Stepped Rent | Rent (€/sqm/yr) | Rent (€) | Notes |
|-----------|---------|---------------------------|---------------|------|------------------|------------|----------|------------------|---------------|-------------------|---------------|-----------------|------------|--------------------|---------|-------|-------|-------|
| 40 MS 02 | PIAZZA | National Fashion         | Business      | 1060 | Lease            | 100%       | 9        | 02/2012          | 01/2021       | 150,225           | 153,229       | 156,294           | 159,419       | 161,898         | 163,328   | 166,594 | 169,926 |       |
| 46 Neg. 1 | TABACCHERIA | Services | Local | 45    | Lease            | 75%        | 4        | 01/2012          | 04/2016       | 37,646            | 38,211        | 38,784            | 39,366        | 39,956         | 40,556    | 41,164 |       |       |
| 16 Neg. 12/13 | GOLDEN POINT | Fashion National | National | 93 | Lease            | 100%       | 7        | 08/2010          | 07/2017       | 55,887            | 54,469        | 55,559            | 56,670        | 57,803         | 58,959    | 60,138 |       |       |
| 15 Neg. 15 | FOTO GRECO | Services Local | National | 42 | Lease            | 75%        | 12       | 11/2003          | 10/2015       | 20,678            | 19,902        | 20,201            | 20,504        | 20,811         | 21,123    | 21,440 |       |       |
| 19 Neg. 16 | GEOX | Services International | National | 131 | Lease            | 100%       | 7        | 11/2012          | 11/2019       | 59,796            | 60,992        | 59,225            | 58,843        | 60,020         | 61,220    | 62,444 |       |       |
| 21 Neg. 18 | VACANT | Vacant                    | Lease         | 189   | Vacant           | 100%       | 5        | 10/2013          | 09/2018       | 99,104            | 101,086       | 102,225           | 104,144       | 106,227        | 108,351   | 110,518 |       |       |
| 23 Neg. 20 | GAME STOP | Electronics & Telecom National | National | 54     | Lease            | 100%       | 7        | 07/2007          | 07/2014       | 45,822            | 46,739        | 47,673            | 48,627        | 49,599         | 50,591    | 51,603 |       |       |
| 24 Neg. 21 | 3600 | Services Local | National | 44 | Lease            | 75%        | 2        | 01/2012          | 12/2014       | 18,524            | 18,802        | 19,084            | 19,370        | 19,661         | 19,956    | 20,255 |       |       |
| 27 Neg. 24 | TEMPORARY | Gifts & Other goods Local | National | 62 | Lease            | 100%       | 1        | 07/2013          | 07/2014       | 26,167            | 26,690        | 27,224            | 27,769        | 28,324         | 28,891    | 29,468 |       |       |
| 28 Neg. 25 | SERGENT MAJOR | Fashion National | National | 82 | Lease            | 100%       | 6        | 01/2009          | 12/2015       | 47,847            | 48,804        | 49,780            | 50,775        | 51,791         | 52,827    | 53,883 |       |       |
| 33 Neg. 30 | C'E' BASSETTI | Household Goods National | National | 110  | Lease            | 100%       | 7        | 09/2007          | 11/2014       | 52,710            | 53,765        | 54,840            | 55,937        | 57,056         | 58,197    | 59,361 |       |       |
| 34 Neg. 31 | L'ISOLA VERDE | Health & Beauty National | National | 104 | Lease            | 100%       | 6        | 01/2008          | 05/2014       | 38,813            | 39,590        | 40,381            | 41,189        | 42,013         | 42,853    | 43,710 |       |       |
| 36 Neg. 33 | OPTISSIMO | Health & Beauty National | National | 218  | Lease            | 100%       | 7        | 09/2012          | 08/2019       | 95,989            | 97,909        | 95,988            | 96,655        | 98,588         | 100,560   | 102,571 |       |       |
| 38 Neg. 35 | WIND | Electronics & Telecom National | National | 57  | Lease            | 100%       | 7        | 07/2009          | 07/2016       | 44,807            | 45,703        | 46,617            | 47,549        | 48,500         | 49,470    | 50,460 |       |       |
| 6 Neg. 6 | STROILI ORO | Gifts & Other goods National | National | 57 | Lease            | 100%       | 7        | 11/2010          | 10/2017       | 47,892            | 49,286        | 50,272            | 51,277        | 52,303         | 53,349    | 54,416 |       |       |
Appendix 6
Market Value Calculation
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>INFLATION RATE</td>
<td>1.60%</td>
<td>1.50%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>MARKET GROWTH</td>
<td>0.50%</td>
<td>0.50%</td>
<td>1.00%</td>
<td>1.50%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>TURNOVER RENT AS % OF MGR</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>MALL INCOME AS % OF MGR</td>
<td>7.43%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
</tr>
</tbody>
</table>

**INCOME**

- **Gross Potential Minimum Guaranteed Rent**: 1,901,208
- **Rental Concessions**: (32,033)
- **Rental Loss (*)**: (37,657)
- **Provision for Long-Term Vacancy**: 0.50%
- **Turnover Rent**: (32,033)
- **Provision for Short-Term Vacancy**: (37,657)
- **Provision for Vacancy in Leased Units**: €90/sq m

**EXPENDITURES**

- **Operational Costs**:
  - Property Management Fees (MGR): 2.00%
  - Property Management Fees (Turnover Rent): 2.00%
  - Property Management Fees (Mall Income): 20.00%
  - Property Tax: (45,511)
  - Insurance: (21,100)
  - Lease Registration Tax: (694)
  - Service Charges on Vacant Units: €90/sq m
- **Leasing and Capital Costs**:
  - Letting fees: 11%

**Total Operational Costs**: (238,245)

**Net Operating Income**: 1,725,155

**Gross Exit Value**: 29,835,850

**Sale Costs (legal and technical costs and agency)**: 1.50%

**Net Exit Value**: 29,388,313

**Total Net Cash Flow**: 1,668,902

**Discount Rate**: 7.50%

**Present Value of Annual Income**: 11,909,729

**Present Value of Residual @ Year 10**: 14,259,031

**Market Value Rounded**: 26,000,000

**Acquisition Costs (Legal/Technical and Agency Fees and Stamp Duty) @ 3.5%**: (884,934)

**Net Initial Yield**: 6.60%

**Gross Initial Yield**: 7.76%

**Net Exit Yield (on MGR)**: 6.69%

**Gross Exit Yield (on MGR)**: 7.60%

**Net Exit Yield (on Variable Rent)**: 8.60%

**Net Blended Exit Yield**: 6.74%

**Market Value / sq m GLA**: €4,180

**Net Running Yield on Initial Investment**: 6.68% 6.11% 6.51% 6.88% 6.59% 6.95% 7.36% 7.40% 7.58% 7.57% 7.90%

**Gross Running Yield on Initial Investment**: 7.78% 7.83% 8.22% 8.25% 8.14% 8.15% 8.05% 8.06% 8.05% 7.95% 7.93%

(*) including current vacancy and void period of 3 months at lease expiry.
012
Auchan Giugliano Retail Gallery
Giugliano in Campania (Naples), Italy
Table of Contents

1.0 Valuer Details and Inspection ............................................................................................................................................ 3
2.0 Documentation Provided .................................................................................................................................................. 3
3.0 Location .............................................................................................................................................................................. 3
4.0 Situation ............................................................................................................................................................................. 4
5.0 Catchment ......................................................................................................................................................................... 5
6.0 Description ....................................................................................................................................................................... 8
7.0 Accommodation ............................................................................................................................................................... 9
8.0 Condition .......................................................................................................................................................................... 10
9.0 Services, Plant, and Equipment .................................................................................................................................. 10
10.0 Environmental Considerations ................................................................................................................................... 10
11.0 Statutory Requirements and Town Planning ................................................................................................................... 11
12.0 Cadastral Information .................................................................................................................................................... 12
13.0 Tenure ........................................................................................................................................................................... 12
14.0 Occupational Tenancies and Income ............................................................................................................................. 12
15.0 Management, Service Charges, and Non-recoverable Costs ......................................................................................... 16
16.0 Performance .................................................................................................................................................................... 17
17.0 Local Retail Supply .......................................................................................................................................................... 18
18.0 Market Rent ..................................................................................................................................................................... 20
19.0 Principal Valuation Considerations ................................................................................................................................ 21
20.0 Valuation Methodology and Factors ................................................................................................................................ 22
21.0 Valuation ......................................................................................................................................................................... 24
22.0 Reinstatement Cost .......................................................................................................................................................... 24

Appendices

Appendix 1: Photographs
Appendix 2: Floor Plans
Appendix 3: Merchandising Plan
Appendix 4: Tenancy Schedule Provided
Appendix 5: Rent Roll
Appendix 6: Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Mario Nicolini and Cristina Brunalli, valuers of Savills Milan.

The Property was inspected on 18 June 2013 by Gianni Flammini and Cristina Brunalli. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was sunny.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’) and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5_compared.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report-Final.pdf’);
- Detail on Gross Area (Excel file ‘Summary_Surfaces.xls’);
- Floor plans (Pdf file ‘GIUGLIANO planimetria.pdf’).

3.0 Location

Auchan Giugliano Shopping Centre is located in the municipality of Giugliano, in the province of Naples, in the Campania region, in the south of Italy. The shopping centre is approximately 23 km to the north-west of Naples, and some 12 km to the east of Giugliano, in the industrial area of Qualiano.

Accessibility by car is excellent, thanks to the vicinity of the Naples bypass. The Acerra – Afragola exit of the A1-Autostrada del Sole motorway is some 20 km to the east of the Auchan Shopping Centre.
The closest railway station is Giugliano - Qualiano at 4 km. The international airport of Naples - Capodichino is located approximately 20 km to the south-east.

**4.0 Situation**

As mentioned above, the subject shopping centre is located in a light-industrial area, with green areas/farmland all around, and warehouses and residential units to the south. To the east and to the west of the shopping centre is Giugliano Retail Park, which is another asset part of the portfolio under valuation.
The Property is bordered by the State Road SS162 to the north, some warehouses to the south, and the big boxes of Giugliano Retail Park the west and to the east.

5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Campania region had approximately 5,764,000 residents. 53.0% of the inhabitants of the region are concentrated in the province of Naples (3,053,247 people), with a density per sq km of 2,607 inhabitants (compared to the 424 inhabitants per sq km of the Campania region). The municipality of Naples has a population of approximately 961,106.

As to the age structure of the population in the province of Naples, 23.4% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 61.2% is aged 20 to 64 (Italy 60.4%), while the remaining 15.3% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Naples is of approximately €16,267, below the average for south Italy and the national average of €25,727 (2010 data). With reference to the national added value, the province of Naples ranks 4th among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (83.37%), followed by the industrial sector (15.44%) and by agriculture (1.18%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Naples is very low compared to the Italian average (-26.6 points). The consumption per capita is in line with the Campania average (-1.06 points) and strongly below the Italian average (-28.12 points). The non-food component of the total family spending is still predominant at 76.39% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Naples was 22.6%, well above both the Campania regional average (19.3%) and the Italian average (10.7%).

Specifically, in the Campania region, the unemployment rate increased to 19.3% in 2012, compared to 15.5% in 2011 and 14.0% in 2010. (Source: ISTAT)
5.2 Catchment Analysis

We have defined 10, 20 and 30 minute drive time catchment areas for the subject shopping centre, which we have considered as an important retail pole together with the adjacent retail park.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10, 10-20 and 20-30 isochrones analysed for the subject retail pole are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>273,157</td>
<td>23.4%</td>
<td>273,157</td>
</tr>
<tr>
<td>10-20</td>
<td>893,522</td>
<td>76.6%</td>
<td>1,166,679</td>
</tr>
<tr>
<td>20-30</td>
<td>730,999</td>
<td>38.5%</td>
<td>1,897,678</td>
</tr>
</tbody>
</table>
To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 30 minutes away. However, we would expect the most frequent visitors to come from the 0-20 minute drive time area, corresponding to the above estimate of 1,116,679 inhabitants (nearly 61% of the total catchment population).

- The 30-minute catchment area covers some 863 sq km and has a density of 2,198 inhabitants/sq km (compared to the Italian average of 197/sq km). The density reaches 2,078 inhabitants/sq km in the 0-10 minute catchment area, which includes the town of Giugliano.

- The region and the province are not particularly wealthy, with disposal and consumption per capita below the Italian average.

- We have identified one shopping centre within the 10-minute isochrone to the east of Giugliano city centre and two in the 20-minutes isochrone to the south and west side of Giugliano (for details and comments on the competition, please refer to Section 17.0 of this report).

### 6.0 Description

Auchan Giugliano Shopping Centre opened to the public in 2006 and its Retail Gallery has a total GLA (Gross Lettable Area) of 16,467 sq m.

The Shopping Centre consists of a gallery developed on a single level, comprising 87 small retail units, 2 large-sized units, 9 bars and restaurants, and an Auchan hypermarket (50 checkout counters), which is not part of the Property under valuation.

The Retail Gallery is developed in a sort of figure ‘8’ in front of the hypermarket. At the west end is the food court, while at the east end one of the large-sized units. The other large-sized unit is situated to the west of the hypermarket. The gallery is accessible directly from the open-air car park via four main entrances, two of which are situated along the sides of the shopping centre while the other two are situated along the main façade. The shopping centre does not seem to have any ‘cold’ areas suffering from poor visitor traffic. The exterior of the shopping centre has a good profile characterised by the ochre colour of the pre-concrete panels and by white porches by the entrances. The internal finishes are of good quality. In the gallery, the ceilings are either plastered or suspended, with skylights providing some natural illumination. Artificial lighting is provided by recessed light fixtures in the suspended ceilings or suspended lamps. The flooring is predominantly in light-coloured marble tiles.
The shopping centre is served by an open-air car park at ground level, which also serves the adjacent retail park, providing a total of 6,000 parking spaces.

Auchan Shopping Centre is open Tuesday through Saturday from 9:00 a.m. to 9:00 p.m., and on Mondays and Sundays from 10:00 a.m. to 9:00 p.m.

A selection of Photographs is attached at Appendix 1.
The Floor Plans are attached at Appendix 2.
The Merchandising Plan is attached at Appendix 3.

7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 16,467 sq m, sub-divided into 98 units, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>211</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>4,563</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>3,801</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>2,607</td>
<td>9</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>3,657</td>
<td>2</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>1,628</td>
<td>1,628</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>16,467</td>
<td>98</td>
</tr>
</tbody>
</table>

The retail gallery offers a diversified merchandising mix, characterised by the strong presence of the fashion sector (64.4% of the total GLA), followed by Bar & Restaurant (9.9%), and by Health & Beauty (6.8%), as shown in the chart below:
We would also point out that the retail offer of the Shopping Centre is completed by the adjacent retail park, which comprises Eldo, Euronics, Expert (Electronics & Telecom), Prenatal, OVS, Alcott, Conbipel, Scarpe&Scarpe, Pittarello (Fashion), ArteCasa and Happy Casa (Household Goods), Decathlon (Sporting Goods), and Leroy Merlin (DIY).

A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.

8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in good condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.
With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.

11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Campania region, the retail sector is regulated by Regional Law no.1 dated 07 January 2000. The law decree known as ‘Decreto Salva Italia’, which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the ‘possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage’. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence provided to us, we understand that the area related to the car park (map 519 Sheet 9) is subject to public easement. We also understand from the Legal Due Diligence that in order to fix some building irregularities a SCIA (Commencement of Works Certificate) has been filed with the Municipality. As the status of such request is not clear, we would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

Based on the documentation provided to us, we have no detailed information about the trading authorizations that regulate the shopping centre.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.
However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Giugliano in Campania (NA) in full compliance with the current uses.

Based on the Technical Due Diligence provided to us, we understand that some areas to be transferred to the Municipality are registered at the Land Registry, but not at the Cadastre.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, Auchan Giugliano Retail Gallery had 3 vacant storage units, for a total GLA of 175 sq m.

- Unit 112 RISERVA 18+19 (148 sq m GLA);
- Unit 102 RISERVA 4 (26 sq m GLA);
- Unit 116 SPAZIO (1 sq m GLA).

14.2 Lease Terms

Of the 95 leases currently in place, 87 are business leases and 8 are property leases.

From the documentation provided we understand that:

- 72 of the 86 tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 1.0% to 8.0%). 5 of the 9 property leases contain turnover-rent provisions (with percentages ranging from 5.0% to 7.0%).
- The duration of the business lease contracts varies from unit to unit, ranging from 1 to 12 years. The 5 property leases in place have a 6+6-year duration, 2 have 6 years duration and 1 has 10 years duration.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT.
5 of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.

Considering the assumed expiry dates, we would point out that nearly half of the signed leases will have expired by the end of 2018 (48%), as shown in the following chart:

We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona)
Duration: 6+6 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (£28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).
Indexation: The rent will be increased annually by 75% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.

Lease registration Tax: 50% of the tax will be paid by the tenant and 50% by the landlord.

Right to sublet: The Tenant has no right to sublet the unit or any portion of it.

Assignment: Assignment of the lease contract is permitted.

14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)

Duration: 7 years

Break Option: Break option after 36 months with 6 months notice.

Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).

Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.

Stepped Rent: The lease does not contemplate any stepped rents.

Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.

Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.

Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.

Lease registration Tax: 100% of the tax will be paid by the tenant.

Right to sublet: The Tenant has no right to sublet the unit or any portion of it.

Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following 8 tenants can still exercise their break options:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
<th>Notice Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>89 MS 101</td>
<td>PIAZZA ITALIA</td>
<td>26/06/2008</td>
<td>Rolling</td>
</tr>
<tr>
<td>10 NEG 006</td>
<td>ADIDAS</td>
<td>15/10/2016</td>
<td></td>
</tr>
<tr>
<td>30 NEG 030</td>
<td>ARTIGLI</td>
<td>16/11/2015</td>
<td></td>
</tr>
<tr>
<td>35 NEG 037</td>
<td>SISLEY</td>
<td>15/03/2015</td>
<td></td>
</tr>
<tr>
<td>62 NEG 067+068</td>
<td>PROMOD</td>
<td>01/09/2016</td>
<td></td>
</tr>
<tr>
<td>86 NEG 097+098</td>
<td>BRANDSTUDIO</td>
<td>07/05/2016</td>
<td></td>
</tr>
<tr>
<td>88 NEG 100</td>
<td>GALIANO</td>
<td>07/08/2015</td>
<td></td>
</tr>
</tbody>
</table>
14.6 Stepped-Rent Provisions

5 of the leases in place have stepped-rent provisions. As a result, the stabilised situation will be reached in 2015.

We report below the list of tenants benefitting from stepped-rent agreements:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>MGR 2013-2014 (€/yr)</th>
<th>MGR 2014-2015 (€/yr)</th>
<th>MGR 2015-2016 (€/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 NEG 026</td>
<td>SWAROVSKI</td>
<td>38,687</td>
<td>43,000</td>
<td>-</td>
</tr>
<tr>
<td>10 NEG 006</td>
<td>ADIDAS</td>
<td>105,000</td>
<td>110,000</td>
<td>115,000</td>
</tr>
<tr>
<td>28 NEG 028</td>
<td>CAMOMILLA</td>
<td>58,680</td>
<td>60,000</td>
<td>-</td>
</tr>
<tr>
<td>30 NEG 030</td>
<td>ARTIGLI</td>
<td>141,000</td>
<td>145,000</td>
<td>-</td>
</tr>
<tr>
<td>38 NEG 039</td>
<td>GIUNTI AL PUNTO</td>
<td>104,000</td>
<td>108,000</td>
<td>-</td>
</tr>
</tbody>
</table>

14.7 Rental Concessions

According to the information provided, we understand that no rental concessions were granted in 2013.

14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €7,052,407, corresponding to an average of €428 per sq m of GLA per annum. This has been calculated based on the information provided by you and taking into account the stepped rents agreed. For the units whose leases expire in before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry, and we have applied our estimate of market rent to those units that are currently vacant until the assumed re-letting date. The Gross Effective MGR at the valuation date is in the order of €6,996,273 (excluding the potential rent of the currently vacant units).

The following table summarises the gross Potential MGR for 2013/2014 by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>211</td>
<td>132,267</td>
<td>1.9%</td>
<td>627</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>4,563</td>
<td>2,405,926</td>
<td>34.1%</td>
<td>527</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>3,801</td>
<td>1,923,496</td>
<td>27.3%</td>
<td>506</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>2,607</td>
<td>1,095,341</td>
<td>15.5%</td>
<td>420</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>3,657</td>
<td>913,567</td>
<td>13.0%</td>
<td>250</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>1,628</td>
<td>581,808</td>
<td>8.2%</td>
<td>357</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>16,467</td>
<td>7,052,407</td>
<td>100.0%</td>
<td>428</td>
<td></td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>1,628</td>
<td>581,808</td>
<td>8.2%</td>
<td>357</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>183</td>
<td>105,409</td>
<td>1.5%</td>
<td>576</td>
</tr>
<tr>
<td>Fashion</td>
<td>10,604</td>
<td>4,410,388</td>
<td>62.5%</td>
<td>416</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>827</td>
<td>489,338</td>
<td>6.9%</td>
<td>592</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>1,123</td>
<td>586,675</td>
<td>8.3%</td>
<td>522</td>
</tr>
<tr>
<td>Household Goods</td>
<td>739</td>
<td>377,838</td>
<td>5.4%</td>
<td>511</td>
</tr>
<tr>
<td>Services</td>
<td>450</td>
<td>168,620</td>
<td>2.4%</td>
<td>375</td>
</tr>
<tr>
<td>Vacant</td>
<td>175</td>
<td>12,141</td>
<td>0.2%</td>
<td>69</td>
</tr>
<tr>
<td>Sport goods</td>
<td>738</td>
<td>320,190</td>
<td>4.5%</td>
<td>434</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>16,467</td>
<td>7,052,407</td>
<td>100.0%</td>
<td>428</td>
</tr>
</tbody>
</table>
The gross Potential Headline MGR is equal to €7,033,373 (€427 per sq m per annum). As mentioned above, the stabilised situation will be reached in 2015. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, the turnover rent accrued in 2012 and paid in 2013 is equal to €245,000.

14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €548,497.

15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €2,323,000. Of these, €1,631,000 are to be paid by the retail units of the gallery corresponding to a cost of approximately €100 per sq m of the total GLA, which seems appropriate for this type of scheme.

Please note that seven tenants have a cap on the Service Charges: Unit 12 MS 008 – Zara (€64,767/yr), Unit 14 NEG 010+011 – Bershka (€33,428/yr), Unit 15 NEG 012 – Pull & Bear (€22,716/yr), Unit 16 NEG 013+014 – Pull & Bear (€22,332/yr), Unit 11 NEG 007 – Zara Caballero (€18,453/yr), Unit 65 NEG 071+072 – Oysho (€19,361/yr) and Unit 13 NEG 009 – Zara Nino (€15,600/yr). Based on the budget provided for 2013, the landlord will pay:

- €9,047 for Unit 14 NEG 010+011
- €4,654 for Unit 15 NEG 012
- €4,578 for Unit16 NEG 013+014
- €6,251 for Unit 11 NEG 007
- €3,969 for Unit 65 NEG 071+072
- €5,287 for Unit 13 NEG 009

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €778,905 (€817,850 including the 5% project management fee)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€81,695</td>
<td>€231,171</td>
<td>€222,193</td>
<td>€255,859</td>
<td>€26,932</td>
</tr>
</tbody>
</table>
15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €183,400 per annum.
- Insurance: €60,890 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.
- Other Costs (caps on service charges): €33,786

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €100 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.

15.5 Rental Arrears and Legal Proceedings

As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.

16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the Retail Gallery registered some 7,672,958 visitors, corresponding to a 0.07% increase compared to previous year (7,667,447 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery in 2012 is equal to €72,271,146, corresponding to a slight decrease on 2011 (-1.8%).

The trend over the past three years has seen a slow decrease: in 2011 the turnover amounted to €73,595,451, -2.6% compared to the €75,591,874 in 2010.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery an average rent-to-sales ratio (effort rate) of 10.9% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m) have an average effort rate of 10.7%, which is good. The majority of the tenants have effort rates below 12%, and one tenant presents a critical situation (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding the medium- and large-sized units, and excluding service charges:
### Effort Rate

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>35</td>
<td>45%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>31</td>
<td>40%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>11</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>77</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>&gt;25%</td>
<td>unsustainable</td>
<td>1</td>
<td>1%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA<500 sqm)

### Sustainability

- Turnover (€) 47,323,158
- GLA (sqm) 10,673
- 2013 MGR (€) 5,073,284
- Effort Rate 10.7%

### The following table reports our comments with reference to the effort rates of the medium- and large-sized units:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zara</td>
<td>Fashion</td>
<td>1,067</td>
<td>2,827,349</td>
<td>344,254</td>
<td>12.2%</td>
<td>critical</td>
</tr>
<tr>
<td>Piazza Italia</td>
<td>Fashion</td>
<td>2,590</td>
<td>4,895,286</td>
<td>587,035</td>
<td>11.6%</td>
<td>critical</td>
</tr>
</tbody>
</table>

17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area in order to identify the main competing shopping destinations, considering the entire Giugliano retail pole.

#### 1. AUCHAN MUGNANO Shopping Centre

- **Location:** Mugnano (Naples)
- **Opening Date:** 1992
- **Total GLA:** 30,000 sq m
- **Number of Retail Units:** 43
- **Food Anchor:** Auchan
- **Sub-anchors:** 2
- **Parking Spaces:** 2,300

Auchan Mugnano Shopping Centre is located in Mugnano, to the east of the town of Giugliano, 8.4 km to the east of the Giugliano scheme. The shopping centre is developed on a single level, comprising the hypermarket, 2 sub-anchors (OVS and ELDO), and a gallery with 43 small retail units. The operators mainly comprise national and local operators, with a few international brands, such as GameStop, Yamamay, Benetton and Golden Point. The shopping centre is within the 10-minute isochrone and mainly having an impact on the east portion of the primary catchment area.

#### 2. QUARTO Shopping Centre

- **Location:** Quarto (Naples)
- **Opening Date:** 2007
- **Total GLA:** 33,335 sq m
- **Number of Retail Units:** 89
- **Food Anchor:** Ipercoop
- **Sub-anchors:** 3
- **Parking Spaces:** 2,300

Quarto Shopping Centre is located in Quarto, to the south of Giugliano and 10.5 km from the subject scheme. The shopping centre is developed on a single level, comprising the hypermarket, 3 sub-anchors (Euronics, Piazza Italia and Cisalfa), and a gallery with 89 small retail units. The operators mainly comprise national and local operators, with a few international brands, such as Adidas, Timberland, Motivi, and Yamamay. The shopping centre is in competition with the subject pole, mainly having an impact on the south portion of the secondary catchment area.
3. CAMPANIA Shopping Centre

<table>
<thead>
<tr>
<th>Location: Marcianise (Caserta)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Date: 2007</td>
</tr>
<tr>
<td>Total GLA: 89,563 sq m</td>
</tr>
<tr>
<td>Number of Retail Units: 200</td>
</tr>
<tr>
<td>Food Anchor: Carrefour</td>
</tr>
<tr>
<td>Sub-anchors: 7</td>
</tr>
<tr>
<td>Parking Spaces: 7,000</td>
</tr>
</tbody>
</table>

Campania Shopping Centre is located in Marcianise (Caserta), north of Giugliano and 23.8 km to the north-east of the subject scheme. The shopping centre is developed on two levels, comprising the hypermarket, a Cinepolis multiplex cinema, 7 sub-anchors (H&M, Zara, Eldo, Bata, Alcott, Hollister, Piazza Italia), and a gallery with 148 small retail units and 25 Bars and Restaurants. The operators mainly comprise national and international brands, such as Apple Store, Nike, Bershka, Timberland, Tommy Hilfiger, Max & Co, Tezenis, Calzedonia, Geox, Cello, Thun, and Original Marines. The adjacent retail park includes operators, such as Scarpe&Scarpe, Saturn, Decathlon, Brico Center, Happy Casa, Maisons du Monde, Euronics, and OVS. Campania is a regional centre, representing more of a week-end shopping destination and catering to a specific target of customers, including those attracted by the nearby La Reggia Designer Outlet.

To complete our analysis it is worth highlighting that Auchan Giugliano Shopping Centre and Retail Park create a dominant retail pole within their primary catchment area and in the secondary western portion.

However, those areas of Naples along the A1 motorway are oversupplied and characterised by a great number of retail activities ranging from big boxes such as Ikea, Leroy Merlin, MediaWorld, Emmelunga, to shopping centres, such as Mandi Shopping Centre and Le Porte di Napoli Shopping Centre. In particular, the latter, has a GLA of 28,570 sq m and comprises an Ipercoop hypermarket and 70 retail units.

17.2 The Future Retail Supply

We report below the future retail supply expected to be developed in the catchment area of the subject Shopping Centre.

A. POLICENTRO AFRAGOLA Shopping Centre – Afragola (NA)

This shopping centre will be located in Afragola, near the intersection between A1-Autostrada del Sole motorway and the Naples bypass, on a lot adjacent to Ikea and Leroy Merlin. The area to be developed is located approximately 18 km to the east of the Giugliano scheme. Works to improve accessibility and provide a direct connection with the A1- Autostrada del Sole and A16- Autostrada dei Due Mari motorways are also expected to be carried out. The centre will have a GLA of approximately 43,000 sq m and 2,944 parking spaces. According to the project, the shopping centre will be arranged over two levels, with the 1st providing a wide retail offer, and the 2nd accommodating 3 medium-sized units, leisure facilities and a large food court. The shopping centre is expected to be completed by October 2016. Due to its location and format, the new shopping centre could have an impact on the Giugliano scheme, in particular on the south-east portion of the secondary catchment area. For this reason, the project’s future developments should be monitored.

Finally, to complete our analysis, it is worth mentioning the existence of a project related to Naples which would involve the reclamation of the area formerly occupied by the Peroni Brewery. According to the project, a multifunctional centre will be built, and it will comprise residential buildings, offices, public services, a fitness centre, a hotel and a shopping centre with a GLA of 20,000 sq m. It is believed that this scheme will not be a direct competitor of the subject scheme. However, to date, no information is available as to whether works have already started.

The following map highlights the location of the schemes analysed above.
18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Southern Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Retail Gallery, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €6,883,120, 2.14% lower than the Potential Headline Rent. Excluding the vacant units, the headline rent is 2.19% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:
By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The Auchan Shopping Centre is located to the west of Giugliano, along State Road SS162, an important road linking Naples to its northern periphery.
- Good accessibility and visibility.
- The location provides a very good catchment area with approximately 1,900,000 inhabitants within the 30-minute drive time. Both consumption and disposable income are below the Italian average.
- The main competitor in the 0-10 isochrone catchment area is Auchan Mugnano Shopping Centre, approximately 8 km to the east of the Property. There are other two main competitors in the secondary catchment area, Quarto Shopping Centre and Campania Shopping Centre.
- The hypermarket operator (Auchan) is a strong food anchor.
- The gallery has a good line-up of national and international brands, along with some local operators.
- The gallery offers a diversified merchandising mix with high proportion of Fashion operators (64.4%).
- Beside the shopping centre there is a Retail Park with 10 retail units and a GLA of approximately 41,700 mq. This increases the retail offer and the appeal of the entire area.
- The majority of the lease contracts contain a turnover rent element, which increases the possibility for an investor to benefit from a potential increase in sales.
• In 2012, the shopping centre registered slight decreases in both footfall (-0.7%) and sales (-1.8%), compared to 2011, but the overall performance remains good (€/sq m 3,841), confirming that the Shopping Centre is performing well.

• The Shopping Centre has an average rent-to-sales ratio (effort rate) of 10.9% (on homogeneous data, excluding the hypermarket). Currently two MSU units (Zara and Piazza Italia) are showing performances which are resulting in a critical effort ratio that should be carefully monitored.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.

The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.

20.2 Income

• The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €7,052,407.

• The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.

• The estimated Mall Income for 2013/14 is €470,000, representing approximately 6.7% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 6.0% of the gross annual MGR.

• The estimated Turnover Rent payable in 2014 is equal to €245,000, corresponding to 3.5% of the gross annual MGR. In our cash-flow analysis, from 2015 onward, we have assumed this figure to correspond to 3.0% of the gross annual MGR.
20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €183,400.
- Insurance: €60,890.
- Letting fees (new leases): 11.0% of the gross annual MGR.
- Other Costs (caps on service charges): €33,786

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.0% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €100 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
- Capex: €81,695 (including 5% property management fee).

20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 7.85%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.

Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 8.50% to the MGR, while we have applied a yield of 9.50% to the income generated by the temporary lettings and to the turnover rent. The overall blended gross exit yield is equal to 8.57%.

Acquisition Costs

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.
21.0 Valuation

Following our inspection on 18 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Auchan Giugliano Retail Gallery, in Giugliano in Campania (Naples), is in the order of:

€92,000,000.00

(Ninety-Two Million Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of €32,670,000 (excl. VAT).

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (excl. VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€40/sqm</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>€28,775,670.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td>rounded</td>
</tr>
<tr>
<td><strong>Total Reinstatement Cost (excl. VAT)</strong></td>
<td>€32,670,000.00</td>
</tr>
</tbody>
</table>
Appendix 1
Photographs
Auchan Giugliano Shopping Centre

Retail Gallery

Auchan hypermarket - Customers Assistance

Food Court – Unit 044 – McDonald’s

Small-sized Unit 010+011 – Bershka

Open-Air Car Park
Appendix 3
Merchandising Plan
Appendix 4
Tenancy Schedule Provided
| Lease start date | Lease end date | Lease type | Rent (Annualized) | Rent Step | Turnover
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Business Lease 100</td>
<td>7</td>
<td>37,152</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>28/03/2023</td>
<td>Business Lease 100</td>
<td>5</td>
<td>20,803</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>01/01/2012</td>
<td>Business Lease 100</td>
<td>6</td>
<td>26,247</td>
<td>119</td>
<td></td>
</tr>
<tr>
<td>16/05/2006</td>
<td>Business Lease 100</td>
<td>7</td>
<td>23,821</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>25/05/2006</td>
<td>Business Lease 100</td>
<td>5</td>
<td>81,958</td>
<td>257</td>
<td></td>
</tr>
<tr>
<td>01/06/2006</td>
<td>Business Lease 100</td>
<td>6</td>
<td>167,058</td>
<td>386</td>
<td></td>
</tr>
<tr>
<td>15/05/2008</td>
<td>Business Lease 100</td>
<td>6</td>
<td>133,269</td>
<td>292</td>
<td></td>
</tr>
<tr>
<td>16/05/2006</td>
<td>Business Lease 100</td>
<td>8</td>
<td>85,000</td>
<td>158</td>
<td></td>
</tr>
<tr>
<td>15/05/2019</td>
<td>Business Lease 100</td>
<td>8</td>
<td>44,000</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>15/05/2013</td>
<td>Business Lease 100</td>
<td>7</td>
<td>80,000</td>
<td>138</td>
<td></td>
</tr>
<tr>
<td>16/05/2006</td>
<td>Business Lease 100</td>
<td>7</td>
<td>97,720</td>
<td>264</td>
<td></td>
</tr>
<tr>
<td>15/05/2019</td>
<td>Business Lease 100</td>
<td>8</td>
<td>70,000</td>
<td>118</td>
<td></td>
</tr>
<tr>
<td>01/01/2013</td>
<td>Business Lease 100</td>
<td>7</td>
<td>90,000</td>
<td>168</td>
<td></td>
</tr>
<tr>
<td>16/05/2010</td>
<td>Business Lease 100</td>
<td>7</td>
<td>38,149</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>01/02/2020</td>
<td>Business Lease 100</td>
<td>-</td>
<td>88,000</td>
<td>156</td>
<td></td>
</tr>
<tr>
<td>16/05/2012</td>
<td>Business Lease 100</td>
<td>8</td>
<td>70,000</td>
<td>125</td>
<td></td>
</tr>
<tr>
<td>15/05/2019</td>
<td>Business Lease 100</td>
<td>8</td>
<td>35,000</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>15/05/2019</td>
<td>Business Lease 100</td>
<td>8</td>
<td>70,000</td>
<td>129</td>
<td></td>
</tr>
<tr>
<td>15/05/2019</td>
<td>Business Lease 100</td>
<td>8</td>
<td>45,000</td>
<td>81</td>
<td></td>
</tr>
<tr>
<td>15/05/2019</td>
<td>Business Lease 100</td>
<td>8</td>
<td>70,000</td>
<td>121</td>
<td></td>
</tr>
</tbody>
</table>

**ProNet Turnover**
| # | Date | Name | Address | City | County | Zip Code | State/Province | Country | Start Date | End Date | Type | Length | Sq Ft | Sq M | Value | Lease | Renovations | Notes |
| 12_91 | 05/05/12 | Giugliano Shopping Mall 4323 | VIA TETTI ELIA 2/A | GIUGLIANO | RE.COM SRL/ | IT-12036 | REVELLO | 371,172 | 52,000 | 15/05/2019 | Business Lease | 100 | 8 | 54,000 | 113 | - | - | - |
| 12_92 | 01/09/12 | Giugliano Shopping Mall 4323 | VIA MONTE BALDO N. 20 | GIUGLIANO | CALZEDONIA SPA/ | IT-37062 | DOSSOBUONO DI VILLAFRANCA | 1,309,557 | 97,000 | 15/05/2019 | Business Lease | 100 | 8 | 97,000 | 246 | - | - | - |
| 12_93 | 08/02/12 | Giugliano Shopping Mall 4323 | VIA ROMA 59 | GIUGLIANO | GALLIANO S.R.L./ | IT-80014 | GIUGLIANO IN CAMPANIA | 1,015,817 | 118,500 | 15/05/2019 | Business Lease | 100 | 7 | 118,500 | 290 | - | - | - |
| 12_94 | 01/06/06 | Giugliano Shopping Mall 4323 | VIA ALFIERI 10 | GIUGLIANO | TELECOM ITALIA SPA/ | IT-10120 | TORINO | 147,368 | 67,000 | 31/08/2019 | Business Lease | 100 | 7 | 67,000 | 198 | - | - | - |
| 12_95 | 01/07/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_96 | 02/05/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_97 | 01/07/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_98 | 02/05/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_99 | 01/07/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_100 | 02/05/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_101 | 01/07/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_102 | 02/05/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_103 | 01/07/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_104 | 02/05/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_105 | 01/07/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_106 | 02/05/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_107 | 01/07/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_108 | 02/05/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
| 12_109 | 01/07/12 | Giugliano Shopping Mall 4323 | n.a. n.a. | GIUGLIANO | n.a. n.a. | 0 | 148 | - | - | - | - | - | - | - | - | - | - |
Appendix 5
Rent Roll
<table>
<thead>
<tr>
<th>Ref no.</th>
<th>Tenant</th>
<th>Category</th>
<th>Type of Business</th>
<th>Area</th>
<th>Start Date</th>
<th>Lease End</th>
<th>Category</th>
<th>Area</th>
<th>Start Date</th>
<th>Lease End</th>
<th>Category</th>
<th>Area</th>
<th>Start Date</th>
<th>Lease End</th>
<th>Category</th>
</tr>
</thead>
</table>
Appendix 6
Market Value Calculation
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Rate</td>
<td>1.60%</td>
<td>1.97%</td>
<td>2.06%</td>
<td>2.06%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Market growth</td>
<td>0.00%</td>
<td>1.01%</td>
<td>1.05%</td>
<td>2.06%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Turnover rent as % of MGR</td>
<td>3.47%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Mall income as % of MGR</td>
<td>6.66%</td>
<td>6.00%</td>
<td>6.00%</td>
<td>6.00%</td>
<td>6.00%</td>
<td>6.00%</td>
<td>6.00%</td>
<td>6.00%</td>
<td>6.00%</td>
<td>6.00%</td>
<td>6.00%</td>
</tr>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross potential minimum guaranteed rent</td>
<td>7,052,407</td>
<td>7,175,362</td>
<td>7,286,222</td>
<td>7,383,315</td>
<td>7,369,770</td>
<td>7,479,350</td>
<td>7,550,032</td>
<td>7,681,761</td>
<td>7,834,591</td>
<td>7,990,704</td>
<td>8,149,905</td>
</tr>
<tr>
<td>Rental Concessions</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for long-term vacancy</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover rent</td>
<td>245,000</td>
<td>211,572</td>
<td>215,261</td>
<td>218,587</td>
<td>221,499</td>
<td>221,093</td>
<td>224,381</td>
<td>226,501</td>
<td>230,453</td>
<td>235,038</td>
<td>2,489,105</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property management fees (MGR)</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property management fees (Turnover Rent)</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property management fees (Mall income)</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Tax</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease registration tax</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges on vacant units (€100/sq m)</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total operational costs</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net operating income</td>
<td>6,993,346</td>
<td>6,980,047</td>
<td>6,918,937</td>
<td>7,155,576</td>
<td>7,050,163</td>
<td>6,951,928</td>
<td>7,133,857</td>
<td>7,575,026</td>
<td>7,759,097</td>
<td>7,908,360</td>
<td>8,071,322</td>
</tr>
<tr>
<td>Leasing and capital costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Letting fees</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total leasing and capital costs</td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GROSS INCOME</strong></td>
<td>6,993,346</td>
<td>6,980,047</td>
<td>6,918,937</td>
<td>7,155,576</td>
<td>7,050,163</td>
<td>6,951,928</td>
<td>7,133,857</td>
<td>7,575,026</td>
<td>7,759,097</td>
<td>7,908,360</td>
<td>8,071,322</td>
</tr>
<tr>
<td>Net operating income</td>
<td>6,993,346</td>
<td>6,980,047</td>
<td>6,918,937</td>
<td>7,155,576</td>
<td>7,050,163</td>
<td>6,951,928</td>
<td>7,133,857</td>
<td>7,575,026</td>
<td>7,759,097</td>
<td>7,908,360</td>
<td>8,071,322</td>
</tr>
<tr>
<td><strong>Acquisition Costs (Legal/Technical and Agency Fees and Stamp Duty)</strong></td>
<td><em>(−)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value of annual income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value of resale @ Year 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GROSS EXIT VALUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value of resale @ Year 10</td>
<td>47,342,375</td>
<td>47,342,375</td>
<td>47,342,375</td>
<td>47,342,375</td>
<td>47,342,375</td>
<td>47,342,375</td>
<td>47,342,375</td>
<td>47,342,375</td>
<td>47,342,375</td>
<td>47,342,375</td>
<td>47,342,375</td>
</tr>
<tr>
<td><strong>NET INITIAL YIELD</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market value / sq m GLA</td>
<td>€5,587</td>
<td>€5,587</td>
<td>€5,587</td>
<td>€5,587</td>
<td>€5,587</td>
<td>€5,587</td>
<td>€5,587</td>
<td>€5,587</td>
<td>€5,587</td>
<td>€5,587</td>
<td>€5,587</td>
</tr>
<tr>
<td>Net running yield on initial investment</td>
<td>7.48%</td>
<td>7.48%</td>
<td>7.48%</td>
<td>7.48%</td>
<td>7.48%</td>
<td>7.48%</td>
<td>7.48%</td>
<td>7.48%</td>
<td>7.48%</td>
<td>7.48%</td>
<td>7.48%</td>
</tr>
<tr>
<td>Gross running yield on initial investment</td>
<td>8.34%</td>
<td>8.34%</td>
<td>8.34%</td>
<td>8.34%</td>
<td>8.34%</td>
<td>8.34%</td>
<td>8.34%</td>
<td>8.34%</td>
<td>8.34%</td>
<td>8.34%</td>
<td>8.34%</td>
</tr>
</tbody>
</table>

(*) including current vacancy and void period of 2 months at lease expiry.
013
Giugliano Retail Park
Giugliano in Campania (Naples), Italy
Table of Contents

1.0 Valuer Details and Inspection ............................................................................................................................................ 3
2.0 Documentation Provided .................................................................................................................................................... 3
3.0 Location ............................................................................................................................................................................. 3
4.0 Situation ............................................................................................................................................................................. 4
5.0 Catchment ......................................................................................................................................................................... 5
6.0 Description ....................................................................................................................................................................... 8
7.0 Accommodation ................................................................................................................................................................. 9
8.0 Condition ........................................................................................................................................................................... 9
9.0 Services, Plant, and Equipment ....................................................................................................................................... 10
10.0 Environmental Considerations ..................................................................................................................................... 10
11.0 Statutory Requirements and Town Planning .................................................................................................................. 10
12.0 Cadastral Information ....................................................................................................................................................... 11
13.0 Tenure ............................................................................................................................................................................. 12
14.0 Occupational Tenancies and Income ............................................................................................................................. 12
15.0 Management, Service Charges, and Non-recoverable Costs .......................................................................................... 15
16.0 Sales Performance ............................................................................................................................................................ 16
17.0 Local Retail Supply .......................................................................................................................................................... 17
18.0 Market Rent ..................................................................................................................................................................... 19
19.0 Principal Valuation Considerations ................................................................................................................................ 20
20.0 Valuation Methodology and Factors ............................................................................................................................... 20
21.0 Valuation ......................................................................................................................................................................... 22
22.0 Reinstatement Cost ........................................................................................................................................................... 22

Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plans
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Mario Nicolini and Cristina Brunalli, valuers of Savills Milan.

The Property was inspected on 18 June 2013 by Gianni Flammini and Cristina Brunalli. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was sunny.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’) and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5_compared.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report-Final.pdf’);
- Town Planning Report (Pdf file ‘Giugliano-Relazione_Urbanistica-rev-0.pdf’);
- Detail on Gross Area (Excel file ‘Summary_Surfaces.xls’);
- Floor plans (Pdf file ‘GIUGLIANO planimetria.pdf’).

3.0 Location

Giugliano Retail Park is located in the municipality of Giugliano, in the province of Naples, in the Campania region, in the south of Italy. The retail park is approximately 23 km to the north-west of Naples, and some 12 km to the east of Giugliano, in the industrial area of Qualiano.

Accessibility by car is excellent, thanks to the vicinity of the Naples bypass. The Acerra – Afragola exit of the A1-Autostrada del Sole motorway is some 20 km to the east of the Retail Park.
The closest railway station is Giugliano - Qualiano at 4 km. The international airport of Naples - Capodichino is located approximately 20 km to the south-east.

Macrolocation

4.0 Situation

As mentioned above, the subject retail park is located in a light-industrial area, with green areas/farmland all around, and warehouses and residential units to the south. Situated between the two portions of the retail park is Auchan Giugliano Shopping Centre, which is another asset part of the portfolio under valuation.
The Property is bordered by the State Road SS162 to the north, some warehouses to the south, green areas to the east and by some warehouses and by Provincial Road Santa Maria a Cubito Giugliano to the west.

5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Campania region had approximately 5,764,000 residents. 53.0% of the inhabitants of the region are concentrated in the province of Naples (3,053,247 people), with a density per sq km of 2,607 inhabitants (compared to the 424 inhabitants per sq km of the Campania region). The municipality of Naples has a population of approximately 961,106.

As to the age structure of the population in the province of Naples, 23.4% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 61.2% is aged 20 to 64 (Italy 60.4%), while the remaining 15.3% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Naples is of approximately €16,267, below the average for south Italy and the national average of €25,727 (2010 data). With reference to the national added value, the province of Naples ranks 4th among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (83.37%), followed by the industrial sector (15.44%) and by agriculture (1.18%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Naples is very low compared to the Italian average (-26.6 points). The consumption per capita is in line with the Campania average (-1.06 points) and strongly below the Italian average (-28.12 points). The non-food component of the total family spending is still predominant at 76.39% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Naples was 22.6%, well above both the Campania regional average (19.3%) and the Italian average (10.7%).

Specifically, in the Campania region, the unemployment rate increased to 19.3% in 2012, compared to 15.5% in 2011 and 14.0% in 2010. (Source: ISTAT)
### 5.2 Catchment Analysis

We have defined 10, 20 and 30 minute drive time catchment areas for the subject retail park, which we have considered as an important retail pole together with the adjacent shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10, 10-20 and 20-30 isochrones analysed for the subject retail pole are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>273,157</td>
<td>23.4%</td>
<td>273,157</td>
</tr>
<tr>
<td>10-20</td>
<td>893,522</td>
<td>76.6%</td>
<td>1,166,679</td>
</tr>
<tr>
<td>20-30</td>
<td>730,999</td>
<td>38.5%</td>
<td>1,897,678</td>
</tr>
</tbody>
</table>
To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 30 minutes away. However, we would expect the most frequent visitors to come from the 0-20 minute drive time area, corresponding to the above estimate of 1,116,679 inhabitants (nearly 61% of the total catchment population).

- The 30-minute catchment area covers some 863 sq km and has a density of 2,198 inhabitants/sq km (compared to the Italian average of 197/sq km). The density reaches 2,078 inhabitants/sq km in the 0-10 minute catchment area, which includes the town of Giugliano.

- The region and the province are not particularly wealthy, with disposal and consumption per capita below the Italian average.

- We have identified one shopping centre within the 10-minute isochrone to the east of Giugliano city centre and two in the 20-minutes isochrone to the south and west side of Giugliano (for details and comments on the competition, please refer to Section 17.0 of this report).

6.0 Description

Giugliano Retail Park opened to the public in 2006 and has a total GLA (Gross Lettable Area) of 41,693 sq m.

The Retail Park comprises 8 big boxes, 5 of which are situated along the east side of Auchan Giugliano Shopping Centre and the remaining 3 are arranged perpendicularly to the western side of the shopping centre.

The Retail Park is served by an open-air car park at ground level, which also serves the adjacent shopping centre, providing a total of 6,000 parking spaces.

Giugliano Retail Park is open Tuesday through Saturday from 9:00 a.m. to 9:00 p.m., and on Mondays and Sundays from 10:00 a.m. to 9:00 p.m.

A selection of Photographs is attached at Appendix 1. The Floor Plans are attached at Appendix 2. The Merchandising Plan is attached at Appendix 3.
7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 41,693 sq m, sub-divided into 8 retail boxes with GLAs ranging from 3,186 sq m to 10,500 sq m.

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Category</th>
<th>Total GLA (sqm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEROY MERLIN</td>
<td>Electronics &amp; Telecom</td>
<td>10,500</td>
</tr>
<tr>
<td>DECATHLON</td>
<td>Sporting Goods</td>
<td>6,935</td>
</tr>
<tr>
<td>HAPPY CASA</td>
<td>Household Goods</td>
<td></td>
</tr>
<tr>
<td>FAIR</td>
<td>mixed</td>
<td>6,970</td>
</tr>
<tr>
<td>BAR</td>
<td>Bars &amp; Restaurants</td>
<td>42</td>
</tr>
<tr>
<td>ARTE CASA</td>
<td>Household Goods</td>
<td>1,515</td>
</tr>
<tr>
<td>SCARPE &amp; SCARPE</td>
<td>Fashion</td>
<td>2,000</td>
</tr>
<tr>
<td>EURONICS</td>
<td>Electronics &amp; Telecom</td>
<td>3,515</td>
</tr>
<tr>
<td>CONBIPEL</td>
<td>Fashion</td>
<td>3,186</td>
</tr>
<tr>
<td>ALCOTT</td>
<td>Fashion</td>
<td></td>
</tr>
<tr>
<td>OVS</td>
<td></td>
<td>3,515</td>
</tr>
<tr>
<td>ELDO</td>
<td>Electronics &amp; Telecom</td>
<td>3,515</td>
</tr>
<tr>
<td>PRENATAL</td>
<td>Fashion</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>41,693</td>
</tr>
</tbody>
</table>

Please note that portions of three of the retail boxes have been sublet respectively by Decathlon, Conbipel, and Eldo, and that we have not been provided with the details of the split of the areas occupied.

Also, the retail box occupied by the tenant ‘Fair’ and by the bar accommodates a number of operators, including Pittarello (Fashion), Expert (Electronics & Telecom), Poltrone e Sofà (Furniture), Yes (Fashion), Rossopomodoro (Bars & Restaurants), and a number of smaller units.

In our opinion the Retail Park completes the offer of the adjacent shopping centre, which comprises 98 units, including 2 large-sized units and 9 Bars & Restaurants.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.

8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in good condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.
9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.

11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Campania region, the retail sector is regulated by Regional Law no.1 dated 07 January 2000.
The law decree known as ‘Decreto Salva Italia’, which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the ‘possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage’. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence provided to us, we understand that the area related to the underground car park (maps 518-519 Sheet 50 and maps 525-524-523 Sheet 49) is subject to public easement. We understand, from the legal Due Diligence provided to us, that a portion of the parking should be registered for public use. The relevant public deed in order to officialise such public use has not been signed yet. However on the base of the recent Town Planning Report signed by Arch. Antonio Amato, we understand that all the obligations have been done and the delay of the sign of the agreement should be due to the Municipality. We would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties. We also understand that, in order to regularize some building irregularities, a SCIA (Commencement of Works Certificate) has to be filed with the Municipality for the retail park. We would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

Based on the documentation provide to us, we have no detailed information about the trading authorizations that regulate the shopping centre.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Giugliano in Campania (NA) in full compliance with the current uses.

Based on the Technical Due Diligence provided to us, we understand that some areas to be transferred to the Municipality are registered at the Land Registry but not at the Cadastre.
13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, Giugliano Retail Park is fully let.

14.2 Lease Terms

Of the 10 leases currently in place, 9 are business leases.

From the documentation provided we understand that:

- 8 of the 10 tenants pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 2.5% to 7.0%).
- The duration of the business lease contracts varies from unit to unit, ranging from 3 to 18 years.
- All lease agreements contemplate indexation in the order of 100% of ISTAT.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.

Considering the assumed expiry dates, the majority of the signed leases (52%) will have expired by the end of 2017 (as shown in the following chart:}

![Lease Expiry by Headline Rent and % Expiry on total Headline Rent](chart.png)
We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona)
Duration: 6+6 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).
Indexation: The rent will be increased annually by 75% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 50% of the tax will be paid by the tenant and 50% by the landlord.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.

14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.

Lease registration Tax: 100% of the tax will be paid by the tenant.

Right to sublet: The Tenant has no right to sublet the unit or any portion of it.

Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following 9 tenants can still exercise their break options:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 LOTTO 4</td>
<td>LEROY MERLIN</td>
<td>15/06/2010</td>
</tr>
<tr>
<td>2 LOTTO 5</td>
<td>DECATHLON</td>
<td>25/05/2015</td>
</tr>
<tr>
<td>3 LOTTO 6</td>
<td>FAIR</td>
<td>31/12/2016</td>
</tr>
<tr>
<td>7 FITTIZIO CANONE LOTTO 8E2</td>
<td>ARTE CASA</td>
<td>25/05/2010</td>
</tr>
<tr>
<td>1 LOTTO 8A</td>
<td>ELDO</td>
<td>26/05/2010</td>
</tr>
<tr>
<td>2 LOTTO 8B</td>
<td>OVS</td>
<td>26/05/2009</td>
</tr>
<tr>
<td>3 LOTTO 8C</td>
<td>CONBIPEL</td>
<td>24/06/2010</td>
</tr>
<tr>
<td>4 LOTTO 8D</td>
<td>EURONICS</td>
<td>26/05/2010</td>
</tr>
<tr>
<td>5 LOTTO 8E1</td>
<td>SCARPE &amp; SCARPE</td>
<td>01/06/2012</td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

None of the leases in place currently benefits from stepped-rent provisions.

14.7 Rental Concessions

According to the information provided, we understand that no rental concessions were granted in 2013.

14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €6,935,461, corresponding to an average of €166 per sq m of GLA per annum. This has been calculated based on the information provided by you. The Gross Effective MGR at the valuation date is in the order of €6,914,215.

The following table summarises the gross Potential MGR for 2013/2014, by tenant:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEROY MERLIN</td>
<td>10,500</td>
<td>1,824,614</td>
<td>26.3%</td>
<td>174</td>
</tr>
<tr>
<td>DECATHLON</td>
<td>6,935</td>
<td>980,787</td>
<td>14.1%</td>
<td>141</td>
</tr>
<tr>
<td>FAIR</td>
<td>6,970</td>
<td>554,400</td>
<td>8.0%</td>
<td>80</td>
</tr>
<tr>
<td>BAR</td>
<td>42</td>
<td>13,100</td>
<td>0.2%</td>
<td>312</td>
</tr>
<tr>
<td>ARTE CASA</td>
<td>1,515</td>
<td>264,329</td>
<td>3.8%</td>
<td>174</td>
</tr>
<tr>
<td>SCARPE &amp; SCARPE</td>
<td>2,000</td>
<td>484,561</td>
<td>7.0%</td>
<td>242</td>
</tr>
<tr>
<td>EURONICS</td>
<td>3,515</td>
<td>708,625</td>
<td>10.2%</td>
<td>202</td>
</tr>
<tr>
<td>CONBIPEL</td>
<td>3,186</td>
<td>586,554</td>
<td>8.5%</td>
<td>184</td>
</tr>
<tr>
<td>OVS</td>
<td>3,515</td>
<td>690,264</td>
<td>10.0%</td>
<td>196</td>
</tr>
<tr>
<td>ELDO</td>
<td>3,515</td>
<td>828,228</td>
<td>11.9%</td>
<td>236</td>
</tr>
<tr>
<td>Total</td>
<td>41,693</td>
<td>6,935,461</td>
<td>100.0%</td>
<td>166</td>
</tr>
</tbody>
</table>
14.9 Turnover Rent

According to the information provided, there is no turnover rent accrued in 2012 and paid in 2013.

14.10 Mall and Other Income

Based on the information provided, we understand that the Retail Park does not generate any income from temporary lettings.

15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail Park, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €708,000 corresponding to a cost of approximately €20 per sq m of the total GLA, which seems appropriate for this type of.

Please note that one tenant has a cap on the Service Charges: Unit 2 Lotto 5 – Decathlon (€60,938/yr). Based on the budget provided, the landlord will pay €43,122 for this unit in 2013.

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan. On the base of this document, no Capital expenditures have been forecasted for the Property.

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €484,447 per annum.
- Insurance: €116,891 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.
- Other Costs (caps on service charges): €43,122

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €20 per sq m of GLA per annum.
- Rental loss (void): 6 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 0.5% of the gross annual MGR.
15.5 Rental Arrears and Legal Proceedings

As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.

16.0 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Park in 2012 is equal to €86,180,235, corresponding to a 5.5% decrease on 2011.

The trend over the past three years has seen a decrease in performance: in 2011 the turnover amounted to €91,211,129, -3.2% compared to the €94,177,879 in 2010.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Park had an average rent-to-sales ratio (effort rate) of 9.8% (on homogeneous data, excluding service charges), which is critical considering the characteristics of the tenants and unit sizes. The majority of the tenants had effort rates above 8% showing a critical situation for an MSU.

The following table reports the effort rates based on homogeneous data excluding service charges:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEROY MERLIN DIY</td>
<td>DIY</td>
<td>10,500</td>
<td>22,235,902</td>
<td>1,817,797</td>
<td>8.2%</td>
<td>critical</td>
</tr>
<tr>
<td>DECATHLON Fashion</td>
<td>Sporting goods</td>
<td>6,935</td>
<td>11,032,174</td>
<td>978,341</td>
<td>8.9%</td>
<td>critical</td>
</tr>
<tr>
<td>FAIR Fashion</td>
<td></td>
<td>6,970</td>
<td>5,969,951</td>
<td>550,000</td>
<td>9.2%</td>
<td>critical</td>
</tr>
<tr>
<td>ELDORO Electronics &amp; Telecom</td>
<td></td>
<td>3,515</td>
<td>4,176,173</td>
<td>826,163</td>
<td>19.8%</td>
<td>unsustainable</td>
</tr>
<tr>
<td>OVS Fashion</td>
<td></td>
<td>3,515</td>
<td>2,743,261</td>
<td>688,543</td>
<td>25.1%</td>
<td>unsustainable</td>
</tr>
<tr>
<td>CONBIPIDEL Fashion</td>
<td></td>
<td>3,186</td>
<td>2,195,794</td>
<td>585,822</td>
<td>26.7%</td>
<td>unsustainable</td>
</tr>
<tr>
<td>EURONICS Electronics &amp; Telecom</td>
<td></td>
<td>3,515</td>
<td>15,534,320</td>
<td>706,857</td>
<td>4.6%</td>
<td>fair</td>
</tr>
<tr>
<td>SCARPE &amp; SCARPE Fashion</td>
<td></td>
<td>2,000</td>
<td>3,455,005</td>
<td>483,956</td>
<td>14.0%</td>
<td>critical</td>
</tr>
</tbody>
</table>

Please note that Decathlon, Conbipel, and Eldo have sublet portions of their retail boxes respectively to Happy Casa, Alcott, and Prénatal. Therefore, as 2012 figures do not include the sublessees’ turnover, the above effort rates for these tenants should not be considered as a reference for future performance.
17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area in order to identify the main competing shopping destinations, considering the entire Giugliano retail pole.

1. AUCHAN MUGNANO Shopping Centre

- **Location:** Mugnano (Naples)
- **Opening Date:** 1992
- **Total GLA:** 30,000 sq m
- **Number of Retail Units:** 43
- **Food Anchor:** Auchan
- **Sub-anchors:** 2
- **Parking Spaces:** 2,300

Auchan Mugnano Shopping Centre is located in Mugnano, to the east of the town of Giugliano, 8.4 km to the east of the Giugliano scheme. The shopping centre is developed on a single level, comprising the hypermarket, 2 sub-anchors (OVS and ELDO), and a gallery with 43 small retail units. The operators mainly comprise national and local operators, with a few international brands, such as GameStop, Yamamay, Benetton and Golden Point. The shopping centre is within the 10-minute isochrone and mainly having an impact on the east portion of the primary catchment area.

2. QUARTO Shopping Centre

- **Location:** Quarto (Naples)
- **Opening Date:** 2007
- **Total GLA:** 33,335 sq m
- **Number of Retail Units:** 89
- **Food Anchor:** Ipercoop
- **Sub-anchors:** 3
- **Parking Spaces:** 2,300

Quarto Shopping Centre is located in Quarto, to the south of Giugliano and 10.5 km from the subject scheme. The shopping centre is developed on a single level, comprising the hypermarket, 3 sub-anchors (Euronics, Piazza Italia and Cisalfa), and a gallery with 89 small retail units. The operators mainly comprise national and local operators, with a few international brands, such as Adidas, Timberland, Motivi, and Yamamay. The shopping centre is in competition with the subject pole, mainly having an impact on the south portion of the secondary catchment area.

3. CAMPANIA Shopping Centre

- **Location:** Marcianise (Caserta)
- **Opening Date:** 2007
- **Total GLA:** 89,563 sq m
- **Number of Retail Units:** 200
- **Food Anchor:** Carrefour
- **Sub-anchors:** 7
- **Parking Spaces:** 7,000

Campania Shopping Centre is located in Marcianise (Caserta), north of Giugliano and 23.8 km to the north-east of the subject scheme. The shopping centre is developed on two levels, comprising the hypermarket, a Cinepolis multiplex cinema, 7 sub-anchors (H&M, Zara, Eldo, Bata, Alcott, Hollister, Piazza Italia), and a gallery with 148 small retail units and 25 Bars and Restaurants. The operators mainly comprise national and international brands, such as Apple Store, Nike, Bershka, Timberland, Tommy Hilfiger, Max & Co, Tezenis, Calzedonia, Geox, Celsio, Thun, and Original Marines. The adjacent retail park includes operators, such as Scarpe&Scarpe, Saturn, Decathlon, Brico Center, Happy Casa, Maisons du Monde, Euronics, and OVS. Campania is a regional centre, representing more of a week-end shopping destination and catering to a specific target of customers, including those attracted by the nearby La Reggia Designer Outlet.

To complete our analysis it is worth highlighting that Auchan Giugliano Shopping Centre and Retail Park create a dominant retail pole within their primary catchment area and in the secondary western portion.

However, those areas of Naples along the A1 motorway are oversupplied and characterised by a great number of retail activities ranging from big boxes such as Ikea, Leroy Merlin, MediaWorld, Emmelunga, to shopping centres, such as Mandi Shopping Centre and Le Porte di Napoli Shopping Centre. In particular, the latter, has a GLA of 28,570 sq m and comprises an Ipercoop hypermarket and 70 retail units.
17.2 The Future Retail Supply

We report below the future retail supply expected to be developed in the catchment area of the subject Retail Park.

A. POLICENTRO AFRAGOLA Shopping Centre – Afragola (NA)

This shopping centre will be located in Afragola, near the intersection between A1-Autostrada del Sole motorway and the Naples bypass, on a lot adjacent to Ikea and Leroy Merlin. The area to be developed is located approximately 18 km to the east of the Giugliano scheme. Works to improve accessibility and provide a direct connection with the A1-Autostrada del Sole and A16-Autostrada dei Due Mari motorways are also expected to be carried out. The centre will have a GLA of approximately 43,000 sq m and 2,944 parking spaces. According to the project, the shopping centre will be arranged over two levels, with the 1st providing a wide retail offer, and the 2nd accommodating 3 medium-sized units, leisure facilities and a large food court. The shopping centre is expected to be completed by October 2016. Due to its location and format, the new shopping centre could have an impact on the Giugliano scheme, in particular on the south-east portion of the secondary catchment area. For this reason, the project’s future developments should be monitored.

Finally, to complete our analysis, it is worth mentioning the existence of a project related to Naples which would involve the reclamation of the area formerly occupied by the Peroni Brewery. According to the project, a multifunctional centre will be built, and it will comprise residential buildings, offices, public services, a fitness centre, a hotel and a shopping centre with a GLA of 20,000 sq m. It is believed that this scheme will not be a direct competitor of the subject scheme. However, to date, no information is available as to whether works have already started.

The following Map highlights the location of the schemes analysed above.
18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Southern Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Retail Park, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Retail Park is €5,232,170, 24.33% lower than the current rental level.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:

By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.
19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The Retail Park is located in the west periphery of Giuliano, along State Road SS162, an important road linking Naples to its northern periphery.
- Good accessibility and visibility.
- The location provides a very good catchment area with approximately 1,900,000 inhabitants within the 30-minute drive time. Both consumption and disposable income are below the Italian average.
- The main competitor in the 0-10 isochrone catchment area is Auchan Muggano Shopping Centre, approximately 8 km to the east of the Property. There are other two main competitors in the secondary catchment area, Quarto Shopping Centre and Campania Shopping Centre.
- The hypermarket operator of the adjacent shopping centre (Auchan) is a strong food anchor. Together the two schemes increase the retail offer and the appeal of the entire area.
- The retail park has a good line-up of national and international brands, along with some local operators.
- The retail park offers a diversified merchandising mix that completes the offer of the shopping centre.
- The retail park is fully let.
- In 2012, the shopping centre registered decreases in sales (-5.5%), compared to 2011.
- We estimated a lower market rent (-24.3% on passing rent). According to the latter, a sensible rent reduction is expected for the lease renewals and/or for new leases.
- The Retail Park has an average rent-to-sales ratio (effort rate) of 9.8% (on homogeneous data). This result shows an overall critical performance, considering the characteristics of the tenants and unit sizes. However, please note that Decathlon, Conbipel, and Eldo have sublet portions of their retail boxes respectively to Happy Casa, Alcott, and Prénatal, and that Fair also includes a number of operators, such as Pittarello, Expert, Poltrone e Sofà, Yes, and Rossopomodoro. In view of the above, the poor performances of the above-mentioned units should not be considered as a reference for future performance.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.
The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.

20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €6,935,461.
- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.

20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €484,447.
- Insurance: €116,891.
- Letting fees (new leases): 11.0% of the gross annual MGR.
- Other Costs (caps on service charges): €43,122

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €20 per sq m of GLA per annum.
- Rental loss (void): 6 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 0.5% of the gross annual MGR.
20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 8.25%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.

Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 9.25%.

Acquisition Costs

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

21.0 Valuation

Following our inspection on 18 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Giugliano Retail Park, in Giugliano in Campania (Napoli), is in the order of:

€64,800,000.00

(Sixty-Four Million Eight Hundred Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.

22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.
The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the Retail Park. For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of €41,610,000 (excl. VAT).

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Site Clearance Cost</td>
<td>€30/sqm</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>€36,689,840.00</td>
</tr>
<tr>
<td>Professional Fee</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Reinstatement Cost (excl. VAT)</strong></td>
<td>rounded</td>
</tr>
<tr>
<td></td>
<td>€41,610,000.00</td>
</tr>
</tbody>
</table>
APPENDICES
Appendix 1
Photographs
Appendix 2
Floor Plans
Appendix 3
Merchandising Plan
Appendix 4
Tenancy Schedule Provided
<table>
<thead>
<tr>
<th>Lease Code</th>
<th>Lease Unit</th>
<th>GCI Location</th>
<th>Tenant Name</th>
<th>Brand</th>
<th>Lease start date</th>
<th>First Break Option</th>
<th>Lease end date</th>
<th>Contract Type</th>
<th>Yearly Inflation Indexation (%)</th>
<th>% Variable Rent</th>
<th>1st Step Up (Annualized Rent)</th>
<th>Step up Date</th>
<th>2nd Step Up (Annualized Rent)</th>
<th>Step up Date</th>
<th>Net Turnover 2012 (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13_1</td>
<td>LOTTO 4</td>
<td>4142 GIUGLIANO PAC IC</td>
<td>4142 GIUGLIANO PAC IC</td>
<td>LEROY MERLIN ITALIA S.R.L.</td>
<td>STRADA 8 PALAZZO N</td>
<td>IT-20089 ROZZANO</td>
<td>LEROY MERLIN</td>
<td>Business Lease</td>
<td>100</td>
<td>-</td>
<td>1,794,270</td>
<td>14/06/2024</td>
<td>15/06/2010</td>
<td>YES</td>
<td>17,668</td>
</tr>
<tr>
<td>13_2</td>
<td>LOTTO 4B</td>
<td>4142 GIUGLIANO PAC IC</td>
<td>4142 GIUGLIANO PAC IC</td>
<td>EDEN SAS DI PIANESE CLAUDIO &amp; C.</td>
<td>VIA ANIELLO PALOMBO 55</td>
<td>IT-80014 GIUGLIANO IN CAMPANIA</td>
<td>BAR</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>12,916</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15/05/2015</td>
<td>Business Lease</td>
</tr>
<tr>
<td>13_3</td>
<td>LOTTO 5</td>
<td>4142 GIUGLIANO PAC IC</td>
<td>4142 GIUGLIANO PAC IC</td>
<td>DECATHLON ITALIA S.R.L.</td>
<td>S.S. NUOVA VALASSINA 268</td>
<td>IT-20035 LISSONE</td>
<td>DECATHLON</td>
<td>Business Lease</td>
<td>100</td>
<td>-</td>
<td>962,346</td>
<td>25/05/2024</td>
<td>25/05/2015</td>
<td>NO</td>
<td>562,394</td>
</tr>
<tr>
<td>13_4</td>
<td>LOTTO 6</td>
<td>4142 GIUGLIANO PAC IC</td>
<td>4142 GIUGLIANO PAC IC</td>
<td>BADAFIN S.R.L.</td>
<td>VIA RAFFAELLO 609/A</td>
<td>IT-21040 CISLAGO</td>
<td>FAIR</td>
<td>Business Lease</td>
<td>100</td>
<td>6</td>
<td>550,000</td>
<td>01/01/2022</td>
<td>31/12/2016</td>
<td>NO</td>
<td>500,000</td>
</tr>
<tr>
<td>13_5</td>
<td>FITTIZIO CANONE</td>
<td>LOTTO 8E2</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>SCARPE &amp; SCARPE SRL</td>
<td>VIA TREVISO 22/E</td>
<td>IT-10144 TORINO</td>
<td>ARTE CASA</td>
<td>Other Lease</td>
<td>100</td>
<td>6</td>
<td>265,829</td>
<td>25/05/2015</td>
<td>25/05/2010</td>
<td>YES</td>
</tr>
<tr>
<td>13_6</td>
<td>LOTTO 8A</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>ELDO ITALIA S.P.A.</td>
<td>VIA ROBERTO MUROLO 3</td>
<td>IT-81030 ORTA DI ATELLE</td>
<td>ELDO</td>
<td>Business Lease</td>
<td>100</td>
<td>3</td>
<td>816,595</td>
<td>25/05/2017</td>
<td>25/05/2010</td>
<td>YES</td>
<td>816,595</td>
</tr>
<tr>
<td>13_7</td>
<td>LOTTO 8B</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>OVIESSE SPA</td>
<td>VIA TERRAGLIO, 17</td>
<td>IT-30174 MESTRE</td>
<td>OVS</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>680,569</td>
<td>25/05/2015</td>
<td>25/05/2009</td>
<td>YES</td>
<td>680,569</td>
</tr>
<tr>
<td>13_8</td>
<td>LOTTO 8C</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>CONBIPEL SPA</td>
<td>STRADA BAUCHIERI 1</td>
<td>IT-14023 COCCONATO</td>
<td>CONBIPEL</td>
<td>Business Lease</td>
<td>100</td>
<td>6</td>
<td>578,239</td>
<td>23/06/2015</td>
<td>24/06/2010</td>
<td>YES</td>
<td>578,239</td>
</tr>
<tr>
<td>13_9</td>
<td>LOTTO 8D</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>TUFANO WORLD SRL</td>
<td>VIA PRINCIPE DI PIEMONTE 199</td>
<td>IT-80026 CASO RIA</td>
<td>EURONICS</td>
<td>Business Lease</td>
<td>100</td>
<td>3</td>
<td>698,672</td>
<td>25/05/2015</td>
<td>25/05/2010</td>
<td>YES</td>
<td>698,672</td>
</tr>
<tr>
<td>13_10</td>
<td>LOTTO 8E1</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>4141 GIUGLIANO PAC MULINO</td>
<td>SCARPE &amp; SCARPE SRL</td>
<td>VIA TREVISO 22/E</td>
<td>IT-10144 TORINO</td>
<td>SCARPE &amp; SCARPE</td>
<td>Business Lease</td>
<td>100</td>
<td>7</td>
<td>487,919</td>
<td>30/05/2015</td>
<td>01/06/2012</td>
<td>YES</td>
<td>487,919</td>
</tr>
</tbody>
</table>
Appendix 5
Rent Roll
---
1 LOTTO 4 LEROY MERLIN DIY International 10,500 Business Lease 100% 17 01/04/2007 14/06/2024 14/06/2024 15/06/2010 ... 1,929,203 1,967,787 2,007,142 2,047,285 2,088,231 2,129,996 2,172,596 2,206,833
4 LOTTO 4B BAR Bars & Restaurants Local 42 Business Lease 100% 9 16/05/2006 15/05/2015 15/05/2015 n.a. ... 22,032 22,473 22,922 23,381 23,848 24,325 24,812
2 LOTTO 5 DECATHLON Sporting goods International 6,935 Business Lease 100% 18 26/05/2006 25/05/2024 25/05/2024 ... 1,036,578 1,057,309 1,078,456 1,100,025 1,122,025 1,144,466 1,167,355 1,160,158
3 LOTTO 6 FAIR Fashion International 6,970 Business Lease 100% 9 02/01/2013 01/01/2022 01/01/2022 31/12/2016 ... 584,311 595,997 607,917 620,075 632,477 603,020 566,090 577,412
7 FITTIZIO CANONE LOTTO 8E2 ARTE CASA Household Goods National 1,515 Other 100% 9 26/05/2006 25/05/2015 ... 186,997 190,737 194,551 198,442 202,411 206,459 210,589 214,800
1 LOTTO 8A ELDO Electronics & Telecom National 3,515 Business Lease 100% 11 26/05/2006 25/05/2017 25/05/2017 ... 829,516 443,262 449,172 458,155 467,318 476,665 486,198 495,922
2 LOTTO 8B OVS Fashion National 3,515 Business Lease 100% 9 26/05/2006 25/05/2015 25/05/2015 26/05/2009 688,543 ... 433,857 442,534 451,385 460,412 469,620 479,013 488,593 498,365
3 LOTTO 8C CONBIPEL Fashion National 3,186 Business Lease 100% 9 24/06/2006 23/06/2015 23/06/2015 24/06/2010 ... 392,601 400,453 408,463 416,632 424,964 433,464 442,133 450,976
4 LOTTO 8D EURONICS Electronics & Telecom International 3,515 Business Lease 100% 9 26/05/2006 25/05/2015 ... 650,785 663,801 677,077 690,618 704,431 718,519 732,890 747,548
5 LOTTO 8E1 SCARPE & SCARPE Fashion National 2,000 Business Lease 100% 3 01/06/2012 30/05/2015 30/05/2015 ... 246,454 251,383 256,411 261,539 266,770 272,105 277,547 283,098
## Asset Code: 013
Asset: Giugliano Retail Park
Address: Giugliano (Napoli), Italy
Valuation Date: 30/06/2013

|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

### Inflation Rate
- 1.60%
- 1.50%
- 2.00%
- 2.00%
- 2.00%
- 2.00%
- 2.00%
- 2.00%
- 2.00%
- 2.00%
- 2.00%

### Market Growth
- 0.50%
- 1.00%
- 1.50%
- 2.00%
- 2.00%
- 2.00%
- 2.00%
- 2.00%
- 2.00%
- 2.00%
- 2.00%

### Turnover Rent as % of MGR
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%

### Mall Income as % of MGR
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%
- 0.00%

### INCOME

#### Gross Potential Minimum Guaranteed Rent
- 6,935,461
- 6,972,026
- 6,246,567
- 6,311,901
- 6,035,295
- 6,153,046
- 6,276,107
- 6,401,629
- 6,487,555
- 6,568,316
- 6,659,823
- 71,047,825

#### Rental Concessions
- 0
- 0
- 0
- 0
- 0
- 0
- 0
- 0
- 0
- 0
- 0
- 0

#### Rental Loss (*)
- 0
- (154,924)
- (799,030)
- (44,326)
- (177,305)
- 0
- 0
- (278,327)
- (4,717)
- (176,585)
- (1,635,215)

#### Provision for long-term vacancy
- 0.50%
- (34,677)
- (34,086)
- (27,238)
- (31,338)
- (29,290)
- (30,765)
- (31,381)
- (32,008)
- (31,046)
- (32,818)
- (32,417)

#### Gross Effective Income
- 6,900,784
- 6,783,016
- 5,420,299
- 6,236,237
- 5,828,700
- 6,122,281
- 6,244,726
- 6,369,621
- 6,178,181
- 6,530,780
- 6,450,921
- 69,065,547

### EXPENDITURES

#### Operational Costs:
- Property Management Fees (MGR) 2.00%
- Property Management Fees (Turnover Rent) 2.00%
- Property Management Fees (Mall Income) 20.00%
- Property Tax
- Insurance
- Lease Registration Tax
- Provision for Bad Debts 1.00%
- Service Charges on Vacant Units €20/sq m
- Other Costs
- Total Operational Costs
- Net Operating Income

#### Leasing and Capital Costs:
- Letting fees 11%
- Capital Expenditures
- Total Leasing and Capital Costs
- Net Cash Flow
- Gross Exit Value
- Sale Costs (legal and technical costs and agency)
- Net Exit Value
- Total Net Cash Flow

### Discount Rate
- 8.25%

#### Discount Factor
- 0.92
- 0.85
- 0.79
- 0.73
- 0.67
- 0.62
- 0.57
- 0.53
- 0.49

#### Discounted Cash Flow
- 5,523,238
- 4,974,547
- 3,296,155
- 3,856,939
- 3,239,913
- 3,211,917
- 3,026,472
- 2,851,733
- 2,493,127
- 34,559,784
- 67,033,826

#### Present Value of Annual Income
- 34,935,331

#### Present Value of Resale @ Year 10
- 32,098,495

#### Gross Present Value
- 67,033,826

### Net Initial Yield
- 9.23%

### Gross Initial Yield
- 10.65%

### Net Exit Yield (on MGR)
- 7.71%

### Gross Exit Yield (on Variable Rent)
- 10.25%

### Net Blended Exit Yield
- 7.71%

### Gross Blended Exit Yield
- 9.25%

### Market Value / sq m GLA
- €1,554

### Net Running Yield on Initial Investment
- 9.23%
- 9.00%
- 6.45%
- 8.17%
- 7.40%
- 7.00%
- 8.13%
- 7.85%
- 8.39%
- 8.30%

### Gross Running Yield on Initial Investment
- 10.65%
- 10.47%
- 8.36%
- 9.62%
- 8.99%
- 9.45%
- 9.64%
- 9.83%
- 9.53%
- 10.08%
- 9.96%

### Net Initial Yield (on MGR)
- 9.23%

### Gross Initial Yield (on MGR)
- 10.65%

### Net Exit Yield (on MGR)
- 7.71%

### Gross Exit Yield (on MGR)
- 9.25%

### Net Blended Exit Yield
- 7.71%

### Gross Blended Exit Yield
- 9.25%

### Market Value
- Rounded
- €64,800,000

### Net Initial Yield (on Initial Investment)
- 9.23%

### Gross Initial Yield (on Initial Investment)
- 10.65%

### Net Exit Yield (on Initial Investment)
- 7.71%

### Gross Exit Yield (on Initial Investment)
- 9.25%

### Market Value / sq m GLA
- €1,554

(*) Including current vacancy and void period of 6 months at lease expiry.
Table of Contents

1.0 Valuer Details and Inspection ............................................................................................................................................ 3
2.0 Documentation Provided ....................................................................................................................................................... 3
3.0 Location .................................................................................................................................................................................. 3
4.0 Situation ................................................................................................................................................................................... 4
5.0 Catchment ................................................................................................................................................................................. 5
6.0 Description ................................................................................................................................................................................ 8
7.0 Accommodation ....................................................................................................................................................................... 10
8.0 Condition .................................................................................................................................................................................. 11
9.0 Services, Plant, and Equipment ........................................................................................................................................... 11
10.0 Environmental Considerations .......................................................................................................................................... 11
11.0 Statutory Requirements and Town Planning .......................................................................................................................... 12
12.0 Cadastral Information .......................................................................................................................................................... 13
13.0 Tenure .................................................................................................................................................................................... 13
14.0 Occupational Tenancies and Income .................................................................................................................................. 13
15.0 Management, Service Charges, and Non-recoverable Costs ................................................................................................. 18
16.0 Performance ........................................................................................................................................................................... 19
17.0 Local Retail Supply ............................................................................................................................................................... 20
18.0 Market Rent ........................................................................................................................................................................... 22
19.0 Principal Valuation Considerations .................................................................................................................................. 22
20.0 Valuation Methodology and Factors ................................................................................................................................... 23
21.0 Valuation .................................................................................................................................................................................. 25
22.0 Reinstatement Cost ................................................................................................................................................................. 26

Appendices

Appendix 1 : Photographs
Appendix 2 : Floor Plans
Appendix 3 : Merchandising Plan
Appendix 4 : Tenancy Schedule Provided
Appendix 5 : Rent Roll
Appendix 6 : Market Value Calculation
1.0 Valuer Details and Inspection

The valuation has been undertaken, in the name and on behalf of Savills Advisory Services Limited, by Gianni Flammini MRICS and by Nick Harris MRICS, valuers qualified for the purpose as defined in the RICS Valuation – Professional Standards, and by Mario Nicolini and Cristina Brunalli, valuers of Savills Milan.

The Property was inspected on 18 June 2013 by Gianni Flammini and Cristina Brunalli. We were able to inspect the whole of the Property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was sunny.

2.0 Documentation Provided

For the purposes of this valuation, we have relied on the documentation provided to us by Morgan Stanley, as listed below:

- Tenancy Schedule (Excel file ‘Project Granato - Lease DB_v4.xls’);
- 2012 IMU Property Tax (Excel file ‘IMU_v2.xls’);
- Insurance (Excel file ‘Insurance.xls’);
- 2009-2012 mall income and turnover rent figures (Excel file ‘Temporary and Turnover rents.xls’);
- 2013 Service Charges Budget (Excel file ‘Common Expenses - Budget 2013.xlsx’) and capped service charges (Pdf file ‘Lease Data - Capped Service Charges v5_compared.pdf’);
- Agency fees and project management fees (Pdf file ‘Project Granato_GCI Fee and Rental Guarantee.pdf’);
- 2012-2013 total discounts (Excel file ‘Discounts 2012 - 2013.xls’);
- Bad debt information (Excel file ‘Arretrati_Storico FSC ’09-10-11-12.xls’);
- Copies of a business lease contract (Pdf file ‘2.1.22.11.5-06 NEG 06_GOCCIA SRL.PDF’) and copy of a property lease contract (Pdf file ‘LOC. 20 - JADIS DI SEBASTIANELLI.PDF’).
- General standard contract information and tenancy updates (via e-mail);
- Gross turnover figures from 2010 to April 2013 (various Excel files);
- Footfall figures from 2011 to March 2013 (various Excel files);
- 2012 non-recoverable expenses (Excel file ‘Non Recoverable Expenses v3.xls’);
- 2012 total key money (Excel file ‘Key Money.xls’);
- Legal Due Diligence Report by Bonelli Erede Pappalardo dated 17 May 2013 (Pdf file ‘BEP Due Diligence Report- Final.pdf’);
- Town Planning Report (Pdf file ‘relazione urbanistica 3.pdf’);
- Detail on Gross Area (Excel file ‘Summary_Surfaces.xls’);
- Floor plans (Pdf file ‘PORTE DI CATANIA planimetria.pdf’).

3.0 Location

Auchan Porte di Catania Shopping Centre is located in Catania, in the Sicily region, in the south of Italy. The shopping centre is approximately 7 km to the south-west of the city centre, near the airport.

Accessibility by car is excellent both from the city and from the motorway. The A19 - Palermo-Catania and the A18 - Messina-Catania motorways are at some 3 km from the shopping centre (Zia Lisa exit).
The *Catania Centrale* railway station is at 7.5 km. The *Fontanarossa* international airport of Catania is located at less than 5 km to the east.

### 4.0 Situation

As mentioned above, the subject shopping centre is located in the peripheral area, in the vicinity of the airport, with green areas/farmland all around, and the Librino residential district of Catania to the north.
The Property is bordered by green areas to the east and to the west, by Provincial Road SP701 to the south, and by Via Gelso Bianco to the north.

5.0 Catchment

5.1 Socio-economics Data

As at 1 January 2012 (Source ISTAT), the Sicily region had approximately 5,000,000 residents. 21.6% of the inhabitants of the region are concentrated in the province of Catania (1,078,045 people), with a density per sq km of 303 inhabitants (compared to the 194 inhabitants per sq km of the Sicily region). The municipality of Catania has a population of approximately 293,104.

As to the age structure of the population in the province of Catania, 21.5% of the population is comprised between 0 and 19 years of age (Italy 18.8%), 61.0% is aged 20 to 64 (Italy 60.4%), while the remaining 17.5% is in the over-65 age group (Italy 20.8%).

The per capita Gross Domestic Product (GDP) of the province of Catania is of approximately €16.702, slightly below the average for South Italy, and below the national average of €25,727 (2010 data). With reference to the national added value, the province of Catania ranks 21st among the 110 Italian provinces. The sector which contributes the most to the national added value is the service sector (83.07%), followed by the industrial sector (14.66%) and by agriculture (2.27%) in a marginal proportion (2010 data). (Source: Istituto Tagliacarne)

The disposable income per capita in the province of Catania is low compared to the Italian average (-28.3 points). Also the consumption per capita, is lower than the Sicily average (-3.3 points) and much lower than the Italian average (+23.2 points). The non-food component of the total family spending is still predominant at 78.04% (Italy 82.85%) (2010 data). (Source: Istituto Tagliacarne)
The unemployment rate reported by ISTAT (2012 data) for the province of Catania was 16.3%, slightly below the Sicily regional average (18.6%) and strongly above the Italian average (10.7%).

Specifically, in the Sicily region, the unemployment rate increased to 18.6% in 2012, compared to 14.4% in 2011 and 14.7% 2010. (Source: ISTAT)
5.2 Catchment Analysis

We have defined 10, 20, 30 minute drive time catchment areas for the subject shopping centre.

These travel times are in our opinion appropriate, given the characteristics of the local infrastructure, the nature of the local retail culture, and the size and formula of the subject retail scheme. It must be noted that drive times are indicative and may vary depending on the time of day and/or traffic.

For the calculation of the population falling into each isochrone, we have used data available at the date of valuation (ISTAT as at 1 January 2012).

The 0-10, 10-20 and 20-30 isochrones analysed for the subject shopping centre are summarised as follows:

<table>
<thead>
<tr>
<th>Drivetime (Minutes)</th>
<th>Population</th>
<th>%</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>175,862</td>
<td>33.5%</td>
<td>175,862</td>
</tr>
<tr>
<td>10-20</td>
<td>349,293</td>
<td>66.5%</td>
<td>525,155</td>
</tr>
<tr>
<td>20-30</td>
<td>320,192</td>
<td>37.9%</td>
<td>845,347</td>
</tr>
</tbody>
</table>
To the above results, we add the following main considerations:

- The subject scheme may attract visitors residing up to 30 minutes away. However, we would expect the most frequent visitors to come from the 0-20 minute drive time area, corresponding to the above estimate of 525,155 inhabitants (nearly 62% of the total catchment population). This is the most densely populated area thanks to the presence of Catania, with its 293,000 residents.

- The 30-minute catchment area covers some 1,364 sq km and has a density of 574 inhabitants/sq km (compared to the Italian average of 197/sq km). The density reaches 866 inhabitants/sq km in the 0-20 minute catchment area, which includes the city of Catania.

- The region and the province are not particularly wealthy, with disposal and consumption per capita below the Italian average.

- We have identified two main competing shopping centres in the Catania area: one shopping centre with adjacent retail park located in the 10-minute isochrone to the west of the city, and one shopping centre in the 20-minute isochrone in the north-west outskirts of city (for details and comments on the competition, please refer to Section 17.0 of this report).

5.3 Tourism Data

The Sicily region is one of the most renowned Italian tourist destinations. According to ISTAT data, in 2011, a total of approximately 4.2 million people arrived in the region, for an average stay of 3.3 days (3.4 days in 2010).

Data on tourism is available for the province, but we do not have any details regarding the single municipalities. The province of Catania accounts for about 18% of total tourist arrivals (740,428 people). Compared to 2010, tourist arrivals for the entire region registered a 4.9% increase in 2011, while arrivals in the province of Catania increased by 10.3%.

6.0 Description

Auchan Porte di Catania Shopping Centre opened to the public in 2010 and its Retail Gallery has a total GLA (Gross Lettable Area) of 52,360 sq m.

The Shopping Centre consists of a gallery developed on two levels, comprising 125 small retail units, 8 medium-sized units, 10 large-sized units, 14 bars and restaurants, and an Auchan hypermarket, which is not part of the Property under valuation.

On the 1st level, the Retail Gallery is developed in front of the hypermarket, with 3 large-sized units occupying the north-east portion of the centre and a cluster of units arranged around a triangular retail block situated in the south-west portion of the shopping centre, mainly comprising large-sized units. This level is accessible directly from the open-air car park via 3 main entrances and from the covered car park via travelators. The outer corridor of the south-west portion of this level seems to suffer from poor visitor traffic, resulting in various vacant units.
On the 2nd level, the Retail Gallery is accessible via travelators and from the upper level car park. It accommodates the portion of the hypermarket dedicated to clothing and household goods (18 checkout counters), and the remaining portion of the retail gallery, with only 2 large-sized units and a food court. The south-west portion of this level seems to suffer from poor visitor traffic, with several vacant units as a result.

The exterior of the shopping centre has a good profile characterised by the light colour of the walls with pre-concrete panels and glazed entrances. The internal finishes are of good quality. In the gallery, the ceilings are either suspended or with exposed beams, with some glazed portions providing natural illumination. Artificial lighting is provided by recessed light fixtures in the suspended ceilings or suspended lamps. The flooring is in light-coloured marble tiles, sometimes decorated with darker-tile patterns.

The shopping centre is served by an open-air car park at ground level, one on the rooftop and a covered one on the basement, providing 5,200 parking.

Auchan Shopping Centre is open every day from 9:30 a.m. to 9:00 p.m.

A selection of Photographs is attached at Appendix 1.
The Floor Plans are attached at Appendix 2.
The Merchandising Plan is attached at Appendix 3.
7.0 Accommodation

As instructed, with reference to the floor areas of the Property, we have based our valuation on the information provided. We have assumed the data provided to be accurate and correct, as the instruction does not contemplate the verification of measurements on site. In particular, with regard to the Gross Lettable Area (GLA) of all the units, we have relied on the Tenancy Schedule provided to us.

The total GLA of the Property under exam is 52,360 sq m, sub-divided into 154 units, as follows:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>277</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>5,128</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>10,950</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>3,723</td>
<td>11</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>5,329</td>
<td>8</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>24,817</td>
<td>10</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td></td>
<td>2,136</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>52,360</td>
<td>154</td>
</tr>
</tbody>
</table>

The retail gallery offers a diversified merchandising mix, characterised by the strong presence of the fashion sector (46.6% of the total GLA), followed by Sporting Goods (13.3%), and by Electronics & Telecom (9.5%), as shown in the chart below:

![Merchandising Mix of the Gallery](chart.png)

A detailed breakdown of the accommodation is contained within the Rent Roll Schedule attached at Appendix 5.

Should a subsequent verification reveal any discrepancies in the floor areas used, we reserve the right to amend this valuation accordingly.
8.0 Condition

As instructed, we have not carried out a structural survey. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the Property appears to be in good condition throughout the sales areas.

We are unable to warrant that the Property is free from any defect or risk in this respect. We have assumed, for the purposes of our valuation, that specialist investigation would not disclose the presence of any adverse conditions.

9.0 Services, Plant, and Equipment

As instructed, we have not tested any of the services, plant and equipment. We can provide no warranty with regard to their serviceability, efficiency or adequacy for their purpose.

We have assumed, for the purposes of our valuation, that all services, plant and equipment are adequate for their purpose and in full working order.

We have also assumed that the Property is appropriately served by water, electricity, gas and drainage.

10.0 Environmental Considerations

We have not been instructed to undertake a detailed investigation or tests of the site, nor have we carried out an environmental audit or study of the site. We are, therefore, unable to warrant that the Property is free from any defect or risk in this respect. Furthermore, we have not carried out any tests aimed at establishing whether the site was in the past the object of contamination. Therefore, we are unable to warrant that the Property is free from any defect or risk in this respect.

For our valuation purposes, we assume that the load bearing qualities of the site are sufficient to support the building constructed thereon. We also assume that no high alumina cement concrete, wood wool slab permanent framework, calcium chloride cement, blue or other fibrous asbestos, or any other deleterious materials have been used in the construction or subsequent alteration of the building.

Based on the Technical Due Diligence provided to us, the Property has not been granted approval for the discharging of waste waters, and adequate procedures for complying with local regulations should be undertaken. On the base of a more recent Town Planning Report signed by Ing. Renato Grecuzzo, we understand that this issue is still pending and thus we suggest further investigation from your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

Our report is based on the assumption that the Property is not contaminated and that a technical survey would not uncover any adverse conditions in the soil or in the building.

In the event that any future contamination is discovered in relation to the Property, we reserve the right to amend this valuation accordingly.

With regard to internal environmental matters, we have assumed that the Property complies in all respects with Environmental Health Requirements.
11.0 Statutory Requirements and Town Planning

11.1 Retail Sector Regulations

The Italian retail sector is regulated by Law Decree no. 114 (Decreto Legislativo) dated 31 March 1998 (the so-called Bersani Law). Key provisions include the abolition of trade licenses for small outlets, a reduction of the number of required product categories and licences from fourteen to two, and a partial deregulation of opening hours. This law empowered regional governments and municipalities to define their own trading regulations, in accordance with the national law, and to adapt local town planning in order to regulate the realisation of new retail developments. In particular, according to Article 9 of Law Decree no. 114/98, the municipalities, within 60 days of receiving a request for approval to open a large new scheme, must summon a Conferenza dei Servizi (Planning Hearing) attended by a representative of the Region, of the Province and of the Municipality. Within 90 days of the summons, the Conferenza dei Servizi must decide. The decision must be taken by the majority of the members, and issuance of the authorisation is subject to approval from the representative of the Region.

With regard to the Sicily region, the retail sector is regulated by Regional Law no.28 dated 22 December 1999. The law decree known as 'Decreto Salva Italia', which became law on 22 December 2011 (Law no. 214), contains specific directives regarding the liberalisation of retail activities, and, more specifically, the 'possibility to open new retail schemes without quotas, restrictions in terms of location or any other limitations, excluding those relating to the protection of the health of the workers, of the environment, and of cultural heritage'. Retail activities are now permitted to operate without limitations in terms of opening hours and days.

11.2 Planning Consents

As instructed, we have not examined any of those aspects relating to town planning and statutory authorizations for the subject Property.

Based on the Technical Due Diligence provided to us, we understand that the area related to the underground car park is subject to public easement.

Furthermore, based on the legal due diligence provided to us, we understand that GCI has not confirmed the complete execution of all the obligations set out by the zoning agreements; and the urbanisation works set out by the relevant zoning agreement do not appear to have undergone the final test and have not been delivered to the Municipality. We also understand, from the legal due diligence provided to us, that a litigation is currently underway with the Municipality of Catania regarding the urbanization costs. It seems that an out-of-court settlement is under negotiation between the parties. On the base of a recent Town Planning Report signed by Ing. Renato Grecuzzo, we understand that the Municipality signed and agreement on the 14 June 2013 to refund the urbanization costs within 40 days. At the date of the report, the deadline has been expired and the Municipality has not yet made any compensation. We would suggest further analysis with your lawyers in order to have clarification and/or if needed the relevant representations and warranties.

For the purposes of our valuation, we have assumed that there are no outstanding issues or adverse planning conditions affecting the Property, that the Property is unrestricted with regard to town planning, and that all building permits and relevant authorisations have been granted.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.
11.3 Trading Licences

As instructed, we have not examined any documents relating to trading authorisations.

Based on the documentation provided to us, we have no detailed information about the trading authorizations that regulate the shopping centre.

For the purposes of our valuation, we have assumed that all the necessary trading authorisations have been obtained.

However, should any material discrepancies be revealed by any subsequent verification, we recommend that these are referred back to us to enable us to amend our valuation accordingly.

12.0 Cadastral Information

We assume that the subject Property has been registered in compliance with the applicable laws and is registered with the Land and Building Registries of the Municipality of Catania in full compliance with the current uses.

Based on the Technical Due Diligence provided to us, we understand that there is a building pardon procedure in place.

13.0 Tenure

As instructed, we have not examined any document or information with regard to tenure, and we have not made any enquiries at the local Registry (Ufficio di Pubblicità Immobiliare). We understand, however, that the Asset is currently owned by Gallerie Commerciali Italia S.p.A.

We have valued the Freehold interest in the Asset described above. We assume that the Freehold title is good and marketable and free of mortgages, charges or other encumbrances, restrictive covenants or onerous or unusual obligations. We have also assumed that the Owner has full rights of access, and that no third party has any rights over the subject Property.

Any material discrepancies revealed during a subsequent verification by your legal advisors should be referred back to us to enable us to amend our valuation accordingly.

14.0 Occupational Tenancies and Income

14.1 Letting Status

At the valuation date, Porte di Catania Retail Gallery had 21 vacant retail units, for a total GLA of 7,598 sq m.

- Unit 148 GS 01 (2,093 sq m GLA): this unit is currently occupied by a temporary exposition;
- Unit 151 GS 04 (2,388 sq m GLA): this unit was previously occupied by "Casaready";
- Unit 135 NEG 153 (24 sq m GLA): this unit was previously occupied by "Notte Bianca";
- Unit 16 NEG 16 (144 sq m GLA): this unit was previously occupied by "Camomilla";
- Unit 20 NEG 20 (93 sq m GLA): this unit was previously occupied by "4G";
- Unit 141 NEG 162 (25 sq m GLA);
- Unit 144 NEG 165 (25 sq m GLA);
- Unit 17 NEG 17 (135 sq m GLA);
- Unit 18 NEG 18 (140 sq m GLA);
- Unit 23 NEG 23 (98 sq m GLA);
- Unit 34 NEG 34 (217 sq m GLA);
- Unit 52 NEG 52 (161 sq m GLA);
- Unit 66 NEG 66 (137 sq m GLA);
- Unit 68 NEG 68 (137 sq m GLA);
- Unit 72 NEG 72 (135 sq m GLA);
- Unit 79 NEG 79 (82 sq m GLA);
- Unit 80 NEG 80 (184 sq m GLA);
- Unit 81 NEG 81 (206 sq m GLA);
- Unit 88 NEG 88 (116 sq m GLA);
- Unit 95 NEG 95 (108 sq m GLA);
- Unit 111 NEG 111 (411 sq m GLA);
- Unit 83 NEG 83 (734 sq m GLA).

We have been informed that unit “83 MS NEG 83” (734 sq m), vacant at the date of valuation, has been let to Vestir Casa under a 5-year lease agreement starting in September 2013.

14.2 Lease Terms

Of the 132 leases currently in place, 123 are business leases and 9 are property leases.

From the documentation provided we understand that:

- 115 of the 123 tenants with business leases pay the higher of two amounts, consisting of either the base rent or the amount calculated as a specified percentage of the annual turnover (with percentages ranging from 2.0% to 10.0%). 4 of the 9 property leases contain turnover-rent provisions (with percentages ranging from 5.0% to 8.0%).
- The duration of the business lease contracts varies from unit to unit, ranging from 1 to 27 years. 6 of the 9 property leases in place have a 6+6-year duration, one 2 years, one 6 years and one 9+6 years.
- All business leases contemplate indexation in the order of 100% of ISTAT, while the property contracts contemplate indexation in the order of 75% of ISTAT. One business lease (H&M) is indexed at 90%.
- 13 of the lease agreements in place still benefit from stepped rents.

Details on duration, turnover-rent percentages, lease start and expiration dates, as well as ISTAT indexation and stepped-rent provisions, are contained within the Rent Roll Schedule attached at Appendix 5.

Considering the assumed expiry dates, the majority of the signed leases will have expired by the end of 2017 (59%), as shown in the following chart:
We have assumed that all the information contained in the tenancy schedule and other documents provided is correct. Moreover, also based on the information above, we assume that all leases are legally valid. We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

14.3 Property Lease

We have been provided with a copy of a standard property lease contract dated 6 October 2011. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Jadis di Sebastianelli Alberto’ (Ancona)
Duration: 6+6 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€28,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (8%).
Indexation: The rent will be increased annually by 75% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the duration of the lease an all-risk policy with a leading insurance company.
Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.
Lease registration Tax: 50% of the tax will be paid by the tenant and 50% by the landlord.
Right to sublet: The Tenant has no right to sublet the unit or any portion of it.
Assignment: Assignment of the lease contract is permitted.

14.4 Business Lease

We have been provided with a copy of a standard business lease contract dated 15 June 2009. We understand that the lease contracts have been drawn up on the same basis. However, each contract may contain specific clauses which differ from those contained in the contract we have examined.

Parties: Gallerie Commerciali Italia S.p.A. and ‘Goccia S.r.l.’ (Turin)
Duration: 7 years
Break Option: Break option after 36 months with 6 months notice.
Rent: The tenant will pay the higher of two amounts, consisting of either the Minimum Guaranteed Rent (€32,000) (subject to indexation) or the amount calculated as a specified percentage of the turnover (7%).
Indexation: The rent will be increased annually by 100% of the ISTAT index from the 2nd year.
Stepped Rent: The lease does not contemplate any stepped rents.
Maintenance: With the exception of the structural parts of the building, the tenant will be responsible for the ordinary and most of extraordinary maintenance of plants and equipment related to its unit.
Insurance: The tenant must take out a third-party liability policy covering liability arising from the fitting-out works to be carried out in the store. The tenant must also take out and maintain for the
duration of the lease an all-risk policy with a leading insurance company.

Service Charges: The tenant will be responsible for all utilities directly and will pay a pro-rata share of all running and maintenance costs relating to the common areas and of promotional activities.

Lease registration Tax: 100% of the tax will be paid by the tenant.

Right to sublet: The Tenant has no right to sublet the unit or any portion of it.

Assignment: Assignment of the lease contract is permitted.

14.5 Break Options

Based on the information available, the following 15 tenants can still exercise their break options:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>Break Option</th>
<th>Notice Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>149 GS 02</td>
<td>H&amp;M</td>
<td>24/03/2014</td>
<td>rolling</td>
</tr>
<tr>
<td>150 GS 03</td>
<td>DECATHLON</td>
<td>25/03/2014</td>
<td></td>
</tr>
<tr>
<td>151 GS 04</td>
<td>VACANT (ex CASAREADY)</td>
<td>15/09/2014</td>
<td></td>
</tr>
<tr>
<td>153 GS 06</td>
<td>SATURN</td>
<td>24/09/2014</td>
<td></td>
</tr>
<tr>
<td>155 GS 08</td>
<td>PRENATAL</td>
<td>16/09/2014</td>
<td></td>
</tr>
<tr>
<td>122 MS NEG 122</td>
<td>TOYS CENTER</td>
<td>24/04/2014</td>
<td></td>
</tr>
<tr>
<td>61 MS NEG 61</td>
<td>TATA ITALIA</td>
<td>16/09/2014</td>
<td></td>
</tr>
<tr>
<td>76 MS NEG 76</td>
<td>CONBIPEL</td>
<td>15/09/2014</td>
<td></td>
</tr>
<tr>
<td>106 NEG 106</td>
<td>LINDT</td>
<td>16/09/2014</td>
<td></td>
</tr>
<tr>
<td>115 NEG 115</td>
<td>OLD WILD WEST</td>
<td>16/09/2014</td>
<td></td>
</tr>
<tr>
<td>116 NEG 116</td>
<td>VILLAGGIO COMPRASUD</td>
<td>16/09/2014</td>
<td></td>
</tr>
<tr>
<td>57 NEG 57</td>
<td>OPTISSIMO</td>
<td>16/09/2014</td>
<td></td>
</tr>
<tr>
<td>59 NEG 59+60</td>
<td>Desigual</td>
<td>07/07/2016</td>
<td></td>
</tr>
</tbody>
</table>

14.6 Stepped-Rent Provisions

13 of the leases in place have stepped-rent provisions. As a result, the stabilised situation will be reached in 2015.

We report below the list of tenants benefiting from stepped-rent agreements:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tenant</th>
<th>MGR 2013-2014 (€/yr)</th>
<th>MGR 20142015 (€/yr)</th>
<th>MGR 2015-2016 (€/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>122 MS NEG 122</td>
<td>TOYS CENTER</td>
<td>136,000</td>
<td>152,000</td>
<td>-</td>
</tr>
<tr>
<td>105 NEG 105</td>
<td>WJCON</td>
<td>47,326</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>123 NEG 123</td>
<td>CLINICHE DENTALI</td>
<td>70,653</td>
<td>69,783</td>
<td>-</td>
</tr>
<tr>
<td>124 NEG 124</td>
<td>GAS</td>
<td>50,750</td>
<td>54,810</td>
<td>-</td>
</tr>
<tr>
<td>132 NEG 132</td>
<td>CHIARA B</td>
<td>56,470</td>
<td>55,546</td>
<td>-</td>
</tr>
<tr>
<td>15 NEG 15</td>
<td>SOS MAMMA</td>
<td>12,993</td>
<td>31,800</td>
<td>-</td>
</tr>
<tr>
<td>142 NEG 163</td>
<td>PALUMBO IGNAZIO</td>
<td>18,000</td>
<td>22,000</td>
<td>24,000</td>
</tr>
<tr>
<td>24 NEG 24</td>
<td>NEW TENANT - MISTER LINO</td>
<td>16,000</td>
<td>18,000</td>
<td>-</td>
</tr>
<tr>
<td>63 NEG 63</td>
<td>LIZALU'</td>
<td>80,000</td>
<td>90,000</td>
<td>100,000</td>
</tr>
<tr>
<td>65 NEG 65</td>
<td>LA TAVOLA REGALI</td>
<td>44,576</td>
<td>48,005</td>
<td>-</td>
</tr>
<tr>
<td>69 NEG 69</td>
<td>99 CENTS</td>
<td>41,776</td>
<td>41,235</td>
<td>-</td>
</tr>
<tr>
<td>70 NEG 70</td>
<td>SARTORIALART</td>
<td>15,203</td>
<td>18,000</td>
<td>-</td>
</tr>
</tbody>
</table>
14.7 Rental Concessions

According to the information provided, we understand that a total amount of €440,310 for rental concessions were granted in 2013.

14.8 Minimum Guaranteed Rent

The July 2013 / June 2014 gross Potential Minimum Guaranteed Rent (MGR) amounts to €14,260,586, corresponding to an average of €272 per sq m of GLA per annum. This has been calculated based on the information provided by you and taking into account the stepped rents agreed. For the units whose leases expire before the end of June 2014, we have applied our estimated market rent for the period from the lease expiry, and we have applied our estimate of market rent to those units that are currently vacant until the assumed re-letting date. The gross Effective MGR at the valuation date is in the order of €12,828,900 (excluding the potential rent of the currently vacant units).

The following table summarises the gross Potential MGR for 2013/2014, by unit type:

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>GLA Range (sqm)</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-sized Retail Units</td>
<td>&lt;50</td>
<td>277</td>
<td>244,203</td>
<td>1.7%</td>
<td>882</td>
</tr>
<tr>
<td></td>
<td>50-150</td>
<td>5,128</td>
<td>2,323,369</td>
<td>16.3%</td>
<td>453</td>
</tr>
<tr>
<td></td>
<td>150-250</td>
<td>10,950</td>
<td>4,834,163</td>
<td>33.9%</td>
<td>441</td>
</tr>
<tr>
<td></td>
<td>250-500</td>
<td>3,723</td>
<td>1,232,900</td>
<td>8.6%</td>
<td>331</td>
</tr>
<tr>
<td>Medium-sized Retail Units</td>
<td>500-1000</td>
<td>5,329</td>
<td>1,155,776</td>
<td>8.1%</td>
<td>217</td>
</tr>
<tr>
<td>Large-sized Retail Units</td>
<td>&gt;1,000</td>
<td>24,817</td>
<td>3,755,184</td>
<td>26.4%</td>
<td>152</td>
</tr>
<tr>
<td>Bars &amp; Restaurants</td>
<td>2,136</td>
<td>704,992</td>
<td>330</td>
<td>4.9%</td>
<td>330</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>52,360</td>
<td>14,260,586</td>
<td>100.0%</td>
<td>272</td>
</tr>
</tbody>
</table>

The following table shows the breakdown of the 2013/2014 gross Potential MGR by merchandise category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total GLA (sqm)</th>
<th>Potential 2013/2014 MGR (€/yr)</th>
<th>%</th>
<th>Potential 2013/2014 MGR (€/sqm/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars &amp; Restaurants</td>
<td>2,136</td>
<td>704,992</td>
<td>4.9%</td>
<td>330</td>
</tr>
<tr>
<td>Electronics &amp; Telecom</td>
<td>4,954</td>
<td>846,578</td>
<td>5.9%</td>
<td>171</td>
</tr>
<tr>
<td>Fashion</td>
<td>24,414</td>
<td>8,042,499</td>
<td>56.4%</td>
<td>329</td>
</tr>
<tr>
<td>Gifts &amp; Other Goods</td>
<td>3,123</td>
<td>1,161,673</td>
<td>8.1%</td>
<td>372</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>651</td>
<td>306,830</td>
<td>2.2%</td>
<td>471</td>
</tr>
<tr>
<td>Household Goods</td>
<td>514</td>
<td>225,638</td>
<td>1.6%</td>
<td>439</td>
</tr>
<tr>
<td>Services</td>
<td>1,817</td>
<td>387,679</td>
<td>2.7%</td>
<td>213</td>
</tr>
<tr>
<td>Vacant</td>
<td>7,793</td>
<td>1,278,039</td>
<td>9.0%</td>
<td>164</td>
</tr>
<tr>
<td>Sporting goods</td>
<td>6,958</td>
<td>1,306,658</td>
<td>9.2%</td>
<td>188</td>
</tr>
<tr>
<td>Total Gallery</td>
<td>52,360</td>
<td>14,260,586</td>
<td>100.0%</td>
<td>272</td>
</tr>
</tbody>
</table>

The gross Potential Headline MGR is equal to €14,278,746 (€273 per sq m per annum). As mentioned above, the stabilised situation will be reached in 2015. Please note that by ‘headline rent’ we mean the annual rent agreed in the lease to be paid at the end of any rent-free or reduced-rent period.

14.9 Turnover Rent

According to the information provided, the turnover rent accrued in 2012 and paid in 2013 is equal to €15,183.
14.10 Mall and Other Income

Based on the information provided, we understand that there are a number of temporary letting areas within the gallery, and that in 2012 the gross Mall Income amounted to €192,924.

15.0 Management, Service Charges, and Non-recoverable Costs

15.1 Property Management

We have been informed that GCI manages the Property, and that a Centre Manager is based on site.

15.2 Service Charges and Recovery

All items of standard expenditure, such as those incurred in the running of the retail gallery, together with management costs, are recoverable from the tenants. Items of extraordinary expenditure, such as refurbishment costs, however, are not recoverable.

According to the information provided, the total annual Service Charges budgeted for 2013 amount to €4,686,000. Of these, €4,021,000 are to be paid by the retail units of the gallery, corresponding to a cost of approximately €80 per sq m of the total GLA, which seems appropriate for this type of scheme.

Please note that eleven tenants have a cap on the Service Charges: Unit 150 GS 03 – Decathlon (€53,380/yr), Unit 153 GS 06 – Saturn (€278,026/yr), Unit 154 GS 07 – Piazza Italia (€97,109/yr), Unit 156 GS 09 – Scarpe & Scarpe (€110,640/yr), Unit 149 GS 02 – H&M (€98,425/yr), Unit 39 MS NEG 39 – Motivi (€45,373/yr), Unit 59 NEG 59+60 – Desigual (€38,998/yr), Unit 115 NEG 115 – Old Wild West (€39,490/yr), Unit 117 NEG 117 + SPAZIO – Savana Play Ground (€57,129/yr), Unit 122 MS NEG 122 – Toy Centre (€52,301/yr), Unit 06 NEG 06 – Fiorella Rubino (€24,720/yr).

Based on the budget provided, the landlord will pay €5,568 for unit 154 GS 07 in 2013.

15.3 Capital Expenditures

With regard to capital expenditures, we have been asked to consider a 5-year plan contemplating expenditures in the order of €382,766 (€401,904 including the 5% project management fee)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/2014</td>
<td>€15,166</td>
<td>€22,749</td>
<td>€151,662</td>
<td>€136,496</td>
<td>€75,831</td>
</tr>
</tbody>
</table>

15.4 Other Non-recoverable Expenses

For the purposes of our valuation, based on the information provided, we have considered the following non-recoverable costs:

- IMU Property Tax: €824,534 per annum.
- Insurance: €167,764 per annum.
- Letting fees (new leases): 11.0% of the gross annual MGR.
- Other Costs (caps on service charges): €5,568

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €80 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.

Finally, we have considered a Provision for long-term Vacancy equal to 1.0% of the gross annual MGR.

15.5 Rental Arrears and Legal Proceedings

As mentioned above, in the valuation calculations and in the cash-flow analysis, we have considered a Provision for Bad Debts equal to 1.0% of the gross annual MGR.

16.0 Performance

16.1 Footfall

According to the information provided to us, in 2012, the Retail Gallery registered some 6,542,874 visitors, corresponding to a -2.10% decrease compared to previous year (6,683,008 visitors in 2011).

16.2 Sales Performance

According to the information provided, the total gross turnover generated by the Retail Gallery in 2012 is equal to €125,799,114, corresponding to an 8.2% decrease on 2011.

The Shopping Centre opened in March 2010. Due to this reason it could be misleading to analyse the overall performance prior to 2011.

We have been provided with net turnover figures for 2012, and with regard to the performance of the single tenants, from the information available, we understand that the Retail Gallery has an average rent-to-sales ratio (effort rate) of 11.8% (on homogeneous data, excluding service charges). The Retail Gallery units, considering only those units with a GLA below 500 sq m, have an average effort rate of 15.4%, which is believed to be sustainable. Approximately 24% of the tenants have effort rates below 12%, while 20% of the tenant presents a critical situation (i.e. an effort rate higher than 25%).

The following tables report the effort rates based on homogeneous data, excluding the medium- and large-sized units, and excluding service charges:

<table>
<thead>
<tr>
<th>Effort Rate (on MGR)</th>
<th>Sustainability</th>
<th>No. Units</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;12%</td>
<td>very good</td>
<td>20</td>
<td>24%</td>
</tr>
<tr>
<td>12% to 20%</td>
<td>sustainable</td>
<td>36</td>
<td>42%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>critical</td>
<td>29</td>
<td>34%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>85</td>
<td>100%</td>
</tr>
<tr>
<td>&gt;25%</td>
<td>unsustainable</td>
<td>17</td>
<td>20%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA<500 sqm)

<table>
<thead>
<tr>
<th>Effort Rate</th>
<th>2012 Turnover (€)</th>
<th>GLA (sqm)</th>
<th>Turnover (€/sqm)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>45,323,239</td>
<td>14,957</td>
<td>3,030</td>
<td>6,964,769</td>
<td>15.4%</td>
</tr>
</tbody>
</table>

Small-sized units only (GLA <500 sqm)
The following table reports our comments with reference to the effort rates of the medium- and large-sized units:

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Category</th>
<th>GLA (sqm)</th>
<th>2012 Turnover (€)</th>
<th>2013 MGR (€)</th>
<th>Effort Rate (%)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>H&amp;M</td>
<td>Fashion</td>
<td>1,848</td>
<td>2,677,376</td>
<td>296,022</td>
<td>11.1%</td>
<td>critical</td>
</tr>
<tr>
<td>DECATHLON</td>
<td>Sporting goods</td>
<td>5,300</td>
<td>14,968,117</td>
<td>724,612</td>
<td>4.8%</td>
<td>sustainable</td>
</tr>
<tr>
<td>ALCOTT</td>
<td>Fashion</td>
<td>1,585</td>
<td>2,435,267</td>
<td>306,876</td>
<td>12.6%</td>
<td>critical</td>
</tr>
<tr>
<td>SATURN</td>
<td>Electronics &amp; Telecom</td>
<td>4,715</td>
<td>16,349,981</td>
<td>682,106</td>
<td>4.2%</td>
<td>fair</td>
</tr>
<tr>
<td>PIAZZA ITALIA</td>
<td>Fashion</td>
<td>1,934</td>
<td>3,595,864</td>
<td>395,249</td>
<td>11.0%</td>
<td>critical</td>
</tr>
<tr>
<td>PRENATAL</td>
<td>Fashion</td>
<td>1,973</td>
<td>2,063,172</td>
<td>254,665</td>
<td>12.3%</td>
<td>critical</td>
</tr>
<tr>
<td>SCARPE &amp; SCARPE</td>
<td>Fashion</td>
<td>1,844</td>
<td>2,393,942</td>
<td>349,076</td>
<td>14.6%</td>
<td>critical</td>
</tr>
<tr>
<td>USA SPORT</td>
<td>Sporting goods</td>
<td>653</td>
<td>698,819</td>
<td>147,335</td>
<td>21.1%</td>
<td>unsustainable</td>
</tr>
<tr>
<td>TOYS CENTER</td>
<td>Gifts &amp; Other goods</td>
<td>800</td>
<td>1,013,906</td>
<td>136,000</td>
<td>13.4%</td>
<td>sustainable</td>
</tr>
<tr>
<td>BATA SUPERSTORE</td>
<td>Fashion</td>
<td>501</td>
<td>966,379</td>
<td>177,478</td>
<td>18.4%</td>
<td>sustainable</td>
</tr>
<tr>
<td>CALIOPE</td>
<td>Fashion</td>
<td>665</td>
<td>1,216,685</td>
<td>212,800</td>
<td>17.5%</td>
<td>sustainable</td>
</tr>
<tr>
<td>CONBIPEL</td>
<td>Fashion</td>
<td>1,137</td>
<td>1,216,876</td>
<td>311,536</td>
<td>25.6%</td>
<td>unsustainable</td>
</tr>
<tr>
<td>OLD WILD WEST</td>
<td>Bars &amp; Restaurants</td>
<td>526</td>
<td>870,030</td>
<td>144,586</td>
<td>16.6%</td>
<td>sustainable</td>
</tr>
<tr>
<td>VILLAGGIO COMPRA SUD</td>
<td>Gifts &amp; Other goods</td>
<td>561</td>
<td>390,301</td>
<td>156,891</td>
<td>40.2%</td>
<td>unsustainable</td>
</tr>
<tr>
<td>SAVANA PLAY GROUND</td>
<td>Services</td>
<td>912</td>
<td>495,838</td>
<td>142,530</td>
<td>28.7%</td>
<td>unsustainable</td>
</tr>
</tbody>
</table>

17.0 Local Retail Supply

17.1 The Current Retail Supply

As part of this valuation exercise, we have analysed the retail supply in the area in order to identify the main competing shopping centres.

1 CENTRO SICILIA Shopping Centre and Retail Park

Location: Misterbianco
Opening Date: 2011
Total GLA SC: 41,000 sq m
Total GLA RP: 40,000 sq m
Number of Retail Units: 130
Food Anchor: Vacant
Sub-anchors: 5
Parking Spaces: 5,000

Centro Catania is located in the La Tenutella locality, to the west of Catania and approximately 8 km to the north-west of the Property. The shopping centre is developed on a single level, comprising 5 sub-anchors, and a gallery with 130 small retail units. It is characterised by high quality design and finishes. The retailers mainly comprise national and international operators, including Carpisa, Apple, Intimissimi, Foot Locker, and Tommy Hilfiger. The retail park includes Iperceramica, Città Convenienza (Household Goods), EuroNics (Electronics & Telecom), Piazza Italia and Pittarello (Fashion), Bricoman (DIY), and a UCI Cinema with 7 screens (Leisure). The shopping centre and the retail park together create an appealing shopping destination, in competition with Porte di Catania Shopping Centre and having an impact on the primary catchment area. The scheme is characterised by very good finishes. Please note that the food anchor unit is currently vacant and this is a significant damage for the gallery.

2 ETNAPOLIS Shopping Centre

Location: Belpasso
Opening Date: 2005
Total GLA SC: 105,000 sq m
Number of Retail Units: 120
Food Anchor: Iperfamila
Sub-anchors: 4
Parking Spaces: 6,000

Etnapolis Shopping Centre is located in the municipality of Belpasso, to the north-west of Catania and approximately 18 km to the north of the Property. The shopping centre is developed on a single level, comprising 4 sub-anchors (Toys, Cisalfa, Piazza Italia and New Yorker) and a gallery with 110 small retail units. The operators mainly comprise national and international operators, including Tezenis, Game Stop, Stroili Oro, Intimissimi, Carpisa and Original Marines. Adjacent to the shopping centre is also a 12-screen multiplex cinema. The shopping centre, given its size, represents an appealing shopping destination, in competition with Porte di Catania Shopping Centre and having an impact on the north portion of the secondary catchment area.
3 KATANÉ Shopping Centre

Location: Gravina di Catania
Opening Date: 2009
Total GLA SC: 23,000 sq m
Number of Retail Units: 72
Food Anchor: Ipercoop
Sub-anchors: 5
Parking Spaces: 1,320

Katané Shopping Centre is located in Gravina di Catania, to the north of Catania and some 16 km to the north of the Property. The shopping centre is developed on two levels, comprising the hypermarket, 5 sub-anchors (Euronics, Bata, H&M, Piazza Italia, Conbipel, Motivi), a gallery with 66 small retail units, and a food court on the 2nd level. The operators comprise a number of international brands such as Adidas, Calzedonia, Alcott, Camaieu, Intimissimi, Tezenis, tally Weijl, Brums, Game Stop. Given its size, Katané Shopping Centre is not in competition with the Property, though it might have a local influence on the north portion of the secondary catchment area of Porte di Catania Shopping Centre.

4 I PORTALI Shopping Centre

Location: San Giovanni La Punta
Opening Date: 2006
Total GLA SC: 23,000 sq m
Number of Retail Units: 114
Food Anchor: Iperspar
Sub-anchors: -
Parking Spaces: 3,000

I Portali Shopping Centre is located in San Giovanni La Punta, to the north-east of Catania and approximately 20 km to the north-east of the Property. The gallery of the centre accommodates many international brands, such as Guess, Max Mara, Max & Co., Replay, Original Marines, Antony Morato, Mango, Guru, Geox, Golden Point, Bata. I Portali Shopping Centre also houses a 9-screen multiplex cinema. The shopping centre is not a competitor of the Property, but given its merchandising mix and entertainment activities, it is likely to have a local influence on the north portion of the secondary catchment area. Furthermore, the retail offer provided by I Portali is widened by that provided by Le Zagare Retail Park, situated next to I Portali, with a total GLA of approximately 20,000 sq m.

17.2 The Future Retail Supply

As regards development projects falling within the subject shopping centre’s catchment, we would like to mention a potential development which would entail the reclamation of the waterfront in the Catania district of Ognina. According to an initial masterplan, a shopping centre with a GLA of some 50-55,000 sq m would be built, together with a residential complex, tourist accommodation, and light-industrial warehouses. To date no information is available as to whether the project will be effectively developed.

The following Map highlights the location of the schemes analysed above.
18.0 Market Rent

In our assessment of market rental values, we have considered the rental values achieved by the leases already in place in the Property under exam, and we have also considered similar retail schemes throughout Southern Italy. However, these rental levels vary considerably, depending on the age of the scheme, its layout, quality and location. Moreover, in general, rents also vary depending on the size of the unit, the length of the lease, and the inclusion of turnover provisions, and the covenant offered by the tenant.

In assessing the market rental value of the Retail Gallery, we have carried out a unit-by-unit analysis, having also particular regard to evidence of recent transactions, and where possible to the effort rates.

In our opinion, the annual gross Market Rent of the Shopping Centre’s gallery is €13,622,215, below the Potential Headline Rent (-4.60%). Excluding the vacant units, the headline rent is 6.23% higher than the estimated market rent.

The following chart compares Market Rent and Potential MGR for the entire cash-flow period:

![Market Rent vs Potential MGR chart]

By Market Rent we intend the maximum rent achievable, excluding any rental concessions granted to the tenants.

Details on the Market Rent applied to each single unit are provided within the Rent Roll Schedule attached at Appendix 5.

19.0 Principal Valuation Considerations

The principal matters that impact on the value of the subject Asset and the relevant considerations made in our valuation are as follows:

- The Property benefits from a good location, along Provincial Road SP701, to the south Catania, very close to the airport.
- Good accessibility and visibility. The Shopping Centre is easily accessible from both the city and the A18 motorway.
- The location provides a good catchment area with approximately 525,000 inhabitants within the 20-minute drive time. Both consumption and disposable income are below the Italian average.
• The main competitor is located within the 0-10 isochrone of the catchment area: Centro Sicilia is approximately 8 km to the north-west of the Property. However, at the time of our inspection, in addition to having more than 25 vacant units, the shopping centre’s food anchor had also closed, reducing significantly the impact of Centro Sicilia as a competitor. The opening of a new and established food operator with a strong brand and appeal might be a threat in terms of competition. At the valuation date, no official information was available on an upcoming opening, even though a local operator is noised (Super Spaccio Alimentare).

• Good quality materials and finishes have been used to decorate the interior of the Centre.

• The hypermarket operator (Auchan) is a strong food anchor.

• The gallery has a good line-up of national and international brands, along with some local operators.

• The shopping seems to have two ‘cold’ areas suffering from poor visitor traffic: on the 1st level, the outer corridor in the south-west portion of the gallery, and on the 2nd level, the portion of the corridor at the south-west end of the gallery.

• The gallery offers a diversified merchandising mix with high proportion of Fashion operators (46.6%). A good selection of strong anchors are present in the centre, such as Decathlon (Sporting Goods), H&M, Piazza Italia, Scarpe & Scarpe, Alcott and Prenatal (Fashion), and Saturn (Electronics & Telecom).

• The majority of the lease contracts contain a turnover rent element, which increases the possibility for an investor to benefit from a potential increase in sales.

• The current vacancy rate of the centre is approximately 13.4%, corresponding to 21 units (excluding unit 83MS NEG 83 that will open in September).

• In 2012, the retail gallery registered decreases in both footfall (-2.1%) and sales (-8.2%), compared to 2011. Apart from the general economic downturn, it should be noted that the subject scheme is still in its launching phase, having opened in 2010.

• The Retail Gallery has an average rent-to-sales ratio (effort rate) of 11.8% (on homogeneous data) that can be considered fairly good on an average basis. However, 3 medium-sized units (121 MS NEG 121 – Usa Sport; 116 MS NEG 116 – Villaggio Compra Sud; 117 MS NEG 117 – Savana Play Ground) and 1 large size unit (76 MS NEG 76 – Conbipel) show effort rates above 20% that are not sustainable. Other MSUs, particularly H&M and Saturn, should be monitored because of their critical performances.

20.0 Valuation Methodology and Factors

20.1 Valuation Methodology

Our valuation has been carried out utilising generally and internationally accepted valuation methodologies and criteria. In particular, we have utilised the Income Approach, using a Discounted Cash Flow (DCF) analysis, based on discounting back, at an appropriately discount rate, the future net cash flow generated by the Asset over a fixed holding period. At the end of this period, we assume that the Asset will be sold (disinvestment) at a value obtained by the direct capitalisation of the income relating to the year following the one assumed as the end of the investment term. The capitalisation rate (exit yield) has been considered as appropriate for this specific asset and for investment comparables to that in question. The sum of the discounted net cash-flow represents the Market Value of the asset at the valuation date. The selected discount rate is the return reflecting the risk and reward elements of the asset.
The above approach is based on the assumption that no potential, rational buyer, under ordinary circumstances, would be willing to pay, for the acquisition of an asset, a price higher than the discounted net cash-flows that the asset will be likely to provide over the holding period.

The cash-flow analysis has been made taking inflation into account and considering a ten-year holding period, during which a set of income streams is projected, including the rents and the disinvestment value generated by the sale of the asset at the end of the holding period. In order to arrive at the net cash flow, we have deducted all costs relating to the management of the asset.

Specific assumptions, integral to the analysis, are summarised below.

### 20.2 Income

- The gross Potential Minimum Guaranteed Rent in Year 1 of the cash flow (July 2013 – June 2014) is €14,260,586.
- The gross Minimum Guaranteed Rent is indexed annually in line with inflation, which we have assumed at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014). At the expiry of the leases in place, we have assumed to re-let the units at Market Rents, which are increased annually based on market growth, assumed at 2.0% from 2016 (0.5% in 2013, 1.0% in 2014, and 1.5% in 2015), including inflation.
- The estimated Mall Income for 2013/14 is €116,000, representing approximately 0.81% of the total MGR. In our cash-flow analysis, from 2014 onward, we have assumed this figure to correspond to 0.8% of the gross annual MGR.
- The estimated Turnover Rent payable in 2014 is equal to €15,000, corresponding to 0.1% of the gross annual MGR. In our cash-flow analysis, from 2015 onward, we have assumed this figure to correspond to 0.1% of the gross annual MGR.

### 20.3 Expenditures

Based on the information provided, we have considered the following non-recoverable costs for 2013/2014:

- IMU Property Tax: €824,534.
- Rental Concession for 2013: €220,155.
- Letting fees (new leases): 11.0% of the gross annual MGR.
- Other Costs (caps on service charges): €5,568

For the cash-flow projections, we have assumed to increase IMU Property Tax and Insurance in line with inflation at 2.0% from 2015 (1.6% in 2013 and 1.5% in 2014).

We have also made allowances for the following costs, estimated by us on the basis of market practice:

- Property Management fees (rent collection): 2.00% of the gross Potential MGR and of the Turnover Rent, and 20.0% of the Mall Income.
- Lease registration tax: 0.5% of the gross annual MGR (property leases only).
- Provision for Bad Debt: 1.0% of the gross annual Effective MGR.
- Provision for Extraordinary Maintenance: 1.0% of the gross annual Potential MGR.
- Service Charges not recoverable from the vacant spaces: estimated at €80 per sq m of GLA per annum.
- Rental loss (void): 2 months rent, taking into account possible reduced-rent periods.
- Provision for long-term Vacancy: 1.0% of the gross annual MGR.
- Capex: €15,166 (including 5% property management fee).
20.4 Discount Rate, Exit Yield, Acquisition Costs

Discount Rate

Both the net annual income streams and the reversion (net resale price) are discounted to their present values at a discount rate of 8.25%. In our opinion, this rate is appropriate in consideration of the current capital markets conditions, and it reflects in our opinion the risk related to the returns for the real estate investment which is the object of this valuation.

Exit Yield

To convert the final-year, forecast income into an indication of the disinvestment value of the Asset at the end of the holding period, we have used the direct capitalization methodology. Our choice of gross exit yield is based on the letting situation projected at disinvestment, on the income potential, and on both intrinsic characteristics of the Asset, such as location, size, layout, etc., and extrinsic factors, such as relevant market. We have paid particular attention to the uncertainty deriving from making assumptions regarding the final period of the investment, and, therefore, the period farthest in time from the valuation date. Specifically, we have applied a gross exit yield of 8.75% to the MGR, while we have applied a yield of 9.75% to the income generated by the temporary lettings and the turnover rent. The overall blended gross exit yield is equal to 8.76%.

Acquisition Costs

As per market practice, we have considered agency fees (1.0%) and legal/technical costs (0.5%), for a total of 1.5%. Furthermore, as per assumption agreed with the Client, we have assumed stamp duties in the order of 2.0%.

With the exception of the above costs, our analysis specifically excludes any consideration of legal or fiscal aspects that may derive from the sale and/or acquisition of the subject Asset.

We attach our cash-flow analysis at Appendix 6.

21.0 Valuation

Following our inspection on 18 June 2013, and having regard to the information available to us as contained within this Valuation Report, we are of the opinion that the Market Value of the freehold interest of Porte di Catania Retail Gallery, in Catania, is in the order of:

€162,600,000.00

(One Hundred Sixty-Two Million Six Hundred Thousand Euros)

Our valuation has been carried out on the basis of the various considerations and assumptions referred to in the text of this Report and on the basis of the General Assumptions listed in the Head Report.
22.0 Reinstatement Cost

As per your instruction, we have been asked to provide an indication for insurance purposes of the current reinstatement cost of the buildings in their present form. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties have not been inspected by such a person, and therefore the cost estimate is provided without liability and is only an approximate estimate.

The reinstatement cost value of a building comprises the cost for the re-construction of the building itself, including demolition and clearance costs and professional fees, but excluding the land value.

Said value has been calculated on the basis of the total Gross Area of the Asset, including the areas occupied by the retail gallery (units and common areas). For our calculations we have used the Gross Areas provided. Our estimate of average building costs is based on our expertise with regard to the construction of retail schemes, supported by the building and construction price list (per building use/type) prepared by the Board of Engineers and Architects of Milan.

On the basis of the above assumptions, we are of the opinion that the Reinstatement Cost for the subject building is in the order of €108,850,000 (excl. VAT).

| Demolition and Site Clearance Cost | €40/sqm | €2,829,240.00 |
| Construction Cost                 |         | €96,378,490.00 |
| Professional Fee                  | 10%     | €9,637,849.00  |
| **Reinstatement Cost (excl. VAT)**| rounded | €108,850,000.00 |
APPENDICES
Appendix 1
Photographs
Appendix 2
Floor Plans
Appendix 3
Merchandising Plan
Appendix 4
Tenancy Schedule Provided
Project Granato - Lease Database

Lease start date

First Break Option
New

Rolling

Lease end date

25/03/2010

n.a.

n.a.

24/03/2022

n.a.

n.a.

4293 Porte di Catania

n.a.

4293 Porte di Catania

n.a.

4293 Porte di Catania

Catania

4293 Porte di Catania

147 CHIOSCO 168

Catania

4293 Porte di Catania

14_7

148 GS 01

Catania

4293 Porte di Catania

14_8

149 GS 02

Catania

4293 Porte di Catania

Lease Code

Lease Unit GCI

Location

14_1

157 BANCOMAT + CASSA CONT.

Catania

4293 Porte di Catania

14_2

85 CHIOSCO 155

Catania

4293 Porte di Catania

14_3

86 CHIOSCO 156

Catania

14_4

114 CHIOSCO 158

Catania

14_5

140 CHIOSCO 161

Catania

14_6

146 CHIOSCO 167

14_158

Tenant Name

Brand

CREDITO SICILIANO SPA / VIA SIRACUSA 1/E / IT-90141 PALERMO

CREDITO SICILIANO

BIOSHOP S.R.L.C/O ST. DOTT. LOMBARDO GIUSEPPE/ VIA NAPOLI 116 / IT-95127 CATANIA

H & M HENNES & MAURITZ SRL / L.GO AUGUSTO 7 / IT-20121 MILANO

1st Step Up
(Annualized Rent) Step up Date

Net Turnover
2012
(€)

2st Step Up
(Annualized Rent) Step Up Date

Yearly Inflation
Indexation (%)

% Variable Rent

Annualized Rent at
Entry (€k)

GLA
(sqm)

75

-

3,177

15

-

-

-

-

-

0

4

-

-

-

-

-

n.a.

0

4

-

-

-

-

-

n.a.

0

4

-

-

-

-

-

n.a.

n.a.

0

4

-

-

-

-

-

n.a.

n.a.

0

4

-

-

-

-

-

Contract Type

Ordinary Lease

YO PASSION

15/10/2012

n.a.

n.a.

14/10/2019

Business Lease

100

8

15,300

25

-

-

-

-

COIN

01/03/2013

-

NO

29/02/2020

Business Lease

100

9

210,000

2,093

-

-

-

-

-

H&M

25/03/2010

24/03/2014

YES

24/03/2025

Business Lease

90

7

296,528

1,848

-

-

-

-

2,677,376
14,968,117

14_9

150 GS 03

Catania

4293 Porte di Catania

DECATHLON ITALIA S.R.L. / VIA VITTOR PISANI, 16 / IT-20100 MILANO

DECATHLON

25/03/2010

25/03/2014

YES

24/03/2037

Business Lease

100

-

725,987

5,300

-

-

-

-

14_10

151 GS 04

Catania

4293 Porte di Catania

CASAREADY SRL / VIA ALESSANDRO LA MARMORA 30 / IT-90100 PALERMO

CASAREADY

16/03/2010

15/09/2014

YES

15/03/2019

Business Lease

100

6

334,550

2,388

-

-

-

-

855,427

14_11

152 GS 05

Catania

4293 Porte di Catania

CAPRI SRL / VIA F. CARACCIOLO 15 / IT-80100 NAPOLI

ALCOTT

16/03/2010

15/09/2013

YES

15/03/2019

Business Lease

100

6

307,458

1,585

-

-

-

-

2,435,267

14_12

153 GS 06

Catania

4293 Porte di Catania

MEDIAMARKET SPA / VIA FERMI 4 / IT-24035 CURNO

SATURN

25/03/2010

24/09/2014

YES

24/03/2028

Business Lease

100

2

683,400

4,715

-

-

-

-

16,349,981

14_13

154 GS 07

Catania

4293 Porte di Catania

PIAZZA ITALIA SPA / CIS DI NOLA-ISOLA 1 LOTTO4, 166/167 / IT-80035 nola

PIAZZA ITALIA

16/03/2010

16/03/2013

YES

15/03/2017

Business Lease

100

7

395,999

1,934

-

-

-

-

3,595,864

14_14

155 GS 08

Catania

4293 Porte di Catania

PRENATAL SPA / VIA TORNESE 10 / IT-22070 GRANDATE

PRENATAL

16/03/2010

16/09/2014

YES

15/03/2020

Business Lease

100

7

255,148

1,973

-

-

-

-

2,063,172

14_15

156 GS 09

Catania

4293 Porte di Catania

SCARPE & SCARPE SRL / VIA TREVISO 22/E / IT-10144 TORINO

SCARPE & SCARPE

01/07/2012

15/09/2013

YES

15/03/2019

Business Lease

100

7

349,738

1,844

-

-

-

-

2,393,942

14_16

107 MS NEG 107

Catania

4293 Porte di Catania

KASALINGHI ITALIA SRL / VIA VOLTA 11 / IT-24064 GRUMELLO DEL MONTE

KASANOVA

16/03/2010

16/09/2013

YES

15/03/2017

Business Lease

100

8

119,492

308

-

-

-

-

677,428

14_17

121 MS NEG 121

Catania

4293 Porte di Catania

USA SPORT SRL / V.LE EUROPA 56 / IT-95041 CALTAGIRONE

USA SPORT

19/06/2010

19/12/2013

YES

18/06/2017

Business Lease

100

5

145,428

653

-

-

-

-

698,819

14_18

122 MS NEG 122

Catania

4293 Porte di Catania

HOLDING DEI GIOCHI S.p.A. / VIA DELLE PRIMULE 5 / IT-20020 COGLIATE MI

TOYS CENTER

24/10/2011

24/04/2014

YES

23/10/2018

Business Lease

100

7

136,000

800

152,000

31/12/2013

-

-

1,013,906

14_19

38 MS NEG 38

Catania

4293 Porte di Catania

COMPAR S.P.A. / VIA A. VOLTA,6 / IT-35010 LIMENA

BATA SUPERSTORE

16/03/2010

15/03/2013

YES

24/03/2017

Business Lease

100

7

177,815

501

-

-

-

-

966,379

14_20

39 MS NEG 39

Catania

4293 Porte di Catania

MIROGLIO FASHION SRL / VIA S. MARGHERITA 23 / IT-12051 ALBA

MOTIVI

16/03/2010

30/09/2013

YES

15/03/2019

Business Lease

100

8

156,336

452

-

-

-

-

431,686

14_21

42 MS NEG 42

Catania

4293 Porte di Catania

TEDDY SPA / VIA CORIANO 58-GROSRIMINI BLOCCO 97 / IT-47037 RIMINI

CALLIOPE

04/11/2010

04/04/2013

YES

03/11/2017

Business Lease

100

7

212,800

665

-

-

-

-

1,218,685

14_22

44 MS NEG 44

Catania

4293 Porte di Catania

GIUNTI AL PUNTO S.P.A. / VIA BOLOGNESE 165 / IT-50139 FIRENZE

GIUNTI AL PUNTO

16/03/2010

24/09/2013

14_23

46 MS NEG 46

Catania

4293 Porte di Catania

BBF FASHION SERVICE SRL / P.ZZA MARCONI 14 / IT-96100 SIRACUSA

LINK

01/04/2011

15/09/2013

YES

15/03/2017

Business Lease

100

7

120,310

346

-

-

-

-

795,319

14_24

61 MS NEG 61

Catania

4293 Porte di Catania

TATA ITALIA SPA / STRADA PROVINCIALE 231 KM. 5.2 / IT-70032 BITONTO

TATA ITALIA

16/03/2010

16/09/2014

YES

15/03/2019

Business Lease

100

7

129,320

338

-

-

-

-

731,456

14_25

76 MS NEG 76

Catania

4293 Porte di Catania

CONBIPEL SPA / STRADA BAUCHIERI 1 / IT-14023 COCCONATO

CONBIPEL

16/03/2010

15/09/2014

YES

15/03/2017

Business Lease

100

8

312,572

1,137

-

-

-

-

1,216,876

14_26

83 MS NEG 83

Catania

4293 Porte di Catania

n.a.

n.a.

0

734

-

-

-

-

-

14_27

1 NEG 01

Catania

4293 Porte di Catania

RACO' S.R.L. / PIAZZA PRINCIPE UMBERTO 17/19 / IT-80142 NAPOLI

COLT

n.a.

n.a.

61,547

219

-

-

-

-

453,895

14_28

2 NEG 02

Catania

4293 Porte di Catania

BASICILIA SRL / VIA NOBILE 14/A / IT-95027 SAN GREGORIO

ROBE DI KAPPA

15/06/2010

n.a.

n.a.

14/06/2017

Business Lease

100

9

61,917

182

-

-

-

-

264,237

14_29

3 NEG 03

Catania

4293 Porte di Catania

DEA SRL / VIA MANDRA' 8 / IT-95100 CATANIA

TABACOS

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

8

62,505

100

-

-

-

-

1,712,458

14_30

4 NEG 04

Catania

4293 Porte di Catania

PICCOLI ALLA GRANDE SRL / CIS DI NOLA IS. 2 - LOTTO 205/206 / IT-80035 NOLA

EMPORIO 88

16/03/2010

16/09/2013

YES

15/03/2017

Business Lease

100

8

110,008

176

-

-

-

-

416,088

14_31

5 NEG 05

Catania

4293 Porte di Catania

INTICOM SPA / VIA CARLO NOE' 22 / IT-21013 GALLARATE

YAMAMAY

01/11/2012

n.a.

n.a.

31/10/2019

Business Lease

100

9

76,500

206

-

-

-

-

33,058

14_32

6 NEG 06

Catania

4293 Porte di Catania

MIROGLIO FASHION SRL / VIA S. MARGHERITA 23 / IT-12051 ALBA

OLTRE

16/03/2010

16/09/2013

YES

15/03/2017

Business Lease

100

8

111,000

206

-

-

-

-

29,728

14_33

7 NEG 07

Catania

4293 Porte di Catania

UCM SPORTWEAR SRL / STR. CONSORTILE snc LOC. SARAGHELLE / IT-81032 GRICIGNANO DI AVERSA

COTTON & SILK

16/03/2010

16/09/2013

YES

15/03/2017

Business Lease

100

8

111,000

206

-

-

-

-

506,266

14_34

8 NEG 08

Catania

4293 Porte di Catania

MODISTI SRL / VIA MONZORO 41/43 / IT-20010 CORNAREDO

PIMKIE

30/04/2010

n.a.

n.a.

29/04/2019

Business Lease

100

8

90,640

206

-

-

-

-

391,420

14_35

9 NEG 09

Catania

4293 Porte di Catania

I CALZAIUOLI GROUPS SRL / VIA B. RUSSEL SNC / IT-96016 LENTINI

I CALZAIUOLI D'ITALI

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

9

95,460

206

-

-

-

-

883,123

14_36

10 NEG 10

Catania

4293 Porte di Catania

n.a.

n.a.

0

206

-

-

-

-

-

14_37

100 NEG 100

Catania

4293 Porte di Catania

DASCAN SRL / VIA QUASIMODO SNC c/o C.C. KATANE' / IT-95030 GRAVINA DI CATANIA

ADIDAS

01/04/2011

n.a.

n.a.

19/04/2017

Business Lease

100

7

86,085

218

-

-

-

-

969,058

14_38

101 NEG 101

Catania

4293 Porte di Catania

ANGIOLUCCI OCCHIALI SRL / VIA FELICE PARADISO 60 / IT-95024 ACIREALE

ANGIOLUCCI OCCHIALI

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

7

102,895

217

-

-

-

-

519,292

14_39

102 NEG 102

Catania

4293 Porte di Catania

LA GARDENIA BEAUTY SPA / VIA GIORDANIA 111 / IT-58100 GROSSETO

LA GARDENIA

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

7

96,990

214

-

-

-

-

726,839

14_40

103 NEG 103

Catania

4293 Porte di Catania

PLANET MODA STORE SRL / VIA GELSO BIANCO SNC / IT-95100 CATANIA

PLANET STORE

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

7

105,881

262

-

-

-

-

769,807

14_41

104 NEG 104

Catania

4293 Porte di Catania

STROILI ORO SPA / VIA VALLI DI CARNIA N. 5 / IT-33020 AMARO

STROILI ORO

16/03/2010

103

-

-

-

-

625,822

14_42

105 NEG 105

Catania

4293 Porte di Catania

MAKE UP STORE SRL UNIPERSONALE / VIA FELICE PARADISO 62 / IT-95024 ACIREALE

WJCON

11/05/2012

n.a.

n.a.

19/03/2019

Business Lease

100

8

45,000

108

50,000

30/06/2014

-

-

173,154

14_43

106 NEG 106

Catania

4293 Porte di Catania

S.T. SPA / VIA DEL SANTUARIO 10 / IT-21100 VARESE

LINDT

16/03/2010

16/09/2014

YES

15/03/2017

Business Lease

100

8

128,619

341

-

-

-

-

639,103

14_44

108 NEG 108

Catania

4293 Porte di Catania

COMPAR S.P.A. / VIA A. VOLTA,6 / IT-35010 LIMENA

ATHLETES WORLD

28/11/2012

n.a.

n.a.

27/11/2019

Business Lease

100

7

85,000

190

-

-

-

-

262,377

14_45

109 NEG 109

Catania

4293 Porte di Catania

FRANZINO ROSALIA & C. SRL / VIA PAPA GIOVANNI XXIII 3 / IT-90011 BAGHERIA

CACHE CACHE

20/10/2010

n.a.

n.a.

19/10/2017

Business Lease

100

9

78,628

185

-

-

-

-

219,590

14_46

84 NEG 109BIS

Catania

4293 Porte di Catania

RETAIL FASHION S.R.L. / CORSO ITALIA 135 / IT-95127 CATANIA

HOT SHOT AREA

01/02/2012

n.a.

n.a.

15/03/2017

Business Lease

100

7

88,674

184

-

-

-

-

191,780

14_47

11 NEG 11

Catania

4293 Porte di Catania

Camaieu Italia Srl / VIA CALDERA 21 Torre B-Ala 1 / IT-20153 MILANO

CAMAIEU

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

7

106,559

206

-

-

-

-

442,156

14_48

110 NEG 110

Catania

4293 Porte di Catania

GENOVESE PELLETTERIE S.R.L. / ISOLA 6 N. 626/627/628/629 / IT-80035 CIS DI NOLA

MARIGE'

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

7

73,820

137

-

-

-

-

504,332

14_49

111 NEG 111

Catania

4293 Porte di Catania

n.a.

n.a.

0

411

-

-

-

-

-

14_50

112 NEG 112

Catania

4293 Porte di Catania

GFS SRL / C.C. AUCHAN BICOCCA UNITA' 112 / IT-95121 CATANIA

VANABI

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

8

54,939

83

-

-

-

-

455,892

14_51

113 NEG 113

Catania

4293 Porte di Catania

GRAVINA FOOD SRL / VIA ZINIRCO SNC / IT-95045 MISTERBIANCO

BURGER KING

01/12/2012

n.a.

n.a.

30/11/2021

Business Lease

100

7

77,175

312

-

-

-

-

88,593

14_52

164 NEG. 113BIS

Catania

4293 Porte di Catania

COFFE' SRL / C.DA CUBBA-TENUTELLA SN CEN SICILIA / IT-95045 MISTERBIANCO

LO STUZZICHINO

01/12/2012

n.a.

n.a.

30/11/2021

Business Lease

100

7

80,330

547

-

-

-

-

-

14_53

115 NEG 115

Catania

4293 Porte di Catania

CIGIERRE-COMPAGNIA GENERALERISTORAZIONE S.P.A./ VIA BARDELLI 4 / IT-33035 MARTIGNACCO

OLD WILD WEST

16/03/2010

16/09/2014

YES

15/03/2019

Business Lease

100

7

144,860

526

-

-

-

-

870,030

14_54

116 NEG 116

Catania

4293 Porte di Catania

MEDINVEST SRL / VIA NUOVALUCE 66 / IT-95030 TREMESTIERI ETNEO

VILLAGGIO COMPRA SUD

16/03/2010

16/09/2014

YES

15/03/2017

Business Lease

100

6

157,188

561

-

-

-

-

390,301

14_55

117 NEG 117 + SPAZIO

Catania

4293 Porte di Catania

DEDEM AUTOMATICA SRL / VIA CANCELLIERA N. 59 / IT-00040 ARICCIA

SAVANA PLAY GROUND

16/03/2010

16/09/2013

YES

15/03/2023

Business Lease

100

8

142,800

912

-

-

-

-

495,838

14_56

118 NEG 118

Catania

4293 Porte di Catania

VILLA SRL / VIA MELISURGO 15 / IT-80100 NAPOLI

VILLA PIZZA

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

8

80,162

171

-

-

-

-

855,141

14_57

119 NEG 119

Catania

4293 Porte di Catania

TOKUNO PROJECT SRL / VIA BENEDETTO DE FALCO, 16 / IT-80136 NAPOLI

TOKUNO SHIMA

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

8

67,408

139

-

-

-

-

285,308

14_58

12 NEG 12

Catania

4293 Porte di Catania

KIKO SRL / VIA G. PAGLIA 1/D / IT-24122 BERGAMO

KIKO

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

7

63,221

93

-

-

-

-

878,756

14_59

120 NEG 120

Catania

4293 Porte di Catania

BANCO POPOLARE SOC. COOP. / VIA NEGRONI 12 / IT-28100 NOVARA

BANCA POPOLARE LODI

01/01/2012

n.a.

n.a.

31/03/2023

Ordinary Lease

75

-

41,477

136

-

-

-

-

-

14_60

123 NEG 123

Catania

4293 Porte di Catania

ABCATANIA SRL / VIA CADUTI SUL LAVORO 25 / IT-10043 ORBASSANO

CLINICHE DENTALI

01/04/2011

n.a.

n.a.

31/03/2023

Ordinary Lease

75

5

65,422

209

69,783

30/06/2014

-

-

1,142,216

14_61

124 NEG 124

Catania

4293 Porte di Catania

n.a.

n.a.

203

-

-

-

-

-

14_62

125 NEG 125

Catania

4293 Porte di Catania

GAUDI' TRADE SPA / VIA NUOVA PONENTE 29 / IT-41012 CARPI

GAUDI'

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

8

89,662

208

-

-

-

-

441,511

14_63

126 NEG 126

Catania

4293 Porte di Catania

COMPAGNIA FINANZIARIA ABBIGLIAMENTO SRL / CIS ISOLA 1 LOTTO 155 / IT-80035 NOLA

ROSSO DI SERA

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

7

89,662

208

-

-

-

-

477,812

14_64

127 NEG 127

Catania

4293 Porte di Catania

ESSEMODA SRL / STR CONSORTILE Z ASI-POLO UNICA B14 / IT-81032 CARINARO

CLAYTON

16/03/2010

16/09/2013

YES

15/03/2017

Business Lease

100

8

113,155

226

-

-

-

-

992,756

14_65

128 NEG 128

Catania

4293 Porte di Catania

GUESS ITALIA SRL / VIA DE' CATTANI 18 / IT-50145 FIRENZE

GUESS

16/03/2010

16/09/2013

YES

15/03/2017

Business Lease

100

7

126,949

248

-

-

-

-

994,195

14_66

129 NEG 129

Catania

4293 Porte di Catania

XAGON SAS DI PELLINO RAFFAELE & C. / VIA NAPOLI 45 / IT-80024 CARDITO

XAGON

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

9

104,868

263

-

-

-

-

616,652

14_67

13 NEG 13

Catania

4293 Porte di Catania

NADIA FERRETTI SRL / VIA CARLO CARRA 31 / IT-80126 NAPOLI

BORSISSIME

10/06/2012

n.a.

n.a.

09/06/2019

Business Lease

100

8

50,000

137

55,000

30/06/2013

-

-

71,403

14_68

130 NEG 130

Catania

4293 Porte di Catania

RAPISARDA ANGELA / VIA 2da STRADA PRIVATA 27 / IT-95032 BELPASSO

CAMILLE ALBANE

26/01/2010

n.a.

n.a.

25/01/2022

Ordinary Lease

75

7

42,218

89

-

-

-

-

88,008

14_69

131 NEG 131

Catania

4293 Porte di Catania

GAMESTOP ITALY SRL / VIA DEI LAVORATORI 6 / IT-20090 BUCCINASCO

GAME STOP

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

3

64,660

105

-

-

-

-

918,017

14_70

132 NEG 132

Catania

4293 Porte di Catania

n.a.

n.a.

0

105

-

-

-

-

-

14_71

14 NEG 14

Catania

4293 Porte di Catania

UFFICIO COMUNALE

15/01/2013

n.a.

n.a.

31/12/2016

Business Lease

-

0

144

-

-

-

-

-

14_72

15 NEG 15

Catania

4293 Porte di Catania

n.a.

n.a.

0

106

-

-

-

-

-

14_73

133 NEG 151

Catania

4293 Porte di Catania

LA SVOLTA SRL / VIA CARONDA 330 / IT-95128 CATANIA

C HOUSE

01/04/2013

n.a.

n.a.

31/03/2020

Business Lease

100

8

25,000

24

-

-

-

-

-

14_74

134 NEG 152

Catania

4293 Porte di Catania

SICILGEL SRL / VIA ALCIDE DE GASPERI 70 / IT-90100 PALERMO

AMUNI'

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

8

31,037

24

-

-

-

-

176,682

14_75

135 NEG 153

Catania

4293 Porte di Catania

B & B GIOIE SRL / VIA MARTIRI DELLA LIBERTA' 7 / IT-95047 PATERNO'

NOTTE BIANCA

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

7

28,450

24

-

-

-

-

110,267

14_76

136 NEG 154

Catania

4293 Porte di Catania

H3G S.P.A. / VIA LEONARDO DA VINCI 1 / IT-20090 TREZZANO SUL NAVIGLIO

3

01/02/2012

n.a.

n.a.

31/01/2019

Business Lease

100

3

25,500

24

-

-

-

-

689,594

14_77

137 NEG 157

Catania

4293 Porte di Catania

SICILYSHOP SRL / VIA VINCENZO GIUFFRIDA 92 / IT-95100 CATANIA

CAFE'S

16/03/2010

n.a.

n.a.

15/03/2019

Business Lease

100

8

29,744

24

-

-

-

-

318,936

14_78

138 NEG 159

Catania

4293 Porte di Catania

BANCO FARMACIA

15/12/2012

n.a.

n.a.

15/12/2017

Business Lease

100

8

25,000

24

-

-

-

-

205,866

14_79

16 NEG 16

Catania

4293 Porte di Catania

C.H.C. SRL / P.TTA M. SERAO,7 / IT-80132 NAPOLI

CAMOMILLA

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

8

75,437

144

-

-

-

-

219,796

14_80

139 NEG 160

Catania

4293 Porte di Catania

SICILY FOODDI RANDIS MAURIZIO/ C/O AUCHAN PORTE DI CATANIA SC / IT-95121 CATANIA

LO RE

18/09/2012

n.a.

n.a.

15/03/2017

Business Lease

100

8

33,677

25

-

-

-

-

129,094

14_81

141 NEG 162

Catania

4293 Porte di Catania

n.a.

n.a.

0

25

-

-

-

-

14_82

142 NEG 163

Catania

4293 Porte di Catania

14_83

143 NEG 164

Catania

4293 Porte di Catania

14_84

144 NEG 165

Catania

4293 Porte di Catania

14_85

145 NEG 166

Catania

4293 Porte di Catania

14_86

147 NEG 169

Catania

14_87

17 NEG 17

Catania

14_88

18 NEG 18

14_89

36 NEG 18 BIS

16/03/2010

n.a.

YES

n.a.

15/03/2019

15/03/2017

15/03/2017

Business Lease

Business Lease

Business Lease

100

100

100

8

8

8

129,751

68,289

344

-

-

-

-

420,569

-

PALUMBO IGNAZIO

01/12/2012

n.a.

n.a.

30/11/2018

Ordinary Lease

75

-

18,000

25

22,000

01/12/2013

24,000

01/12/2014

15,517

PUGI CAFE SRL / VIA FEDERICO DE ROBERTO 20 / IT-95100 CATANIA

SEGAFREDO

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

8

29,636

25

-

-

-

-

272,886

n.a.

n.a.

0

25

-

-

-

-

-

CENTRI DI BELLEZZA YVES ROCHER ITALY.R.A.M. SRL/ VIA PISANI 20 / IT-20124 MILANO

YVES ROCHER

16/03/2010

n.a.

n.a.

15/03/2017

Business Lease

100

8

26,942

25

-

-

-

-

252,022

4293 Porte di Catania

n.a.

n.a.

0

25

-

-

-

-

-

4293 Porte di Catania

n.a.

n.a.

0

135

-

-

-

-

-

Catania

4293 Porte di Catania

n.a.

n.a.

0

140

-

-

-

-

-

Catania

4293 Porte di Catania

n.a.

n.a.

64,660

139

-

-

-

-

477,533

NOA SRLC/O AUCHAN/ VIA GELSO BIANCO C.DA BICOCCA / IT-95100 CATANIA

NAU

16/03/2010

15/03/2017

Business Lease

100

7


<table>
<thead>
<tr>
<th>ID</th>
<th>Type</th>
<th>Period Start</th>
<th>Period End</th>
<th>Lease Type</th>
<th>Lease Duration</th>
<th>Rent</th>
<th>Rent Adjustments</th>
<th>Other Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>14_90</td>
<td>19</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8 70,048</td>
<td>-</td>
<td>593,881</td>
</tr>
<tr>
<td>14_91</td>
<td>55</td>
<td>24/03/2010</td>
<td>24/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>7 64,660</td>
<td>-</td>
<td>286,891</td>
</tr>
<tr>
<td>14_92</td>
<td>20</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>3 45,262</td>
<td>-</td>
<td>137,649</td>
</tr>
<tr>
<td>14_93</td>
<td>593</td>
<td>30/11/2012</td>
<td>29/11/2024</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>8 16,000</td>
<td>98 18,000</td>
<td>30/11/2013 -</td>
</tr>
<tr>
<td>14_94</td>
<td>26</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>7 56,254</td>
<td>-</td>
<td>338,493</td>
</tr>
<tr>
<td>14_95</td>
<td>27</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>7 75,975</td>
<td>141 -</td>
<td>437,254</td>
</tr>
<tr>
<td>14_96</td>
<td>28</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8 99,803</td>
<td>147 -</td>
<td>201,031</td>
</tr>
<tr>
<td>14_100</td>
<td>32</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8 40,951</td>
<td>61 -</td>
<td>166,788</td>
</tr>
<tr>
<td>14_105</td>
<td>37</td>
<td>18/11/2010</td>
<td>26/10/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>9 83,122</td>
<td>196 -</td>
<td>350,686</td>
</tr>
<tr>
<td>14_108</td>
<td>41</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>7 112,508</td>
<td>180 -</td>
<td>611,797</td>
</tr>
<tr>
<td>14_110</td>
<td>50</td>
<td>15/12/2012</td>
<td>14/12/2019</td>
<td>Business Lease</td>
<td>100</td>
<td>7 70,000</td>
<td>218 -</td>
<td>34,109</td>
</tr>
<tr>
<td>14_117</td>
<td>51</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8 117,466</td>
<td>218 -</td>
<td>413,030</td>
</tr>
<tr>
<td>14_120</td>
<td>54</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8 122,423</td>
<td>142 -</td>
<td>360,745</td>
</tr>
<tr>
<td>14_125</td>
<td>59+60</td>
<td>07/01/2013</td>
<td>06/01/2020</td>
<td>Business Lease</td>
<td>100</td>
<td>- 146,300</td>
<td>503 -</td>
<td></td>
</tr>
<tr>
<td>14_130</td>
<td>66</td>
<td>20/03/2012</td>
<td>19/03/2013</td>
<td>Business Lease</td>
<td>100</td>
<td>10 24,000</td>
<td>184 -</td>
<td>120,357</td>
</tr>
<tr>
<td>14_134</td>
<td>70</td>
<td>23/03/2012</td>
<td>22/03/2024</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>8 15,000</td>
<td>70 18,000</td>
<td>30/03/2014 -</td>
</tr>
<tr>
<td>14_135</td>
<td>71</td>
<td>20/03/2012</td>
<td>19/03/2013</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_140</td>
<td>75</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>3 30,390</td>
<td>47 -</td>
<td>156,957</td>
</tr>
<tr>
<td>14_144</td>
<td>81</td>
<td>20/03/2012</td>
<td>19/03/2013</td>
<td>Business Lease</td>
<td>100</td>
<td>10 24,000</td>
<td>184 -</td>
<td>120,357</td>
</tr>
<tr>
<td>14_145</td>
<td>82</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8 88,800</td>
<td>206 -</td>
<td>719,807</td>
</tr>
<tr>
<td>14_146</td>
<td>87</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 107 -</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>14_149</td>
<td>90</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8 86,644</td>
<td>201 -</td>
<td>740,034</td>
</tr>
<tr>
<td>14_154</td>
<td>96</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>8 80,825</td>
<td>170 -</td>
<td>422,053</td>
</tr>
<tr>
<td>14_155</td>
<td>97</td>
<td>20/03/2012</td>
<td>19/03/2013</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_159</td>
<td>100</td>
<td>01/03/2013</td>
<td>29/02/2020</td>
<td>Business Lease</td>
<td>100</td>
<td>- 60,000</td>
<td>135 -</td>
<td></td>
</tr>
<tr>
<td>14_162</td>
<td>102</td>
<td>23/03/2012</td>
<td>22/03/2024</td>
<td>Ordinary Lease</td>
<td>75</td>
<td>8 15,000</td>
<td>70 18,000</td>
<td>30/03/2014 -</td>
</tr>
<tr>
<td>14_163</td>
<td>103</td>
<td>20/03/2012</td>
<td>19/03/2013</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_168</td>
<td>108</td>
<td>20/03/2012</td>
<td>19/03/2013</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_169</td>
<td>110</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_172</td>
<td>114</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_174</td>
<td>116</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_175</td>
<td>117</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_178</td>
<td>120</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_179</td>
<td>121</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_181</td>
<td>123</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_182</td>
<td>125</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_183</td>
<td>126</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_184</td>
<td>127</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_186</td>
<td>129</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_188</td>
<td>132</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_190</td>
<td>134</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>14_192</td>
<td>136</td>
<td>16/03/2010</td>
<td>15/03/2017</td>
<td>Business Lease</td>
<td>100</td>
<td>- 24,000</td>
<td>184 -</td>
<td></td>
</tr>
<tr>
<td>Reference</td>
<td>Tenanted to</td>
<td>Trade or Use</td>
<td>Property/Lease Type</td>
<td>Leased till</td>
<td>Till Date</td>
<td>Notes</td>
<td>Moving Notice</td>
<td>Rent 1</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------</td>
<td>--------------</td>
<td>---------------------</td>
<td>-------------</td>
<td>-----------</td>
<td>-------</td>
<td>--------------</td>
<td>--------</td>
</tr>
<tr>
<td>114</td>
<td>CHIOSCO</td>
<td>158 BACCO ITALIA SMOKE Gifts &amp; Other goods</td>
<td>Local 4</td>
<td>Business Lease</td>
<td>100%</td>
<td>1 01/06/2013</td>
<td>12,527</td>
<td>12,777</td>
</tr>
<tr>
<td>147</td>
<td>CHIOSCO</td>
<td>168 YO PASSION Bars &amp; Restaurants</td>
<td>International 25</td>
<td>Business Lease</td>
<td>100%</td>
<td>7 15/10/2012 14/10/2019</td>
<td>16,015</td>
<td>16,335</td>
</tr>
<tr>
<td>155</td>
<td>GS 08</td>
<td>PRENATAL Fashion</td>
<td>National 1,973</td>
<td>Business Lease</td>
<td>100%</td>
<td>10 16/03/2010 15/03/2020 15/03/2020 16/09/2014</td>
<td>270,720</td>
<td>276,135</td>
</tr>
<tr>
<td>122</td>
<td>MS NEG 122</td>
<td>TOYS CENTER Gifts &amp; Other goods</td>
<td>National 800</td>
<td>Business Lease</td>
<td>100%</td>
<td>7 24/10/2011 23/10/2018</td>
<td>159,726</td>
<td>162,921</td>
</tr>
<tr>
<td>117</td>
<td>GS 06</td>
<td>FIORELLA RUBINO Fashion</td>
<td>National 206</td>
<td>Business Lease</td>
<td>100%</td>
<td>7 16/03/2010 15/03/2017 15/0017</td>
<td>111,284</td>
<td>97,741</td>
</tr>
<tr>
<td>130</td>
<td>NEG 130</td>
<td>CAMILLE ALBANE Services</td>
<td>International 89</td>
<td>Property Lease</td>
<td>75%</td>
<td>12 26/01/2010 25/01/2022</td>
<td>44,306</td>
<td>44,971</td>
</tr>
<tr>
<td>16</td>
<td>VACANT (EX CAMOMILLA)</td>
<td>Vacant Vacant</td>
<td>Local 144</td>
<td>Business Lease</td>
<td>100%</td>
<td>5 01/10/2013 30/09/2018 30/09/2018</td>
<td>68,094</td>
<td>69,456</td>
</tr>
<tr>
<td>103</td>
<td>NEG 103</td>
<td>MARIGE’ Fashion</td>
<td>National 137</td>
<td>Business Lease</td>
<td>100%</td>
<td>7 16/03/2010 15/03/2017 15/03/2017</td>
<td>73,680</td>
<td>76,109</td>
</tr>
<tr>
<td>164</td>
<td>NEG 113BIS</td>
<td>LO STUZZICHINO Bars &amp; Restaurants</td>
<td>Local 547</td>
<td>Business Lease</td>
<td>100%</td>
<td>9 01/12/2012 30/11/2021</td>
<td>85,482</td>
<td>87,192</td>
</tr>
<tr>
<td>118</td>
<td>NEG 118</td>
<td>VILLA PIZZ</td>
<td>Bars &amp; Restaurants</td>
<td>International 93</td>
<td>Business Lease</td>
<td>100%</td>
<td>7 16/03/2010 15/03/2017 15/03/2017</td>
<td>63,101</td>
</tr>
<tr>
<td>15</td>
<td>NEG 15</td>
<td>THLETES WORLD Sporting goods</td>
<td>National 190</td>
<td>Business Lease</td>
<td>100%</td>
<td>7 28/11/2012 27/11/2019 27/11/2019 n.a.</td>
<td>85,000</td>
<td>90,601</td>
</tr>
<tr>
<td>110</td>
<td>NEG 110</td>
<td>MARIGE’ Fashion</td>
<td>National 137</td>
<td>Business Lease</td>
<td>100%</td>
<td>7 16/03/2010 15/03/2017 15/03/2017</td>
<td>73,680</td>
<td>76,109</td>
</tr>
<tr>
<td>52</td>
<td>NEG 52</td>
<td>VACANT Vacant</td>
<td>Vacant</td>
<td>Business Lease</td>
<td>100%</td>
<td>5 01/10/2013 30/09/2018 30/09/2018</td>
<td>23,686</td>
<td>24,159</td>
</tr>
<tr>
<td>89</td>
<td>NEG 89</td>
<td>OVS KIDS Fashion</td>
<td>National 242</td>
<td>Business Lease</td>
<td>100%</td>
<td>7 25/03/2010 24/03/2017 24/03/2017</td>
<td>52,060</td>
<td>54,557</td>
</tr>
<tr>
<td>96</td>
<td>NEG 96</td>
<td>ZUIKI Fashion</td>
<td>National 170</td>
<td>Business Lease</td>
<td>100%</td>
<td>7 16/03/2010 15/03/2017 15/03/2017</td>
<td>80,672</td>
<td>83,791</td>
</tr>
<tr>
<td>117</td>
<td>NEG 117</td>
<td>VACANT Vacant</td>
<td>Vacant</td>
<td>Business Lease</td>
<td>100%</td>
<td>5 01/10/2013 30/09/2018 30/09/2018</td>
<td>41,991</td>
<td>42,831</td>
</tr>
<tr>
<td>95</td>
<td>NEG 95</td>
<td>VACANT Vacant</td>
<td>Vacant</td>
<td>Business Lease</td>
<td>100%</td>
<td>5 01/10/2013 30/09/2018 30/09/2018</td>
<td>8000</td>
<td>8000</td>
</tr>
<tr>
<td>90</td>
<td>NEG 90</td>
<td>MARIGE’ Fashion</td>
<td>National 137</td>
<td>Business Lease</td>
<td>100%</td>
<td>7 16/03/2010 15/03/2017 15/03/2017</td>
<td>73,680</td>
<td>76,109</td>
</tr>
</tbody>
</table>
Appendix 6
Market Value Calculation
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Property Management Fees (MGR)</strong></td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td><strong>Property Management Fees (Turnover Rent)</strong></td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td><strong>Provision for Extraordinary Maintenance</strong></td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
</tr>
<tr>
<td><strong>Capital Expenditures</strong></td>
<td>(15,166)</td>
<td>(22,749)</td>
<td>(151,662)</td>
<td>(136,496)</td>
<td>(75,831)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(401,904)</td>
</tr>
<tr>
<td><strong>Total Operating Costs</strong></td>
<td>(146,765)</td>
<td>(39,199)</td>
<td>(156,988)</td>
<td>(859,799)</td>
<td>(152,434)</td>
<td>(371,842)</td>
<td>(118,134)</td>
<td>(7,894)</td>
<td>(34,386)</td>
<td>(42,166)</td>
<td>(1,989)</td>
<td>(1,931,595)</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>11,078,830</td>
<td>12,894,992</td>
<td>12,215,516</td>
<td>11,991,291</td>
<td>12,796,739</td>
<td>12,684,218</td>
<td>12,154,753</td>
<td>12,838,841</td>
<td>12,853,332</td>
<td>12,118,865</td>
<td>15,548,382</td>
<td>164,157,206</td>
</tr>
<tr>
<td><strong>Leasing and Capital Costs:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Letting fees</strong></td>
<td>11%</td>
<td>(131,599)</td>
<td>(16,450)</td>
<td>(5,326)</td>
<td>(723,303)</td>
<td>(76,920)</td>
<td>(371,842)</td>
<td>(118,134)</td>
<td>(7,894)</td>
<td>(34,386)</td>
<td>(42,166)</td>
<td>(1,989)</td>
</tr>
<tr>
<td><strong>Capital Expenditures</strong></td>
<td>(15,166)</td>
<td>(22,749)</td>
<td>(151,662)</td>
<td>(136,496)</td>
<td>(75,831)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(401,904)</td>
</tr>
<tr>
<td><strong>Total Leasing and Capital Costs</strong></td>
<td>(146,765)</td>
<td>(39,199)</td>
<td>(156,988)</td>
<td>(859,799)</td>
<td>(152,434)</td>
<td>(371,842)</td>
<td>(118,134)</td>
<td>(7,894)</td>
<td>(34,386)</td>
<td>(42,166)</td>
<td>(1,989)</td>
<td>(1,931,595)</td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td>11,078,830</td>
<td>12,894,992</td>
<td>12,215,516</td>
<td>11,991,291</td>
<td>12,796,739</td>
<td>12,684,218</td>
<td>12,154,753</td>
<td>12,838,841</td>
<td>12,853,332</td>
<td>12,118,865</td>
<td>15,548,382</td>
<td>164,157,206</td>
</tr>
<tr>
<td><strong>Discount Rate</strong></td>
<td>8.25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Present Value of Annual Income</strong></td>
<td>83,761,220</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Present Value of Resale @ Year 10</strong></td>
<td>80,511,268</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Initial Yield</strong></td>
<td>7.03%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross Initial Yield</strong></td>
<td>9.30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net CBI Yield (on MGR)</strong></td>
<td>7.74%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross CBI Yield (on MGR)</strong></td>
<td>8.75%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net CBI Yield (on Vacant Rent)</strong></td>
<td>9.62%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross CBI Yield (on Vacant Rate)</strong></td>
<td>9.75%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Disbursed CBI Yield</strong></td>
<td>7.35%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Disbursed CBI Yield @ 3.0%</strong></td>
<td>7.35%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Net Cash Flow</strong></td>
<td>11,078,830</td>
<td>12,894,992</td>
<td>12,215,516</td>
<td>11,991,291</td>
<td>12,796,739</td>
<td>12,684,218</td>
<td>12,154,753</td>
<td>12,838,841</td>
<td>12,853,332</td>
<td>12,118,865</td>
<td>15,548,382</td>
<td>164,157,206</td>
</tr>
<tr>
<td><strong>Acquisition Costs/(Legal/Technical and Agency Fees and Stamp Duty)</strong></td>
<td>(5,688,291)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Market Value</strong></td>
<td>164,070,004</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) including current vacancy and void period of 2 months at lease expiry.