

HINES ITALIA SGR IS THE NEW MANAGER OF THE REAL VENICE 1 FUND

*Hotel Excelsior and the Des Bains in the Lido of Venice,
two examples of excellence attracting international tourists,
are among the fund's assets.*

Milan, February 21st 2014 – Hines Italia SGR, a leader in management of real estate funds on behalf of Italian and international institutional investors, has been appointed as the new manager of **Real Venice 1**, a real estate fund reserved for professional investors, previously managed by Est Capital SGR. On February 14th, during the board of directors meeting with the unit holders, the resolution to appoint Hines Italia SGR was passed with 65 percent of votes in favour, cast by the investors not related to the current asset management company. Est Capital SGR and the related investors, which hold the remaining 35 percent of voting rights, abstained.

Unitholders in the **Real Venice 1** fund are important Italian institutional investors—including bank foundations and pension funds— as well as private investors and members of some of North Eastern Italy's most high-profile families.

The **Real Venice 1** fund owns – both directly and indirectly – a number of assets located mainly in the Lido of Venice. Among the fund's most prestigious assets are the **Hotel Excelsior** and the **Des Bains**, two historical and economic landmarks of the Lido, Venice and Italy.

Recently, Est Capital SGR had started to dispose of the assets in Real Venice 1's portfolio, overturning the original plan to develop them. The process faced a number of challenges: besides the unfavourable market conditions, some prospective buyers were interested in only the most valuable asset, the Hotel Excelsior, while others made offers for a group of assets. Selling only the Excelsior would leave investors and banks with assets facing considerable uncertainty both in terms of the time required to dispose of them and their realisable value, as well as prevent the involvement of long-term institutional investors potentially interested in a more comprehensive plan to relaunch the Lido.

In accepting the role as fund manager, Hines Italia SGR informed Est Capital SGR and the investors of its intention to pursue a plan to develop the fund's assets, warranting a temporary suspension of the current disposal programme and the start of preliminary meetings with parties that already showed their interest in the assets and other potential buyers.

Furthermore, Hines Italia SGR discussed the opportunity to submit a revision of the business plan and a number of amendments to the fund's governance, including a provision allowing minority unitholders to appoint a representative to the meeting of unitholders for approval.

Hines Italia SGR intends to take over as the fund's asset manager after completing the due diligence, which is underway and agreeing with investors and the banks (which, under outstanding agreements, shall confirm they approve the change of management) a business plan aimed at increasing the chances of reimbursing the capital invested by unitholders as well as the loans received.

Manfredi Catella, Country Head and CEO of Hines Italia SGR stated, "The request of the

unitholders of the Fund Real Venice 1 to appoint Hines Italia SGR as the fund's asset manager represents an important fiduciary responsibility. We are willing to assume this role provided we operate as an active manager, with a business plan that could potentially generate returns for the banks and current investors, rather than merely disposing of the assets, which would be penalising given current market conditions. Hines intends to leverage both its international experience, involving a larger number of potential buyers, and its industry expertise, so as to pursue a thorough urban planning and housing project together with institutional entities to promote the economic development of the Lido and Venice, all while safeguarding the environment. The plan is intended to contribute to one of the Italian government's strategic goals to relaunch Italy as a global tourist destination and a country capable of attracting international capital."

Hines Italia SGR plans to conduct a preliminary survey of the Lido's area in order to integrate the development of Real Venice 1's real estate portfolio as part of a programme promoting the economic development of Venice – a public-private project for tourism excellence, to be carried out in partnership with the Municipality of Venice and the relevant regional authorities. Lido includes other strategic areas such as, the *Ospedale al Mare* (Seaside Hospital), recently purchased by Cassa Depositi e Prestiti (a bank majority-owned by the state).

Hines Italia will work together with the architect Vittorio Gregotti and R&S, an architecture firm based in Padua, as well as the international engineering consultancy firm AECOM, which has managed important restoration projects including the one for the areas hosting the 2012 London Olympics.

Hines appointed the law firms Gianni Origoni Grippo Cappelli & Partners and Maisto e Associati, as well as Coima, as advisor in the due diligence process, and confirmed the incumbent advisors appointed by Est Capital SGR, namely Banca Leonardo for the debt restructuring and Banca IMI for soliciting market interest.

***HINES ITALIA SGR** is a leading independent manager of real estate investment funds on behalf of Italian and international institutional investors. Hines Italia SGR was authorised by the Bank of Italy in July 2009 and currently manages 11 real estate investment funds, with more than three billion euros under management. Hines Italia SGR is controlled by Hines and other shareholders including Manfredi Catella, Gruppo Assicurativo Unipol and Micheli e Associati. Hines is one of the world's largest institutional real estate investment managers controlling assets worth more than 19 billion euros. Hines has a presence in Europe, the United States, Latin America, Asia and the Middle East with more than 100 operating offices, having developed more than 884 projects. Hines has been present in Italy since 1999 through Hines Italia, established in collaboration with the Catella family, which was already active in the real estate sector since 1973 through Coima, a company with more than 60 professionals specialising in real estate management services.*

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