

Rating the National Market -

Results as of November 15th, 2003

Country: Italy

PaM
Property and Market Rating for Completed Properties

Valuer / Date:		Valuation dated:									
Address:		Original rating on:	Rating updated on:								
Property Type:	Office	Country:	Region:								
Criteria Class 1											
Market											
national			20%								
Acts of God			5%								
Socio-demographic development			10%								
Overall economic development and international attractiveness			30%								
Political, legal, taxation and monetary conditions			15%								
Property market: residential			45%								
Region											
Acts of God			5%								
Socio-demographic development			15%								
Economic situation and attractiveness			35%								
Property market: residential			45%								
Rating for Criteria Class 1:			20%								
Criteria Class 2											
Location											
	1	2	3	4	5	6	7	8	9	10	weight (appr.)
Suitability of the micro location for property type and target occupiers		2									45%
Image of the quarter and the location			3								5%
Quality of transportation infrastructure of the plot and quarter		2									23%
Quality of local supply facilities of the plot and quarter for target occupiers		2									23%
Acts of God			3								5%
Rating for Criteria Class 2:			2								30%
Criteria Class 3											
Objekt											
	1	2	3	4	5	6	7	8	9	10	weight (appr.)
Architecture / type of construction					5						7%
Fitout				4							9%
Structural condition		2									30%
Plot situation		2									50%
Ecological sustainability				4							9%
Profitability of the building concept					5						7%
Rating for Criteria Class 3:			3								20%
Criteria Class 4											
Quality of the Property Cash Flow											
	1	2	3	4	5	6	7	8	9	10	weight (appr.)
Tenant / occupier situation			3								10%
Rental growth potential / value growth potential							7				15%
Letting prospects /fungibility		2									60%
Vacancy / letting situation					5						5%
Recoverable and non-recoverable operation expenses			3								5%
Usability by third parties			3								5%
Rating for Criteria Class 4:			3								30%
Definition property and market rating for completed properties:											
Property and market rating is a standardized procedure aiming to display the sustainable quality of a property in its relevant market. The quality of a property is judged by the medium-term sales prospects at an adequate price between professionals who have access to all property and market information. The credit standing of the tenant and the borrower, as well as the default risk of the loan are not subjects of the property and market rating.											

Italy

The overall national rating

PaM

Property and Market Rating for Completed Properties



Property Type:	Office
Country:	Italy

Criteria Class 1

Market	1	2	3	4	5	6	7	8	9	10	weight
national											20%
Acts of God								x			5%
Socio-demographic development							x				10%
Overall economic development and international attractiveness						x					30%
Political, legal, taxation and monetary conditions								x			15%
Property market: office			x								40%
Overall rating					x						



Italy

Acts of God

Criterion	Indicator / Comments	Sources	Italy	OECD-Average ¹	Rating ²	Weight
Natural disasters	Index of natural disasters	Munich Re	10	5	10	70%
Emissions	CO2 Emissions per capita	OECD	7,4	9,7	3	20%
Man-made disasters	Number of man-made disasters per 10 mio inhabitants	Swiss Re, Centre for Research on the Epidemiology of Disasters (Université Catholique de Louvain)	6975	15564	3	10%
Overall Score					8	100%

1: Arithmetic average of the 19 OECD countries under consideration

2: on a scale from 1 (excellent) to 10 (disastrous)



Italy

Socio- economic development

Criterion	Comments	Sources	Italy	OECD-Average ¹	Rating ²	Weight
Population Growth	forecasted av. growth rate, 2004-07	OECD, United Nations	-0,30%	0,26%	10	1/3
GDP per capita	forecast f. 2004, in purchasing power parities	OECD	26.758	25.256	4	1/3
Unemployment rate	forecast, av. 2003-04	OECD	9,0%	7,6%	7	1/3
Overall Score					7	1

1: Arithmetic average of the 19 OECD countries under consideration

2: on a scale from 1 (excellent) to 10 (disastrous)



Italy

Overall economic development

Criterion	Indicator/ Comments	Sources	Italy	OECD-Average ¹	Rating ²	Weight
GDP growth	forecasted av. ann. growth rate, 2003-04	OECD	1,72%	2,32%	8	20%
Inflation	forecast f. 2004	OECD	2,15%	2,06%	1	20%
Exchange rate volatility	forecast, based on historic volatility or Euro-zone membership	OECD	0,0	4,2	1	10%
Economic structure	Share of services in GDP	OECD	69,5%	67,7%	4	10%
Infrastructure	Index, ranging from 0 (worst) to 100.000 (best infrastructure)	IMD Business School	43.902	60.182	7	20%
International competitiveness	Ranking on scale from 1 (best) to 51 (worst)	World Economic Forum	39	21	9	20%
Overall Score					6	100%

1: Arithmetic average of the 19 OECD countries under consideration

2: on a scale from 1 (excellent) to 10 (disastrous)

