



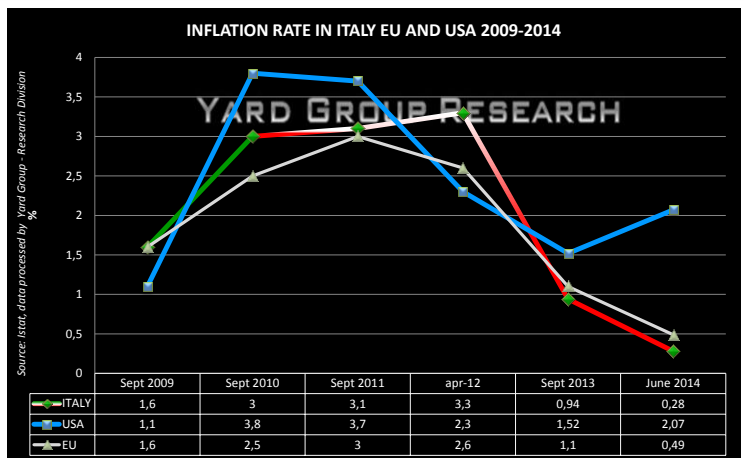
Residential property market in Italy IH 2014



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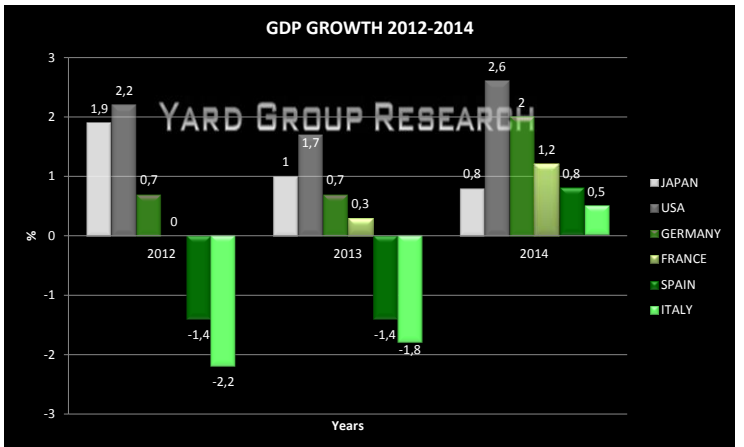
MACRO ECONOMIC INDICATORS

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population (2013)	60.782.668	↑
GDP growth rate QoQ** (III Q 2013 - III Q 2014)	-0,10%	↓
GDP forecast (2014)	0,50%	↓
GDP per capita 2013* (\$)	33.094	↓
unemployment rate (2014)	12,60%	↑
disposable household income	-2,45	↓
inflation rate (June 2014)	0,28%	↑
*International monetary fund		
**Q-o-Q %: quarter on quarter % change		



MILAN - 2014 HOUSING MARKET INDICATORS	
Discount on asking price %	13,4
Property for sale - Average Time on Market (ToM) (months)	7,4
Property for rent - Average Time on Market (ToM) (months)	4

ROME - 2014 HOUSING MARKET INDICATORS	
Discount on asking price %	15
Property for sale - Average Time on Market (ToM) (months)	7,7
Property for rent - Average Time on Market (ToM) (months)	3,8



HOUSING MARKET IN ITALY

In the first half of 2014 the Italian property market returns to modest growth. The number of residential property transactions has increased and the housing market and the commercial segment have shown the best performance, while the industrial market is still lagging behind. This is the first positive upturn referring to the number of transaction since 2011.

It is necessary to point out that the increase in sales in 2014 may have been influenced by the new system of registration taxes, mortgage and cadastral taxes applicable to deeds of purchase of real properties and real estate interests which came into force on 1 January 2014. (legislative source: art. 10, D.lgs. 14.03.2011, n. 23 art 26, D.L. 12.09.2013, n. 104)

From that date onwards, in fact, for the majority of real estate transactions, the new tax regime is usually more advantageous. This must have induced buyers to finalize deeds of sale in 2014.





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MORTGAGE LOANS MARKET

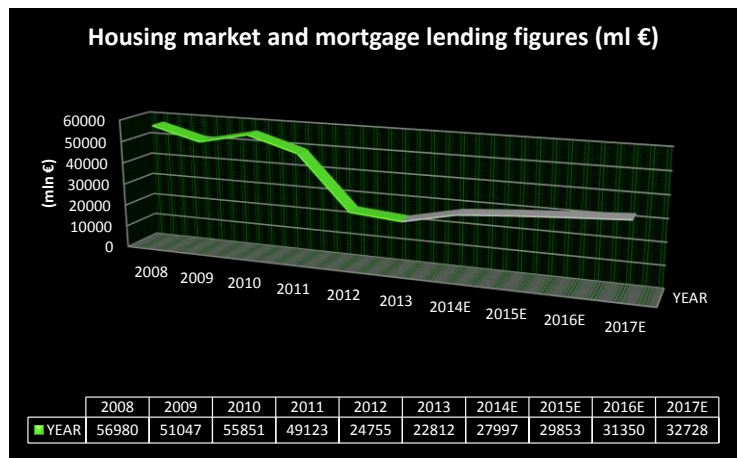
In 2008 the financial crisis interrupted a long phase of expansion linked to an active residential real estate market and subsequently to a high demand for mortgage loans. The rapid growth was favoured by manifold dynamics: low interest rates, positive peak of the economic cycle, a wider range of competitors in the lending sector, lenders offering several types of mortgage loan contracts. Specifically 30-year mortgage loans contract with a high LTV loan to value ratio and first low instalments gave low income borrowers access to mortgage loans.

On the basis of the data published by the Bank of Italy LTV ratio was around 80% in 2008, 60% in 2012, in 2013 LTV ratio was 58% and in 2014 it is about 62%.

Loan to Value ratio is calculated as follows: mortgage amount/appraised value of the property.

A mortgage loan is a product whose primary purpose is to help a consumer become a homeowner at the end of the mortgage term, although in the years leading up to 2007 and 2008 many consumers used it as a cheap source of long term finance to minimize their housing costs.

In addition to that, less tight credit standards were applied by lenders up to 2008. Currently lenders are more cautious as the number of distressed assets increased, borrowers' credit history is thoroughly examined before the approval of a mortgage loans.



Residential property transactions - 2006 - 2016*	
YEAR	Number of residential transactions
2006	869.308
2007	808.827
2008	684.034
2009	609.456
2010	611.878
2011	598.224
2012	444.018
2013	403.124
2014	446.429
2015	487.532
2016	509.761

*Figures in grey are an estimate