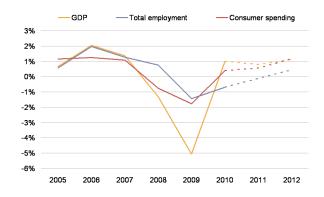
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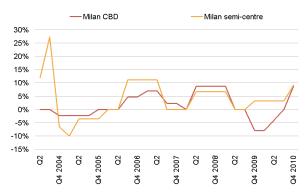
Q4 2010

Economic background and forecast



Source: Oxford economics

Annual rental growth



Source: Savills Research

"2010 has confirmed some strong market indicators, notably with take-up 35% up on 2009. Overall rents should remain stable in 2011 with some edging up in submarkets where demand is most evident".



Susan Trevor-Briscoe - Italy Research

- Although the final quarter of 2010 saw a fall in take-up with respect to Q3 2010 (64,440 sqm against 94,360 sqm), the level of take-up was significantly improved on a y-o-y basis (+35%).
- Most active companies in the final three months of 2010 tended to come from the Banking, Finance and Investment sector, followed by the Services and the Insurance sectors. Some activity in the IT/Technology sector can also be expected in 2011, with over a third of new enquiries coming from this area of business in Q4 2010.
- New development completions in 2010, totalling ca 295,000 sqm, went some way to meet the demand for quality premises, although the effect of this new stock may be negative on the take-up prospects of secondary properties and locations.
- Rental values for properties in prime and secondary markets held, with some edging-up seen occasionally in the submarkets most under demand. In particular, slight growth was seen during the year for prime offices in the city's CBD as well as in the Semi-Centre.
- Although this rental trend is expected to continue, any rental growth will be contained, as new supply will continue to meet a certain portion of the demand for quality premises.
- Yield levels were fundamentally stable on an ongoing basis. Only the CBD showed a modest improvement during 2010 with yields tightening slightly in the first half of the year but then remaining unchanged to year end.

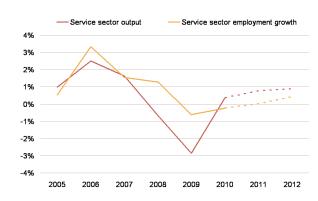


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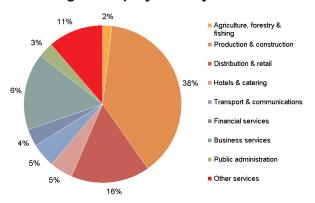
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Milan region service sector indicators



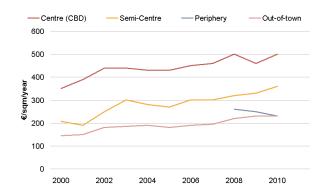
Source: Oxford Economics

Milan region employment by sector



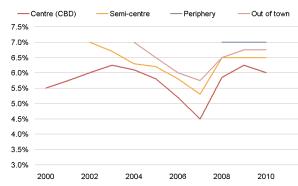
Source: Oxford Economics

Milan prime rents



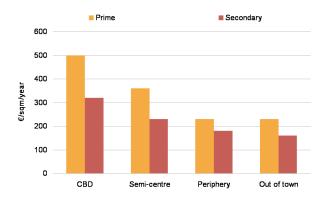
Source: Savills Research

Milan prime yields



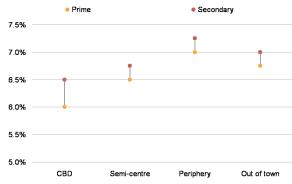
Source: Savills Research

Rental values per submarket



Source: Savills Research

Yields per submarket



Source: Savills Research

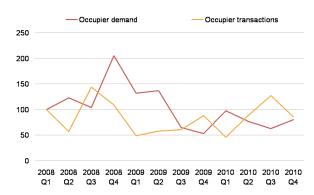
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Milan take-up and vacancy rate



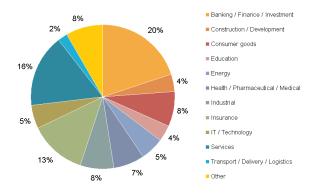
Source: Savills Research

Demand index (volume in sqm)



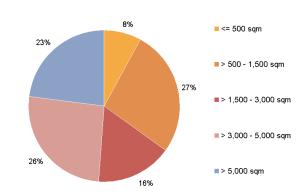
Source: Savills Research

Take-up by sector (volume)



Source: Savills Research

Take-up by size segment



Source: Savills Research

Energy saving buildings

Occupiers' sustained interest for energy saving features and the effect on rental levels

Throughout 2010 companies have continued to become more and more eco-aware, and this is especially true of multinational companies. More attention is paid to selecting state-of-the-art buildings, designed and built to comply with criteria of sustainability and with energy efficiency requirements established by the Lombardy Region and internationally recognized.

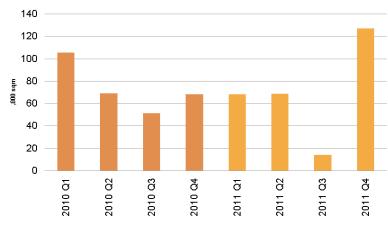
However, the choice of this type of product is usually determined, especially in times of economic downturn, by tangible and verifiable economic advantages for the occupier, consisting of substantial savings in operating and property management costs. Unless such requirements are met, occupiers may choose less modern products of good quality but lower energy efficiency class. Even though thinking of the future in eco-friendly terms is often becoming part of company culture, the idea of the associated cost may be less easily accepted.

Quarterly data bulletin Milan office market

Major development completions Q4

Building	Address	Submarket	Area in sqm
Palazzo Regione Lombardia	Via M. Gioia, Milan	Semi-centre	54,000
Buildings A, B and C / ex-Sieroterapico	Via C. Darwin, Milan	Semi-centre	14,000

New office development completions



Source: Savills Research

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