



**INFORMATION DOCUMENT  
ON THE RULES APPLICABLE TO COLLECTIVE ASSET MANAGEMENT SERVICES**

**(DRAFTED PURSUANT TO CONSOB  
BULLETIN NO. 20307 OF 15 FEBRUARY 2018)**

**UPDATED ON 12<sup>TH</sup> OCTOBER 2023**

## **DEA CAPITAL REAL ESTATE SGR S.p.A. AND ITS SERVICES**

DeA Capital Real Estate SGR S.p.A. (hereinafter also the "Company" or the "AMC"), with registered office located at Via Mercadante 18, Rome 00198, tax identification and VAT number 05553101006, R.E.A. (administrative economic repertoire) no. 898431, is authorised by the Bank of Italy and registered under no. 18 of the AIF Managers Section of the Register of SICAVs - Section of AIF Managers held by the Bank of Italy ([www.bancaditalia.it](http://www.bancaditalia.it)).

DeA Capital Real Estate SGR S.p.A. is an asset management company, the company purpose of which essentially consists of providing collective portfolio management services through:

(i) the management of Undertakings for Collective Investment (UCI), such as:

- closed-end real estate investment funds (AIFs), whether retail and/or reserved pursuant to art. 1, par. 1 *m-quater* of the Consolidated Law on Finance (TUF), (hereinafter also "real estate AIF" or "AIF");
- closed-end, alternative investment funds (specialising in investments in financial instruments representing secured credits arising from securitisation transactions), reserved to professional investors (hereinafter also "Movable asset AIF" or "AIF"),

(ii) the management, as external manager of fixed capital investment companies, as defined in Article 1, paragraph 1, letter i-bis) of the TUF (hereinafter also "SICAF", "AIF" or "UCI"), of the assets of Italian and foreign UCIs set up by third parties, and the related risks,

(iii) the management, as external alternative investment manager, of the assets and related risks of Luxembourg Reserved Alternative Investment Funds (*Fonds d'Investissement Alternatifs Réservés - RAIF*), as defined in Article 1, paragraph (1) of the Luxembourg law of 23 July 2016 on reserved alternative investment funds (hereinafter the "RAIF Law").

### **The AMC currently manages the following retail AIFs:**

- "Alpha Immobiliare - Fondo Comune di Investimento Immobiliare di tipo Chiuso", istituto ai sensi dell'art. 14-*bis* della legge n. 86/1994;
- "Atlantic 1 - Fondo Comune di Investimento Immobiliare di tipo Chiuso".

### **The AMC currently manages the following reserved AIFs:**

- AREEF 2 Palio – Società di Investimento per Azioni a Capitale Fisso Multicomparto";
- "Aetmosphere - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Altair- Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Alveare - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Ambiente - Fondo Comune di Investimento Immobiliare di Tipo Chiuso";
- "ARIES";

- "Atlantic 6 – Fondo comune di investimento immobiliare di tipo chiuso";
- "Club Deal";
- "Drake - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "DRIVE - Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Eta Immobiliare - Fondo Comune di Investimento Immobiliare di Tipo Chiuso";
- "Fondo Broggi - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Fondo Civitas Vitae - Fondo Comune di Investimento Immobiliare riservato";
- "Fondo Diamond Italian Properties - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Fondo Diamond Core - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Fondo Fenice - FIA Italiano Immobiliare Riservato di tipo chiuso";
- "Fondo Roma Santa Palomba SH - Fondo Comune di Investimento Immobiliare Alternativo Riservato";
- "FONDO PER LO SVILUPPO DEL TERRITORIO - Fondo Comune di Investimento Immobiliare Speculativo di Tipo Chiuso";
- "Fondo Tessalo - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Fondo ThirdEye - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Fondo Verona Property - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Fondo Vision - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Fondo Y Milano - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Fondo Yielding - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Gamma Immobiliare - Fondo Comune di Investimento Immobiliare di Tipo Chiuso";
- "Generation Fund - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "GO Italia I -Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "GO Italia III -Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "GO Italia V - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "GO Italia VI - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "GO Italia VII-Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "GO Italia VIII-Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "HighGarden - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Housing Sociale Liguria - Fondo Comune di Investimento Immobiliare di Tipo Chiuso";

- "IDeA FIMIT Sviluppo - Fondo Comune di Investimento Immobiliare Multicomparto di Tipo Chiuso" - costituito dal Comparto Uno;
- "Ippocrate - Fondo comune di investimento immobiliare di tipo chiuso";
- "Laurus - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Leone - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Logita - Fondo di Investimento Alternativo Immobiliare Riservato di Tipo Chiuso";
- "Lumiere - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Mach - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Milan Development 1";
- "Millennium Luxury - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Omega Immobiliare - Fondo Comune di Investimento Immobiliare di Tipo Chiuso";
- "Omicron Plus Immobiliare - Fondo Comune di Investimento Immobiliare di Tipo Chiuso";
- "ORSO - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Park West - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "RENAISSANCE - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Rho Plus - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Senior - Fondo Comune di Investimento Immobiliare di Tipo Chiuso";
- "Sigma Immobiliare - Fondo Comune di Investimento Immobiliare di Tipo Chiuso";
- "Spazio Industriale - Fondo comune di investimento immobiliare di tipo chiuso";
- "Theta Immobiliare - Fondo Comune di Investimento Immobiliare Multicomparto di Tipo Chiuso;
- "Trophy Value Added - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato";
- "Venere - Fondo Comune di Investimento Immobiliare di Tipo Chiuso";
- "DeAREIF I SICAV-RAIF".

#### **Communications with our customers**

Investors (hereinafter also the "Customer", that is the natural persons or the legal entities for whom or which the collective portfolio management services are provided) and the Company normally communicate in writing, in Italian.

To this end, it is hereby noted that the AMC's address for correspondence is:

Via Mercadante, n. 18, 00198 - Rome.

Investors can also contact the AMC at the following telephone numbers:

##### Rome office

Tel: +39.06.6816.31

Fax: +39.06.6819.2090

##### Milan Office

Tel: +39.02.7251.71

Fax: +39.02.7202.1939

Email: [ComunicazioneStampa-re@deacapital.com](mailto:ComunicazioneStampa-re@deacapital.com)

The AMC follows the communications procedures

indicated in the management regulations, private placement memorandum or articles of association of each AIF and/or, for retail funds (see below), the prospectus.

Other information concerning the Company and the services and activities provided can be found on the website: <http://www.deacapitare.com>.

#### **Complaints**

Any complaints must be submitted in writing by Investors to the AMC, Via Mercadante, n. 18, 00198 - Rome, using one of the following methods:

- registered mail with return receipt requested;
- Certified email: [deacapital-re@pec.deacapital.com](mailto:deacapital-re@pec.deacapital.com);
- fax to +39.06.6819.2090;
- Email: [reclami-re@deacapital.com](mailto:reclami-re@deacapital.com).

Complaints shall be considered to have been validly received by the Company if they contain at least the following information: (i) identification information of the Client submitting the complaint; (ii) the reasons for the complaint; (iii) signature of the Investor or a person delegated by the Investor, or any other element that allows for identification of the Investor.

The Company has adopted appropriate procedures to ensure that complaints submitted by Investors are handled appropriately.

Usually, the internal complaint handling process is concluded within 60 (sixty) days from receipt of the complaint by the Company.

The Company will handle all complaints received with the utmost diligence, fairness and openness providing a response in writing to the address indicated by the investor, within the aforementioned period.

The Company has adopted a register on which are recorded the complaints received within the aforementioned forms and methods.

The submission of complaints by investors involves no extra charges.

For the latest information on the handling of complaints by the Company and the ACF, visit the website <http://www.deacapitare.com>.

#### **Banking and Financial Ombudsman (ABF)**

The Company adheres to the institution of the Banking and Financial Ombudsman, as provided by Legislative Decree 130 of 6 August 2015, in implementation of Directive 2013/11/EU on alternative dispute resolution for consumer disputes, established by CONSOB with its resolution no. 19602 of 4 May 2016, which entered into effect on 9 January 2017.

Pursuant to articles 6, par. 2-*quater*, d), 6, paragraphs 2-*quinquies* and 2-*sexies* of the TUF, prior to appealing to the Courts, Retail Investors (hereinafter also the Retail Customer, pursuant to the article 35, par.1, letter e) of the Intermediaries' Regulation, the Customer other than qualifying counterparties and professional clients, or rather the not qualifying or professional Investor can appeal to the ABF for the resolution of disputes with the Company regarding the obligations of diligence, correctness, information and transparency which the Company is required to uphold in its relations with the investors to whom it provides collective portfolio management services.

The ABF does not hear disputes relating to damages, which are not the immediate and direct result of non-compliance or violation by the Company of the above-mentioned obligations, disputes, which are not of a financial nature and disputes, which involve demands for amounts exceeding Euro 500,000.

If the AMC fails to respond within 60 days from receiving the complaint or if a retail investor is not satisfied, even if partially, with the outcome of the complaint, he or she may appeal to the ABF. The right to appeal to the ABF:

- must be exercised by retail investors within one year from the date the complaint has been submitted to the Company;
- this right cannot be waived by Retail Investors and can always be exercised, even in the presence of clauses assigning dispute resolutions to other out of court bodies pursuant to contracts.

The appeal to the ABF must be made either personally or through a consumer rights association or a proxy, provided no other out of court dispute resolution procedures are pending regarding the same subject, even if on the initiative of the Company and even if the Retail Investor agreed to this other procedure.

In any case, Retail Investors will continue to have the right to appeal to the court authorities regardless of the outcome of the out of court procedure.

Any complaints received by Retail Investors will always be evaluated by the company in light of the guidelines, which are inferable from the decisions made by the ABF. If these complaints are not accepted or if they are only partially accepted, the Company will provide the Retail Investor with adequate information regarding the procedures and times for submission of the appeal to the ABF, within Consob.

Appeals to the ABF are free of charge for Retail Investors and the admission of an appeal by shall take place according to an online procedure, as indicated in the ABF website.

For more information on the ABF and how to submit an appeal, visit the website:

<http://www.consob.it/web/area-pubblica/arbitro-per-le-controversie-finanziarie>.

#### **Documentation provided to Investors in the form of a report of activities conducted**

The subscription of the units or shares of an AIF (hereinafter also referred to as "parts of UCI") shall take place according to the procedures indicated in the management regulation, private placement memorandum or articles of association of each AIF.

Investors shall be required to make the payments relative to the parts of UCIs subscribed in cash upon the request of the Company, within the deadlines set by the latter from time to time, according to the procedures set forth in the management regulation, private placement memorandum or articles of association of the AIF and, for "retail" funds in the information prospectus of the fund and, for reserved AIFs, in the offer document.

The AMC's request for payment and the confirmation letter to each Investor of the

completed payment will be sent to Investors according to the procedure set forth in the management regulation, private placement memorandum or articles of incorporation and, for "retail" funds in the information prospectus of the fund and, for reserved funds, in the offer document.

Upon completion of the UCI's parts subscription period for each fund, the Company will send Customers a formal declaration that subscriptions have been closed.

The AMC will provide the AIF accounting documents to Investors according to the procedures and within the deadlines set forth in the regulation, articles of association and, for "retail" funds in the information prospectus of the fund and, for reserved AIFs, in the offer document.

Moreover, at least once per year, the AMC also provides investors with further documentation regarding the costs and expenses, which is compiled in compliance with Annex 2 of Commission Delegated Regulation (EU) 2017/565, including the documentation provided for by the management regulation, the private placement memorandum, the articles of association, and for "retail" funds, by the prospectus of the fund and shall also provide the communications indicated in these documents, according to the deadlines and procedures indicated therein.

#### **CUSTOMER CLASSIFICATION STRATEGY**

When parts of UCIs (other than funds under the so called "club deal" regime) are marketed directly, the AMC follows the rules of conduct established by CONSOB. It is hereby noted that the marketing activity is not combined with the provision of the consulting service.

#### **Customer categories**

Pursuant to the Regulation issued following the CONSOB resolution no. 20307 of 15 February 2018 on intermediaries ("Intermediaries Regulation"), the AMC has two categories of Customers:

- Professional Customer;
- Retail Customer;

which are protected to differing extents.

Pursuant to article 35, par. 1, d) of the Intermediaries' Regulation, a **Professional Customer** is a private professional Customer who satisfies the requirements under Annex 3 of the Intermediaries' Regulation ("*A Customer that possesses the experience, knowledge and skill required to knowingly make decisions regarding investments and to correctly assess the risks assumed*") and the public professional investor that satisfies the requirements set forth under Decree 236 issued on 11 November 2011 by the Ministry of Economy and Finance pursuant to article 6, paragraph 2-sexies of the Consolidated Law on Finance (TUF)

The private professional Customers category includes:

- individuals or entities who/which are required to be authorized or regulated in order to operate on financial markets, whether Italian or foreign;

- large scale corporations which, at the individual company level, fulfil at least two of the following requirements in terms of size:
  - o balance sheet total (total equity): Euro 20 million;
  - o net sales: Euro 40 million;
  - o own funds (risk capital) Euro 2 million;
- professional Investors whose main activity is investing in financial instruments, including entities who focus primarily on the securitisation of assets and other financial transactions;

By rights, Customer other than professional private customers may request to be treated as professional clients (private professional customers upon request), in compliance with the criteria and procedures indicated under Annex 3 of the Intermediaries Regulation.

Professional customers are required to inform the AMC of any changes that could influence their current classification. If the AMC should consider that the Customer no longer satisfies the conditions required to be treated as a professional client, it will adopt the appropriate procedures in the interests of that Customer.

Regarding the category of **public professional Customers**, the aforementioned Decree issued by the Ministry of Economy and Finance establishes that the following entities are considered as public professional customers by rights:

- the Government of Italy;
- the Bank of Italy.

The following entities may also request to be classified as professional Customers, contingent upon verification by the AMC that the requirements of the applicable laws are fulfilled:

- the regions;
- the autonomous provinces of Trento and Bolzano;
- local entities;
- national and regional public entities;

provided the conditions indicated under article 3 of Ministerial Decree 236 of 11 November 2011 are satisfied.

Pursuant to article 35, paragraph 1, e) of the Intermediaries' Regulation, a **Retail Customer** is "a Customer that is neither a professional Customer nor a qualifying counterparty".

### **Identification of the protection levels applicable to each category of Customers**

The categories of Customers envisaged by the regulation are considered to have different levels of professional experience so that a different level of protection is associated with each category. The retail Customer category is provided with a maximum level of protection.

Professional Customers are afforded a lesser level of protection, since a professional Customer (whether "by rights" or "upon request") already possesses the knowledge and experience required in order to understand the risks inherent in the mutual investment funds for which that Customer is classified as a professional customer. For this reason, pursuant to article 42 of the Intermediaries' Regulation and article 56 of the Commission Delegated Regulation (EU)

2017/565, for professional clients the AMC is allowed to presume appropriateness, i.e. that the level of experience and knowledge of an professional Customer is sufficient in order to allow that Customer to understand the risks connected with subscription of the parts of UCIs offered by the AMC.

Moreover, where agreed with Professional Customers, notwithstanding application of the applicable laws from time to time, limited application is provided of the obligation to provide information on the costs and expenses of financial instruments and services offered, pursuant to article 36 of the Intermediaries' Regulation and article 50 of Commission Delegated Regulation (EU) 2017/565.

### **Classification of the Customer**

Prior to initiating the marketing of the parts of UCIs it manages, the AMC will classify Investors as Retail Customers or Professional Customers in order to apply the degree of protection required for each of these categories. The AMC will inform the Investor of this classification.

In any case, Investors are entitled to request a differing classification and in particular in the event that they waive the protection provided for by the Law, the AMC is required to:

- check the fulfilment of the regulatory requirements and conduct the evaluations that are required;
- inform the Investor of the protections afforded, which that investor is waiving by opting for a new classification.

### **Change in the class a Customer belongs to**

The Intermediaries' Regulation allows Customers to request a differing classification, whether to be applied across the board or only to a specific transaction.

The following transfers from one Customer category to another are therefore allowed, provided the necessary requirements are fulfilled:

- from professional Customer by rights to retail client;
- from retail Customer to professional Customer upon request.

Regarding the request to "downgrade", i.e. the transfer from Professional Customer to Retail Customer, a Professional Customer by rights is entitled to request a higher level of protection in writing if that Customer considers that he/she is unable to correctly manage the risks assumed. In such a case, the professional Customer will conclude a written agreement with the AMC establishing the services, transactions and products for which the retail Customer treatment will apply.

Specifically with regard to "upgrading", i.e. transferring from the retail Customer category to the professional Customer category, particular attention must be paid since, in this case, the Customer is waiving the application of a higher level of protection granted under the applicable laws.

However, Customers may waive the protections afforded under the code of conduct above, only through the following, specific procedure:

- the Customer must inform the AMC in writing

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- that he/she wishes to be treated as an professional Customer;
- for public professional Customers, the individual in charge of financial management must attach a declaration certifying possession of adequate professional qualifications in the area of finance, with indication of the experience accrued in the financial sector;
  - upon receiving the request from the Client, if that customer's skills and knowledge have been assessed as being adequate and the requirements under Annex 3 of the Intermediaries Regulation (for private professional Customers) and article 3 of Ministerial Decree 236 of 11 November 2011 (for public professional customers) are fulfilled, the AMC shall inform the Customer in writing about the consequences of having a lower level of protection due to this new classification;
  - the Customer must then indicate in writing that he or she is aware of the consequences arising from losing the aforementioned protections;
  - the AMC will inform the Customer regarding acceptance of the request for transfer and the new professional Customer classification upon request;
  - if the AMC should consider that the Customer does not possess the aforementioned requirements, or does not have adequate knowledge, experience and skill in investing, it will refuse to change the classification from Retail Customer to Professional Customer, immediately informing the Customer of this decision.

The AMC will evaluate the request made by the Customer and check that the requirements for transfer of the category apply based on the provisions of annex 3 of the Intermediaries' Regulation for private professional customers or article 3 of Ministerial Decree 236 of 11 November 2011 for public professional customers.

#### Private professional Customers upon request

The regulations indicate that possession of the requirements of professionalism in the financial sector for managers and administrators of authorised entities pursuant to the European Union directives may be considered as a reference for assessing the skills and knowledge of the Customer. At least two of the following requirements must be fulfilled pursuant to the aforementioned evaluation:

- the Customer has conducted significant transactions on the market in question at a frequency of at least 10 transactions per quarter over the four previous quarters;
- the value of the Customer's portfolio of financial instruments, including deposits in cash, must exceed EUR 500 thousand;
- the Customer works or has worked for at least a year in a professional position that requires knowledge of the operations or services in question.

For legal entities, the assessment above will be conducted with regard to the person who is authorised to conduct transactions on his/her own

behalf or on behalf of the legal person itself. Should a private Professional Customer who has achieved this status on the latter's own request decide to once again be considered as a retail customer, the Customer must submit this request to the AMC in writing.

#### Public Professional Customers upon request

Pursuant to Article 3 of Ministerial Decree 236 of 11 November 2011:

- the regions;
  - the autonomous provinces of Trento and Bolzano;
  - local entities pursuant to art. 2 of Legislative Decree no. 267 of 18 August 2000;
  - national and regional public entities;
- may request to be treated as public Professional Customers provided all the following requirements are satisfied:
- their final revenues exceed Euro 40 million pursuant to the latest approved management report;
  - transactions have been conducted on the financial market the nominal or notional value of which exceeds Euro 100 million over the three year period preceding the stipulation of the contract;
  - they have on staff personnel specialised in financial management that has acquired adequate skills, knowledge and experience in investing, including collective fund management and financial instruments.

The requirements above have been appropriately evaluated by the AMC according to the assessment process applicable to the local entity. Should a public professional Customer who has achieved this status on the latter's own request decide to once again be considered as a retail client, the Customer must submit this request to the AMC in writing.

#### **Appropriateness testing**

Following the classification of the customers and prior to subscription of the parts of UCIs, the AMC is required to assess the appropriateness of the investment and maintain on file the results supporting these assessments. Therefore, the AMC is required to verify that the Investor has the experience and knowledge required to understand the risks inherent in the offered or requested investment.

For parts of UCIs direct marketing activities or for the establishment of the so called club deal regime for UCIs reserved to professional customers, the AMC is not required to conduct the appropriateness testing, since it is entitled to presume that the investor has the level of experience and knowledge required to understand the risks connected to the investments in reserved AIFs.

For Retail Customers, the AMC will perform the appropriateness testing pursuant to article 42 of the Intermediaries' Regulation.

#### **PROTECTION OF FINANCIAL INSTRUMENTS AND OF THE CUSTOMERS' MONEY**

##### **Depositary**

In accordance with the provisions of Articles 47 and 48 of the TUF, the depositary, as specified in

each management regulation, private placement memorandum or in the articles of association, shall hold in custody the financial instruments and cash and cash equivalents of each AIF managed by the asset management company, who shall act independently from the company and in the interest of the Investors.

The task of depository can be performed by Italian banks, branches of EU Italian banks and of banks of third countries, brokerage firms and Italian branches of EU investment companies and of companies of third countries other than banks. In the performance of its task, the depository:

- verifies the lawfulness of the transactions for the sale, issue, re-purchase, redemption and cancellation of parts of UCIs, as well as the distribution of the UCI revenues;
- verifies that the calculation of the value of the parts of UCIs is correct;
- verifies that the consideration for the transactions relating to the AIF is paid within the terms of use;
- follows the company's instructions, unless they are in conflict with the law, with the regulation or with the requirements laid down by the supervisory bodies;
- monitors the cash flows of the fund, in the event that the liquidity is not entrusted to the same.

The depository is responsible vis-à-vis the asset management company and the Investors latter as a result of the failure to fulfil its obligations.

### **Asset separation**

Pursuant to article 36 of the TUF, each fund or each section of the same fund shall constitute an autonomous asset, separate in all respects from the AMC assets and from those of each Investor, as well as from any other asset managed by the asset management company; as for the obligations incurred on behalf of the fund, the company is responsible solely within the limits of the assets of the same fund. Actions by creditors of, or on behalf of, the company, as well as those of creditors of the depository or of the sub-depository or in the interest thereof are not allowed on these assets.

Actions of creditors of the individual Investors are allowed only on the shares held by the latter. The Company cannot, under any circumstances, use, in its interest or in that of third parties, the assets held by the managed AIFs.

The principle set out above is also valid with reference to SICAF - pursuant to Article 35-bis of the TUF, each compartment constitutes autonomous assets, distinct in all respects from those of the other compartments - provided that its corporate nature gives it full recognition as a legal entity, making it an autonomous entity distinct from the SGR, each investor and the other AIFs managed by the SGR.

### **NATURE AND RISKS OF THE FUNDS MANAGED BY THE ASSET MANAGEMENT COMPANY**

The following information aims to provide a description of the undertakings for collective investment, in general, of the alternative real estate investment funds and alternative movable

asset investment funds, in particular, together with a description of the risks associated with the investments in said type of UCIs.

### **Undertakings for collective investment: Established in Italy**

An UCI can be set-up in contractual form, as the mutual fund, or in corporate form as the SICAF. Both the mutual fund and the SICAF, as undertakings for collective investment, are undertakings set up to provide the service of the collective management of assets, the capital of which is raised from a plurality of Investors through the issuance and offer of units or shares, managed by a separate asset management company (AMC) upstream in the Investors' interests and independently from the same and invested on the basis of a predetermined investment policy. In accordance with the above, UCIs investors entrust their savings to asset management companies, which invest the capital contributions made to the UCI in financial instruments (i.e. shares, bonds, other movable assets) or:

- in the case of real estate AIF, mainly in real estate assets, rights in rem in immovable property, parts of other real estate CIUs and participating interests in real estate companies, on behalf and in the interest of all Investors;
- in the case of Movable asset AIF which invest in financial instruments representing secured credits arising from securitisation transactions (*notes* issued by vehicles established pursuant to Law No. 130 of 30 April 1999 for transactions involving the securitisation of credits or units/shares issued by credit funds); in participating interests in real estate companies set up to participate, where appropriate, in auctions for the purchase of immovable assets to secure non-performing loans and/or, more generally, for the purchase of said assets in legal proceedings ("REOCO").
- in the case of SICAF, mainly in real estate, other real estate rights, holding in real estate companies and real estate investment vehicles (so called "RE CIS"), on behalf and in the interest of all investors.

With reference to the real estate AIF, it should also be noted that the funds can be set up through cash payments, as well as through contributions in the form of immovable assets, rights in rem in immovable property and participating interests in real estate companies (contribution). With reference to the SICAF, it should be noted that contributions in kind and credits are allowed, in accordance with the applicable legislation and the articles of association.

### **Open-ended and closed-ended AIFs: In Italy**

We use the term open-ended and closed-ended AIF depending on the conditions of entry and exit to and from a AIF. Open-ended AIFs are funds in which the Investors have the right to request redemption of their shares in the same asset, according to the procedures and on the frequency specified in the management regulation and in the supply documentation of the AIF. With

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reference to open-ended AIFs, for example, Investors may invest or divest by subscribing or requesting redemption of the fund units/shares on the basis of the unit value (plus or minus any commissions provided for to be paid by the investor) of the share; this value is obtained by dividing the net total worth of the fund, calculated at market price, by the number of units in circulation.

Closed-ended AIFs are defined, on a residual basis, as funds other than open-ended funds. As a rule, closed-ended funds can be subscribed only in a certain period and redeemed upon maturity or after some years. In all closed-ended AIFs, with the exception of partial pro-rata redemptions and anticipated redemptions for newly-issued shares, where provided for by the management regulation, it is not possible to obtain redemption of the unit/share in the AIF asset until expiry of the AIF's life. The real estate AIFs and Movable asset AIFs, which invest in credits, are always of the closed-ended type. The SICAF necessarily has a closed structure.

With reference to the management results, an additional classification must be considered: that between accumulation AIFs and distribution funds. While, in the former, yields are not AIFs, but rather re-invested automatically until maturity, in the latter, the operating results are distributed through periodic distributions of dividends.

### **Open-ended and closed-ended AIFs: In Luxembourg**

Similar to an Italian AIF; a Luxembourg AIF will be either closed-ended or open-ended depending on the entry and exit conditions offered to the investors of the AIF.

Where the AIF is open-ended type, the fund documentation will set out the procedure for an investor to request the redemption of the units or shares held, the frequency at which such redemption right may be exercised and the manner in which the redemption price of the units or shares held is to be determined. On the other hand, as a matter of principle, an investor in a closed-ended AIF type will not be entitled to request the redemption of the units or shares held in the AIF before the expiry of the AIF's life.

It has to be noted that the valuation of assets and the calculation of the net asset value per unit or shares of an open-ended AIF type (which can be used for the determination of the redemption price) must be carried out at a frequency which is both appropriate to the assets of the AIF and its issuance and redemption frequency.

Open-ended AIF have generally an indefinite life period which allows them to raise capital from investors for a longer period while closed-ended AIF have a fixed term and a defined period during which they can onboard investors.

### **The Italian SICAF**

The SICAF (fixed capital investment company) set up pursuant to Article 1, paragraph 1, letter i-bis

of the TUF as a closed-end UCI constituted in the form of a joint-stock investment company with fixed capital having as its exclusive object the collective investment of assets raised through the offer of its own shares and other participating financial instruments.

The difference between the SICAF and the mutual fund is represented by its corporate rather than contractual nature; the SICAF, in fact, issues shares and/or participative financial instruments that may be subscribed by the parties interested in investing in the UCI.

The management of the SICAF's assets is entrusted to the SGR, as the external manager authorised to provide the collective asset management service (AIFM), designated at the time the SICAF was set up.

For SICAF, the rules on joint stock companies set out in the Italian Civil Code also apply, with the exception of articles 2447-bis - 2447-decies.

### **The Luxembourg RAIF**

The Luxembourg RAIF regime is a 'regulatory wrapper' regime designed for the structuring of AIF for an offering to an international qualified investor base. The RAIF regime applies upon election and it qualifies as a "product" regulation.

RAIF are not subject to the direct supervision by the Luxembourg regulator (*Commission de Surveillance du Secteur Financier*) and may be launched without prior or ex-post regulatory approval. RAIF shall be managed by an authorised alternative investment fund manager irrespective of whether such manager is established in Luxembourg or in another EU Member State

RAIF are multi-purpose alternative investment funds which may be organised as partnerships, (SLP, SCA and common limited partnership (CLP)), common funds (FCP), or investment companies with variable or fixed capital (SICAV - SICAF) on a stand-alone and multi-compartments/umbrella basis.

RAIF can be set up as stand-alone structures or as multi-compartment structures allowing investors and/or assets to be segregated in dedicated compartments.

Unless they limit their investment policy to risk capital investments, RAIF are subject to risk diversification requirements.

RAIF are strictly reserved to qualified investors being institutional, professional or so-called "well-informed investors" as defined in Article 2 paragraph (1) of the RAIF Law. In terms of marketing, RAIF may only be marketed to professional investors.

### **Borrowing**

Unreserved real estate AIFs can take out loans, directly or through subsidiaries, provided that the financial leverage of the fund, taking also account of the overall exposure in derivatives, is not greater than 2 (in accordance with the provisions of Chapter 2, Section II of the delegated



Regulation (EU) No. 231/2013, notifying the Bank of Italy of the method adopted: "gross method" or "commitments method"). Within this overall limit, real estate AIFs for which there is no listing in a regulated market or in a multilateral bargaining system can take out loans up to a maximum of 10 percent of the total net worth of the fund, in order to make anticipated redemptions at the time of issue of new units/shares. Reserved real estate AIFs can generate a financial leverage to the extent established in the management regulation, private placement memorandum or articles of association of each AIF, provided that the limits indicated therein are reasonable.

Movable asset AIFs take out loans within the maximum limit of 30 percent of the overall net worth of the fund. Movable asset AIFs can generate a financial leverage of up to 1.5.

In accordance with the provisions of the management regulation, private placement memorandum or articles of association it is allowed for the AIF to use derivatives for risk hedging purposes.

The SICAF may borrow, in the manner established by the regulations in force from time to time, and within the maximum leverage limit identified in the articles of association for the same and/or for each compartment.

The RAIF may borrow, in the manner established by the regulations in force from time to time, and within the maximum leverage limit identified in the private placement memorandum for the same.

### ***Time horizon of the investment***

From the viewpoint of the time horizon, closed-ended AIFs constitute a long-term form of investment: this, in view both of the nature of the assets in which the AIF assets are invested and of the contents of some regulatory provisions regulating its functioning, such as, for example, that which grants Investors the right to redemption of their shares only upon liquidation of the AIF or at the end of its life. Moreover, the management regulation, private placement memorandum or the articles of association normally provide for the possibility to operate partial redemptions of the units or shares on a pro-rata basis. Pro-rata partial redemptions, when they occur, speed-up the process for the redemption of the capital invested by Investors and reduce the average financial duration of the investment. Therefore, this investment formula is addressed to an audience of savers who, in order to achieve long-term returns, is willing to:

- lock up the invested sums for long periods of time, except for the possibility to make divestments through the transfer of shares to third investors who meet the requisites set out in the management regulation, private placement memorandum or in the articles of association;
- accept – like in any case of investment in parts of UCIs – the possibility of achieving negative results, also to a considerable extent, from the investment made.

### ***Duration***

Even though the law does not set a minimum duration for AIFs, these normally have a medium/long-term life (at least 5-7 years or longer and up to 50 years), consistently with the time horizon of the investment transactions provided for by the fund strategy. In the case of Movable asset AIFs the duration of the credits in which they can invest residually cannot exceed that of the fund.

### ***Funds not reserved for professional investors***

AIFs can be divided into AIFs intended for investors at large (unreserved funds), and AIFs reserved for specific categories of persons (reserved funds).

The public offering of unreserved AIFs is generally preceded by the publication of a prospectus containing a description of the transaction details.

### ***Reserved funds***

Pursuant to MD 30/2015, reserved AIFs fall into that particular category of funds, which can be subscribed or purchased by professional investors.

The regulation on reserved AIFs may also provide for the participation of non professional Investors, provided that the latter subscribe or purchase units/shares of the AIF for a total worth of at least EUR 500,000, or that they belong to specific categories of persons set out in the MD 30/2015, such as the members of the board of directors and company employees (also for an amount of less than EUR 500,000).

The units/shares of reserved AIFs cannot be placed, redeemed or transferred by the related holders to anyone other than those indicated in the fund management regulation, private placement memorandum or in the articles of association.

The qualitative connotation of Investor is the element, which characterises this type of AIF and justifies a less strict regulation in terms of the investment limits. In brief, therefore, reserved AIFs have greater regulatory and operational flexibility, which in fact makes them more suitable for investment strategies with a higher risk/return ratio with respect to other AIFs. As a result, the reserved AIFs management regulations, private placement memorandum or articles of association can set limits on the investments (including for reserved alternative real estate investment funds, recourse to financial leverage) other than those generally established by the cautionary rules on the containment and fractioning of risk issued by the Bank of Italy.

Prior to the marketing of the units/shares of reserved funds, an offer document is made available to investors containing the information set out in Annex 1-D of the Issuers' Regulation.

### ***Risk factors of closed-ended AIFs***

Investments in closed-ended AIFs are suitable for investors who intend to diversify their portfolio in a long-term perspective.

The risk associated with investments in closed-ended AIFs units/shares consists in the possibility of decreasing the value of the units or shares as a result of the changes in the value of the assets

and financial assets in which the AIF assets are invested, that is, the possibility of reducing the profitability of the AIF as a result, for example of the following: (i) in case of real estate AIFs or SICAFs from the decrease of revenues generated by rents or by the increase of costs to be borne by the fund; (ii) in the case of Movable asset AIFs from collateral risk, that is, the risk arising from the type of guarantee underlying the credit, (i.e. take-over of collection, reduction of recovery rate, extension of collection timing, decrease in value of the guarantees) or by any increase in the cost of the enforcement and legal procedures of the legal process.

As a result, an investment in AIFs provides no guarantee of yield or return on the invested capital.

In this context, it is stressed that, as stated above, the assets of AIFs are primarily invested, directly and/or indirectly, in immovable assets, rights in rem in immovable property and participating interests in real estate companies, and that such use involves a risk associated with, and not limited to, the following factors (these risk factors may however concern also Movable asset AIFs to the extent to which the AIF intends to pursue a repossess strategy by participating in real estate auctions, through a REOCO, so as to subsequently assess the value of the collateral).

#### **Performance of the real estate market**

The real estate market is the reference market for real estate AIFs and SICAF activities and can be affected by contingent and prospectual factors, also of a sectorial nature, based on the type of property and geographic location, such as for example, the performance of the economy and of employment. This market is also likely to be affected by other factors, such as the dynamic of interest rates, the expected demographic growth and investments in infrastructures.

In addition to these factors, there can also be other risks, with specific reference to the individual properties included in the assets of the real estate fund, related to the following: (i) to the possible occurrence of natural and/or accidental and/or emulative events which are likely to have consequences on the structure and/or on the value of the same properties; (ii) to their state of preservation; and (iii) to any changes in their value and/or in their profitability (caused, for example, by natural events, by changes in the town-planning policies and by events affecting the lease agreements). In addition, the real estate market can be affected by changes in the civil code, administrative or tax rules and regulations. There is no guarantee that a growth trend in the immovable asset market may occur, continue or repeat itself in the future. The occurrence of any of the risks described above could have negative effects both on the profitability generated by the properties and on the value of said properties, and hence, on the related sale price.

#### **Difficulty in converting real estate assets into liquid assets**

The conversion into liquid assets of the real estate assets owned directly or indirectly by real estate

AIFS and SICAF could require medium-long time periods; furthermore, for properties characterised by particular intended uses, the AMC may have difficulty in finding a buyer counterparty. This difficulty, where it is extended over a long time period, may cause delays in the redemption of the parts of UCIs beyond the life specified in each management regulation, private placement memorandum or articles of association, thus determining the need for the AMC to make recourse to the grace period (consisting in the right granted under the trade rules, to apply an extension of the duration of the AIF up to 3 years for completing the divestments). Also, these could have a negative effect on the sale price of the properties and, as a result, on the value of the parts of UCIs.

#### **Movable asset AIFs**

With reference to movable asset AIFs which invest in financial instruments representing secured credits, in view of the fact that these funds invest their assets in securities representing credits, and residually credits, including credits drawn from the fund assets, these uses pose certain risks which are associated, by way of example and not limited to, with the factors set out below (these risk factors may however also affect real estate AIFs or SICAFs to the extent that the management regulation provides for the possibility to make investments in credits).

The Movable asset AIFs referred to above cannot be sold directly to Investors other than the Investors classified as Professional Customers, given that these AIFs consist of highly complex financial products included in the "black list" referred to in the Annex to the Consob Communication on the distribution of complex financial products to retail customers of 22 December 2014. With reference to said types of products, the aforesaid Consob Communication actually recommends "not to recommend or distribute them directly (as part of the enforcement services, whether or not supported by consultancy services) to retail customers".

The risk factors listed below are common to AIFs of the closed-ended type, depending on the specific characteristics of each fund.

#### **Concentration**

Secured credit portfolios, which are normally sold "en bloc", can present highly homogeneous credits in technical and legal terms, which consequently requires an increased level of necessary *credit enhancement*, that is, the techniques for increasing the guarantees with respect to the characteristics of the securitised assets (i.e. over-collateralization, issue of subordinate tranches of securities).

Furthermore, if the portfolio of securitised credits originates from a bank, it is possible that this will be characterised by a high geographic concentration and/or a high concentration of the business sector, and therefore closely linked to the local economy.

#### **Credit risk and presumable realisable value**

The risk of bad and doubtful debt, that is, the risk

of insolvency of the counterparty giving rise to the uncertainty as to the debtor's capacity to meet its obligations by the agreed deadlines is transferred through the securitisation of credits. For investors, the risk is determined by the quality of the underlying portfolio and by the latter's capacity to generate sufficient cash flow to redeem its obligations within the prescribed time limits and methods. In this context, a key role is also played by the determination of the presumable realisable value of the credits. By benefiting from the mortgage guarantee on the non-performing loan the AIF shall adopt the in-court, rather than the out-of-court, recovery strategies, taking legal action for enforced collection of the debt.

#### ***Immovable assets in the legal context***

Within the compulsory sale proceedings, a specific sale value of the real estate guarantee related to the peculiar nature of the procedure through court auctions ("*Judicial Value*") is defined. This value originates from the market value of the property duly re-assessed on the basis of ratios which take into account the distinguishing factors of the legal proceedings and of the underlying property, based on the type of enforcement proceeding, the specific nature of the competent court (average number of auctions held prior to the awarding), the speed of the court (time period prior to the first attempt, average time necessary for collection), the status of the property (environmental risks, condition and maintenance, co-ownership expenses arrears, etc.), any employment situation and the time required to regain possession of the property, marketing time and applicable restrictions and/or impediments, if any.

#### ***Long-term time horizon of the investment and difficulty in converting the units or shares into liquid funds***

In assessing an investment in parts of UCIs, the investor must consider that this is a long-term investment, assuming all risks typical of these types of investments, among which also the possibility that the economic and financial factors taken as reference at the time of purchase of the units or shares will vary over time. In closed-ended AIFs, with the exception of partial pro-rata redemptions and/or anticipated redemptions, where provided for by the management regulation, the private placement memorandum and in the SICAF, except for partial redemptions in the form of distribution of available reserves, within the limits provided for in the articles of association, it is not possible to obtain a redemption of the unit or share from the AIF assets until the end of the life of the same AIFs. It follows that for retail funds admitted to negotiations on the Mercato Telematico Azionario of Borsa Italiana S.p.A. – Online Market segment of the *Investment Vehicles* ("MIV") the only way for investors to obtain immediate divestment of their invested capital is through the sale of the shares on the listed market. Moreover, it cannot be excluded that the sale price on the listed market may be affected by any national and international economic crises not necessarily

related to the AIFs' economic performance. It is also noted that the price at which the shares can be traded on the listed market may differ, also to a great extent, from the implicit unit value of the estimated value of the fund resulting from the evaluation of the latter carried out on a periodical basis by the independent expert. In the MIV, in particular, the AIFs listings are generally discounted with respect to the book value of the shares ("NAV") and the average consideration in the exchange is usually modest, which is the reason why the MIV is not considered a liquid market.

For reserved AIFs, on the other hand, the units or shares cannot be traded in any regulated market; as a result, investors may not be able to find a buyer for the subscribed and/or purchased units or shares. Furthermore, the transfer of the reserved AIFs units or shares is subject to the limitations and procedures set out in the related management regulation, private placement memorandum or articles of association; where these limitations and procedures are not complied with, the transfer cannot be validly carried out.

#### ***Indebtedness***

The asset management company may seize the opportunities made available by the rules on financial indebtedness. Where the profitability of the AIF assets exceeds the cost of the financial debts taken out by the AIF, the recourse to financing makes it possible to increase the profitability of the AIF's own assets and, consequently, the return on the Investors' investment. Moreover, the fees related to the service/remuneration of the financial debts taken out by the AIF constitute a cost which is capable of eroding the profits and revenues remunerated by the AIF and which, as a consequence, can be distributed to the Investors. In particular, in case of reduced profitability of the fund assets to a level below the cost of the financial debts attributed thereto, recourse to indebtedness would increase the loss, if any, registered by the AIF.

Recourse to financial indebtedness has a similar amplifying effect on the impact on the value of the AIF and of the related units or shares as a result of the change in value of the assets of the same fund.

If the AIF is in debt, any increase in value of the assets will be reflected in a more than proportional increase in value of the AIF and, consequently, of the units or shares. Conversely, any reduction in the value of the assets shall determine a more than proportional reduction in the value of the AIF and of the related units or shares.

In this respect, it must be remembered that the reserved alternative real estate investment funds, the SICAFs and the reserved alternative Movable asset investment funds may make recourse to indebtedness also to an extent greater than that normally provided for said categories of AIFs.

#### ***Costs and expenses***

The return on the AIF can be negatively impacted by the costs and expenses attributable to the latter; in fact, the AIF must bear all of the costs

and expenses specified in the management regulation, private placement memorandum or in the articles of association.

In this context, note that, with reference to the real estate AIFs and to the SICAF, the condition of the properties may require unforeseen extraordinary maintenance, legalisation, repair and safety measures, the cost of which may affect the profitability of said properties. In this respect, in addition to paying particular attention to the condition of the properties at the time of purchase, the asset management company shall also take measures to maintain the profitability and the value of said properties.

The real estate properties purchased during the management of the AIF could also consist of portions co-owned together with third parties and encumbered by charges. The tax amounts due on the property in relation to the properties to be purchased during the management of the AIF may increase as a result of the right granted to Municipalities to increase cadastral income.

With reference to Movable asset AIFs which invest in credits, the latter are to bear the costs and expenses of the due diligence procedures on the credits underlying the secured financial instruments and properties guaranteeing them, commissions, expenses related to acquisitions, such as technical, legal and notarial expenses, as well as any and all costs strictly related to the participation in tenders or auctions of immovable assets, including, where applicable, the costs for setting up the REOCO. The AIF shall also bear any and all commissions, fees and expenses in general for consultancy and technical, legal and tax consultancy activities in any way instrumental to the collection of debt. The AMC provides information to its Customers and to its, both *ex ante* and *ex post* potential Customers concerning the costs and charges related to the financial instruments, as well as any investment service and/or ancillary service provided to the Customer, including any payments by third parties, in accordance with the provisions of Annex 2 to EU Regulation 565/2017.

### **Concentration risk**

As for retail funds, the AMC operates on behalf of the fund within the limits of risk concentration laid down by the Bank of Italy.

In particular, real estate retail AIF cannot be invested directly or through subsidiaries to an extent of over 20 percent of its own assets in a single immovable asset having unitary planning and functional characteristics, which can be disposed of separately from the remaining properties. This limit is raised to 33 percent, where the properties are for lease and the first tenant (including any persons related to the latter's group), in terms of total amount of annual rent contractually provided for, has an incidence of up to 20 percent of the total annual revenues of the kind.

It is also noted that, if no adequate investment opportunities are to be found on the market, the fund assets can be concentrated on a limited number of large investments and, hence, with a limited diversification of the real estate portfolio held.

Note also that, as regard reserved AIFs, the AMC, in accordance with the management regulation of each AIF or the article of association of the SICAF, may operate on behalf of the reserved AIF also in derogation from the limits of risk concentration laid down by the Bank of Italy, with a possible additional concentration of the real estate portfolio held.

With reference to Movable asset AIFs, investments in credits toward the same counterparty shall not exceed 10 percent of the fund's total assets.

### **Return objectives and future results**

Any declaration of return objectives for the individual AIFs is based on several assumptions (among which, merely by way of example, for alternative real estate investment funds, maintaining the contractual commitments undertaken by the property tenants, the possibility to maintain predefined occupational rates of the properties throughout the AIF's life, the possibility to achieve, during the sale of the properties, the estimated time of disposal and realisation values, the evolution of the conditions of the real estate and capital markets, interest rate performance, tax policy, the costs of construction, restructuring and maintenance works, etc.; for Movable asset AIFs which invest in credits, the return is conditional upon the risk factors indicated above) whose actual realisation is uncertain and, in many cases, absolutely beyond the asset management company will. As a result, even if the AMC considers that the assumptions made in formulating said possible predictive declarations are reasonable, there is no guarantee whatsoever that this will occur during the life of the AIF to which they refer. As a consequence, the results actually obtained by the AMC in managing the fund may differ also greatly from the forecasts made and from the return objectives set.

When the information contains information on future results, the AMC ensures that the following conditions are met:

- the information is not based on simulations of past results nor does it make reference to them;
- the information is based on reasonable assumptions supported by objective data;
- when the information is based on gross results, the incidence of commissions, fees and of the other charges is indicated;
- the information is based on hypothetical results in various (both positive and negative) market conditions and reflects the nature and risks of the specific types of AIFs;
- the information contains a clear warning that said forecasts do not constitute a reliable indicator of future results.

### **Operational risks**

The return on the AIFs can be negatively impacted by the occurrence of inefficiencies or shortcomings in the process, in people or as a result of errors, violations, activity interruptions or external events, including the risk of non-compliance with the rules and the risk of litigation. In this context, note that these

potential risk events may be related to management processes of the real estate AIFs or processes implemented by the AMC in the management of the AIF.

### **INFORMATION ON COSTS AND CHARGES RELATED TO THE MANAGED AIFs**

As for the costs related to the investment services provided by the AMC, it is stated that:

- the Investor does not undertake commitments other than those resulting from the payment of the sums due for the subscription of parts of UCIs;
- the AMC is entitled to the management commission for the collective management of the AIF being subscribed by the Investor and a fee for the role of manager of the SICAF and the RAIF. These are calculated using the method specified in each of the management regulations, private placement memorandum and the SICAF's articles of association and charged to the AIF's and SICAF's assets respectively; any costs related to ancillary activities to be charged directly to the Investor are identified in the regulation on the management or private placement memorandum of the subscribed AIF, which will be delivered to the Investor prior to subscription, or in the articles of association of the SICAF;
- any subscription commission for the AIFs managed by the latter is defined in the regulation on the management of each AIF.

As for the system of expenses related to the AIF managed by the asset management company, the management regulation, private placement memorandum or the articles of association provides for the type of expenses to be charged to the assets of the same AIF. It is therefore understood, that any expenses not provided for by the regulation, private placement memorandum or by the articles of association cannot be charged to the AIFs or SICAF assets.

### **Incentives**

As a rule, the AMC does not provide, in the direct marketing of its products, for the payment and/or receipt of incentives to/from third parties. In any event, the AMC shall provide Investors with a brief summary of the essential terms and conditions of any agreements concluded prior to the subscription by the Investor of the units of the AIF managed by the AMC, which provide for the payment and/or receipt of incentives.

### **SUMMARY OF THE POLICY FOLLOWED FOR TRANSMISSION AND EXECUTION OF ORDERS ON BEHALF OF THE AIFs UNDER MANAGEMENT**

#### **Introduction**

This paragraph describes the strategy for the transmission and execution of orders followed by the AMC.

In particular, this Information Document describes the major elements comprising the strategies applied by the AMC.

#### **Overview of the order transmission policy with regard to the AMC's operations**

Notwithstanding any trading for hedging purposes of unlisted derivative contracts, the AMC does not directly execute orders issued on behalf of managed AIFs, limiting itself to transmitting orders on the latter's behalf. Therefore, as regards the trading of financial instruments on behalf of managed AIFs, the AMC acts as the "transmitter of the orders", using instead for this purpose leading specialized intermediaries selected in compliance with the criteria illustrated below, for execution of the orders issued.

It is hereby noted that the strategy described in this Information Document applies exclusively to the transmission of orders on financial instruments for the AIFs managed by the AMC. Conversely, the order transmission policy does not apply to the ordinary operations inherent in the AIFs managed by the AMC, the purpose of which is investment in real estate, real property rights, real estate UCITs and real estate companies, whether directly or indirectly (the so-called typical investment), or in credits. Notwithstanding the above, whenever the operations of the AIFs under management result in temporary investments in liquid assets, such as for example in money market instruments, the AMC will be required to observe the strategy described in this Information Document.

#### **Principles**

The AMC adopts all reasonable measures in order to obtain the best possible result when, on behalf of the AIFs under management, it transmits orders to third parties (hereinafter the "traders") for execution thereof. The AMC adopts all reasonable measures in order to obtain the best possible result for the AIFs managed or for the relative Investors.

#### **Factors affecting execution**

In order to transmit to the trading entities the orders for the financial instruments on behalf of the funds under management, the AMC considers the following factors in order to secure the best possible result: the time of the transmission of the orders to the traders, pre and post trade support and any other pertinent factor for execution of the order.

The AMC attributes a relative degree of importance to these factors, taking under consideration:

- in the event of transmission of equivalent orders to the traders, the date and time of their receipt by the latter;
- the objectives, management style, investment policy, specific risk and liquidity of the financial instruments underlying the funds under management, as indicated in the prospectus or, if no prospectus applies, the management regulation or any other offer documentation;
- the characteristics of the order;
- the characteristics of the financial instruments or other assets constituting the object of the order and the liquidity conditions pertaining to them;
- the characteristics of the trading entities to whom the order may have been given.

### **Trading venues**

As mentioned, for the trading of financial instruments on behalf of the AIFs under management, the AMC acts as the "transmitter of the orders", using instead for this purpose leading specialized intermediaries selected in compliance with the transmission strategy.

The orders transmitted to the trading intermediaries may be executed by the latter through a trading venue, that is i) regulated markets; ii) multilateral trading systems; and iii) an organized trading system, or through systemic internalisers and market makers.

### **Transmission of the orders and selection of the trading entities**

The AMC adopts all reasonable measures in order to obtain the best possible result when it transmits orders on behalf of the funds under management to traders for execution thereof. To this end, the AMC has adopted a transmission strategy which identifies, for each strategy of financial instruments, the trading entities to which the orders will be transmitted for execution; each of the selected traders per individual financial instrument category has in place an execution strategy which is compatible with the order of importance of the factors identified by the AMC based on the indications provided above.

Moreover, since the main operations of the AMC are of a particular nature because:

- currently, the AMC exclusively manages real estate AIFs (including RAIF) and SICAF, the typical investment objective of which consists of real estate, real property rights, equity investments in real estate companies or in Movable assets AIFs;
- the real estate AIFs, SICAFs or Movable assets AIFs may invest in financial instruments only on an ancillary basis, and only insofar as a liquid portion of the portfolio; in compliance with the general management strategies that are applicable, this investment shall exclusively include investment grade government securities, with significant liquidity and monetary UCITS;
- the execution factors and the relative importance have been defined, except as will be mentioned below for hedging derivatives, exclusively with reference to the following financial instrument category: investment grade government securities.

It is hereby noted that the orders for the subscription and redemption of unlisted monetary UCITS will be executed based on the unit value of the units calculated by the management company, as there are no issues connected to the execution of such orders.

### **Transactions in unlisted derivatives for hedging purposes**

Regarding the execution of transactions involving derivative financial instruments which are not standard and not listed, purchased for hedging purposes, and given the particular complexity and specific nature of the characteristics of each of these transactions, the counterparty will be

selected from time to time in relation to the individual investment, always with account taken of the execution factors above.

Moreover, these counterparties must also satisfy all the following conditions:

- they must be supervised by a public authority;
- they must be solid in terms of their financial profile (i.e. of particular importance is whether the counterparties are subject to prudential regulation or not, including obligations regarding capital adequacy and whether or not they are subject to actual supervision);
- they must have in place an organizational structure and the necessary resources for execution of the services provided by the AMC or the funds under management.

To this end, the AMC pursues the best interests of the assets it manages by securing the derivative with the characteristics required in order to offer the best hedging of the risks connected to the funding used for investment under the best possible financial conditions, while avoiding risks in the execution and settlement of the transaction.

### **Monitoring and revision**

The AMC monitors the efficacy of its financial instrument order execution measures and the strategies adopted and, if applicable, corrects any shortcomings; moreover it re-examines the execution measures applicable to financial instruments and the strategies adopted when this is considered to be appropriate upon the occurrence of significant circumstances that would influence the ability to obtain the best possible result for investors over time.

### **SUMMARY OF THE POLICY APPLICABLE TO THE MANAGEMENT OF CONFLICTS OF INTERESTS**

The Intermediaries' Regulation and the Commission Delegated Regulation (EU) 231/2013 require each AMC to define within its organization an adequate strategy for effective identification and management of conflicts of interest that could arise as it provides its services and to provide customers with a description, even if in summary form, of the internal measures adopted with regard to management of conflicts of interest. In this section, we therefore provide customers with information on the AMC's policy for the management of conflicts of interests.

### ***Information on the AMC's management of Conflicts of interests***

In compliance with the requirements of the Intermediaries' Regulation and the Commission Delegated Regulation (EU) 231/2013 and in order to govern Conflicts of interest that could arise between the AMC, the funds managed by it and the relative Investors, the AMC adopts a specific management strategy for Conflicts of interest in order to:

- identify, in relation to the collective portfolio management services, the circumstances that generate or could generate a Conflict of interests that could cause damage to the funds under management and the Investors;
- define the procedure to follow and the

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measures to adopt in order to prevent, manage and monitor such Conflicts;

- manage Conflicts of interest whenever they arise so as to ensure that the AIF assets are not burdened with charges that could otherwise be avoided and that the profitability of the funds is not affected or, in any case, to avoid such Conflicts harming the AIFs under management and the Investors;

where the aforementioned measures are not sufficient for excluding the risk of Conflict of interests causing damage to the AIFs under management and the Investors, the circumstances will be submitted to the corporate bodies and functions for adoption of the appropriate resolutions to ensure equitable treatment of the AIFs and the Investors therein. The Investors in the funds under management will be informed of the aforementioned resolutions and the reasons underlying them in the annual and bi-annual reports for the funds in question.

### **Conflict of interests**

Among the circumstances that can cause a Conflict of interest, the Company has identified the following situations, also arising at the stage of setting up the AIFs, able to cause a Conflict between:

- a) the interests of the AMC, including its relevant persons or any person or entity that is closely connected with the manager or a relevant person, and the interests of one or more AIFs or the interests of the relative Investors;
- b) the interests of a AIF or of the relative Investors, and the interests of other AIFs and their relative Investors.

When considering Conflict of interest situations, the AMC assesses in general whether the Company, a relevant person, the target real estate companies, a person or persons with whom the relevant person is related, has business relations or close connections with the person or the persons with whom the AMC has business relations or close connections and other individuals whose position is significant in terms of the potential for a Conflict of interests, also at the stage of setting up the AIFs:

- causing them to gain a financial profit or avoid a financial loss, damaging one or more of the AIFs or the individual Investors;
- who have an interest in the result of the services provided or the activities carried out on behalf of a AIF or its Investors or the transaction ordered on behalf of the AIF under management, which differs from the interests of the AIF under management;
- who receive an incentive of a financial or other nature in order to promote (i) the interests of other AIFs, or (ii) the interests of an Investor over the interests of another Investor or group of Investors of the same AIF under management;
- persons who carry out the same activity provided on behalf of the AIF under management for their own account or that third party;
- persons who receive or may receive in the

future, incentives in relation to the provision of an asset management service (in the form of money, goods or services) from individuals and entities other than the AIFs under management or the Investors therein, which incentives are different and additional to the remuneration normally received for the service.

### **Conflict of interest management policy adopted by the Company**

In compliance with the overall regulatory framework pursuant to the MIFID II Directive, the Intermediaries' Regulation and Commission Delegated Regulation EU 231/2013, the Company has adopted procedures to ensure that an effective policy is in place for the management of Conflicts of interest and for preventing the assets of the AIF under management from being burdened with further expenses. Following is a summary description of the roles and responsibilities assigned to the different corporate bodies/functions of the AMC, as part of the Conflict of interest management process:

- the *Board of Directors* defines and approves the organizational measures and the procedures for the management of the Conflicts of interest and the remedying of any shortcomings in these procedures and measures. It periodically checks adequacy, at least on a yearly basis, including on the basis of the recommendations submitted by the Control and Risk Committee, the Board of Statutory Auditors and the reports submitted by the Control Functions (Compliance, Internal Audit and Risk Management) -ensuring that the system for the flow of information is adequate, complete and swift, also updating the Policy as necessary. The Board of Directors makes the resolutions for approval of the transactions involving a Conflict of interests, where required, after acquiring the opinions of the committees with consulting functions for the funds under management (where provided by the relative management regulation, private placement memorandum or by the articles of association) and in full compliance with the relative provisions, and of the Control and Risk Committee, the Independent Directors and the Board of Statutory Auditors; furthermore, it can adopt framework resolutions through which - notwithstanding the obligations required from time to time for the purpose of relative validity and effectiveness - it approves the execution of transactions with parties in Conflicts of interest which are similar to each other in terms of, simultaneously, (a) type, (b) characteristics and (c) counterparty.
- the *Chief Executive Officer* implements policies for the management of Conflicts of interest defined by the Board of Directors and ensures their adequacy and efficient implementation. He shall furthermore ensure, with the support of the Human Resources and Organization Departments that the measures and procedures adopted are immediately communicated to all interested staff. Through an escalation process, the CEO furthermore

approves the transactions that fall within the quantitative limits that have been predefined as part of the powers vested upon the CEO or pursuant to which a framework resolution has been adopted by the same Board of Directors;

- the *Control and Risks Committee* defines the protections for the handling of any Conflicts of interest with the Investors in the AIFs under management and shall express its non-binding opinion preventively, with regard to all Conflict of interest transactions (even if potential) placed under the competence of the Board of Directors, including those which refer to transactions with related parties; in particular, it assists the Board of Directors in its assessments and decisions relative to the identification of the safeguards for the management of Conflict of interest situations (even if potential), and in determining the guidelines relative to the internal control system, presenting, where appropriate, proposals for the identification of Conflict of interest situations and for the definition of appropriate organizational measures for their effective management, and expressing a non-binding opinion on the adequacy of the measures and the procedures for the management of Conflicts of interest defined and adopted by the Board of Directors; moreover, evaluates (i) the correct identification of the transaction as in a (potential) Conflict of interest; (ii) the correct application of the safeguards required by the Conflict of interest company Policy; (iii) the completeness and adequacy of the documentation produced, for the purpose of a responsible and thorough verification of the process, as conducted; finally, it examines the amendments to the Policy and relative Procedure to be subsequently submitted to the Board of Directors, including on a more frequent basis than yearly;
- the *various Functions/Corporate Departments* are responsible, each for the activities and transactions that fall under its competence, for identifying Conflicts of interests, including potential, and adopting the appropriate organizational and procedural measures for management thereof, based on indications received, as necessary, from that Compliance Function. The competent Company subjects are responsible for indicating to the Compliance Function any other Conflict situations which are not included in the "Mapping of Conflict of interest transactions", which could emerge during daily operations so that the Compliance Function is able to assist the structures involved in adopting the appropriate safeguards for managing the indicated potential Conflict of interest situation and updating the Mapping with the processes defined in the Procedure. Furthermore, employees who have managed Conflict of interest transactions are required to communicate the details of all the transactions to the Compliance Function, using the processes defined in the Procedure, so that they can be noted in the appropriate Register;
- the *Compliance Function*: (i) provides on-

going consulting and support for identification of Conflict of interest situations and for the definition of appropriate organisational and procedural measures for effective management thereof. In this context, on request from the competent company structures, it provides consulting support for the valuation process of potential Conflict of interest situations whenever there are elements requiring further clarification and assesses the reports received from the interested employee so that they can be managed and the Register and/or the Mapping can be updated for recognised Conflicts of interests not already included therein; (ii) implements the second level controls so as to verify that the individual transactions inherent in the AIFs under management are correctly verified and qualified and, if a Conflict of interests exists, that all the necessary measures are adopted for appropriate management thereof; (iii) regularly assesses the adequacy and efficacy of the measures referred to in the Policy and relative Procedure and those adopted so as to remedy any shortcomings therein, proposing the appropriate amendments, in accordance with the defined approval procedures; (iv) ensures that the "Conflict of interests Register" is continuously kept updated with the reports received by the competent company subject;

- the *Risk Management Function* is in charge of measuring the risks, including market risks, underlying Conflict of interest transactions; it verifies compliance with the limits assigned to the various structures and operating units and checks that the transactions are coherent with each of the risk appetite levels defined in the internal policies;
- the *Internal Audit Function* verifies the adequacy and overall efficacy of the Company's systems, processes, procedures and control mechanisms and, in this context, periodically verifies that the system adopted for assessment of the Conflict of interest situations allows for correct management of such transactions and for identifying new potential cases of Conflicts of interest. The Internal Audit Function furthermore formulates recommendations based on the results of the activities carried out and verifies implementation and subsequent observance thereof by the competent corporate structures;
- the *Board of Statutory Auditors* observes any irregularities in the management and violations of the rules governing the Conflicts of interest and immediately informs the Board of Directors of any irregularities and violations, so that it can take the appropriate measures. For the performance of its duties, the Board of Statutory Auditors can use all the control functions included within the Company.

### **Register**

Pursuant to article 35 of Commission Delegated Regulation (EU) 231/2013, the AMC has created a Register, which is updated continuously, on which all the Conflict of interest cases observed



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are recorded.

**SUMMARY OF THE POLICY APPLICABLE TO THE EXERCISE OF VOTING RIGHTS**

In compliance with the requirements set forth in the Intermediaries Regulation, the AMC applies and maintains an effective strategy which is adequate for the exercise of the voting rights inherent in the financial instruments or other equity investments pertaining to the AIFs managed by the Company, so as to ensure that these rights were exercised in the exclusive interest of the AIFs and their investors.

In relation to the target funds and/or the companies in which the AIFs are invested, the Company: (i) monitors the events referring to the target fund and/or the investee companies/subsidiaries on behalf of the AIF; (ii) evaluates whether to participate in the meetings of the shareholders of the investees/subsidiaries, the bondholder meetings, where such exist, the shareholders meetings of target funds; it establishes how to vote in such events, taking into account the objectives and the investment policies of the AIF in question and also any conflicts of interest. Moreover, to maintain correct governance of the investment made and in order to safeguard the interests of the AIF under management and those of the Investors, through the entity/individual tasked for this purposes, it shall designate the candidates for the AIF:

- (i) to sit on the governance and/or control boards of the investee company or the subsidiary; or
- (ii) to sit on the target fund committee with advisory functions on behalf of the AIF under management.

The tasked entity/individual is required to designate one or more directors and/or several statutory auditors of the special purpose vehicle or one or more members of the target fund committee with advisory functions, as the individuals representing the AMC, in its capacity as the manager of the AIFs, also in order to ensure a constant flow of information toward the AMC.

DeA Capital Real Estate SGR S.p.A.

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## DECLARATION OF THE INVESTOR

*For natural persons:*

I/we the undersigned \_\_\_\_\_

*For legal persons:*

I/we the undersigned \_\_\_\_\_

in my/our capacity as \_\_\_\_\_

for (*indicate the Company*) \_\_\_\_\_

By signing this Information Document, hereby declare:

- that I/we have received the Information Document;
- that I/we have received the summary of the Customer classification strategy contained in the Information Document of which it is an integral part, and approve the contents thereof in full;
- that I/we have received the summary of the AMC's policy for the transmission and execution of the orders and the transactions on financial instruments contained in the Information Document of which it is an integral part, and approve the contents thereof in full;
- that I/we have received the summary of the AMC's policy for the management of Conflicts of Interest contained in the Information Document of which it is an integral part, and approve the contents thereof in full;
- that I/we accept that certain orders may be executed by intermediary traders hired by the AMC outside of regulated markets or multilateral trading systems.

Place \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Signature of the Investors/legal representative/delegated party