

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

(Translation from the original Italian text)

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical and independence requirements applicable in Italy to audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have identified the following key audit matter.

Key Audit Matter

Audit Response

Valuation of real estate portfolio

Investment properties are stated at fair value in accordance with International Financial Reporting Standards IAS 40 Investment properties, recognizing the effects of changes of fair values in the income statement.

Management has estimated fair value based on the reports prepared by independent experts.

The fair value estimate involve the use of fair value models which require forecasting future costs and revenues of each property and the use of assumptions about the occupancy rate of properties, the markets trends of real estate and financial markets as well as the general economic conditions that affect the rent and the reliability of the tenants.

Considering the relevance of the investment properties stated at fair value and of changes in fair value between accounting periods, as well as the judgment required by Management in assessing the above mentioned assumptions used in the fair value models, we have considered this item as a key audit matter.

The paragraph 1.3 "Main balance sheet items" of the notes to the financial statements, describes the process adopted to select the independent experts and the fair value models.

Our audit procedures in response to this key audit matter relate to, amongst others, the analysis of the company's procedure related to the selection of the independent expert appointed in order to prepare a fair value estimate, the tracing of these amounts with the balance sheet figures, the critical review and discussion with Group Management and independent experts of the main market assumptions and, also with the support of our real estate experts, detail testing of the reports prepared by the independent experts.

Finally, we have examined the disclosures provided in the notes to the financial statements.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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



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

Milan, March 12, 2018

EY S.p.A.

Signed by: Aldo Alberto Amorese, Partner

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