

TARVOS FUND

Reserved Closed-End Real Estate Mutual Investment Fund

REPORT ON OPERATIONS

OF THE FUND

AS AT 31 DECEMBER 2021

(also the "Report")

managed by



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DIRECTORS' REPORT

TREND IN THE REAL ESTATE MARKET

The information and data shown below refer to the most up-to-date set of information held by the management of Castello SGR at the date of approval of this report on operations.

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THE TREND IN THE REAL ESTATE MARKET¹

The duration of the economic slowdown resulting from the continuation of the Covid-19 pandemic and, in particular, of the second wave, has once again impacted the confidence prospects of the markets, including the real estate market. After the recovery recorded in the summer months due to the reopening of commercial activities and the easing of containment measures, there was a new decrease in purchase and investment demand, which translated into a reduction in settlement activity in the real estate sector. The resurgence of contagions in the autumn saw a return to a climate of uncertainty in the markets, which, although less intense than in the spring period, led operators to opt for more conservative investment choices, aiming to preserve liquidity and accumulate wealth to protect themselves from any further new economic repercussions.

The first quarter of 2021 was also impacted by the uncertainty of times, with an invested volume of Euro 1.3 billion, derived from a drop of 17% compared to the same quarter of 2020.

Real estate investments in the first quarter of 2021 recorded a total volume of Euro 1.3 billion, down compared to Euro 1.6 billion in the same period of the last year. The highest volume of investments, in geographic terms, was registered in Northern Italy, which represented more than two thirds of the total. This is followed by Central Italy with around 7% while no investments were recorded in the South in this first quarter; the remaining 16% is composed of portfolios scattered throughout the country.

The volume of investments recorded in the province of Milan accounts for 31% of the national total, while the province of Rome accounts for 5% of the total.

At absolute level, in the province of Milan volume was of approximately Euro 407 million, followed by the province of Venice with a volume of approximately Euro 130 million (the result of a significant in the hotel sector). In the provinces of Rome and Turin, the volume of investments was slightly more than Euro 70 million. Northern Italy is also confirmed leader in terms of number of assets settled (74%), followed by the Centre (18%) with the remaining 8% not attributable to a single area.

The largest share of investments is represented by the asset class corresponding to the office sector, where investments for approximately Euro 320 million (24%) were recorded, and by the logistics sector with Euro 220 million (17%). Investments in mixed-used or mixed property portfolios, with 16% of the total for a volume of Euro 215 million, and the hotel sector, with 11% of the total for a volume of Euro 141 million, were next. Down the line, there were investments in the retail sector with approximately Euro million (6%) and investments in the health/assistance sector, with an incidence of 2% with Euro 25 million.

Lastly, property for other uses also represented a substantial portion, following investments in land, data centres and senior housing.

¹ Sources: Scenari Immobiliari: "European outlook 2021", September 2020; Gabetti: "Investment overview", Q1 2021;

THE TREND IN THE REAL ESTATE FUNDS²

Despite the threat of the ongoing pandemic and the consequent slowdown of the global economy, real estate funds continued to attract capital. 2020 saw the growth of European real estate assets; the average amount of assets in European real estate funds reached Euro 425 million (+6.7% compared to 2019). The total NAV at European level is equal to Euro 759,505 billion (+3.68% compared to last year), with a total of 1,787 active funds (50 fewer units than in 2019).

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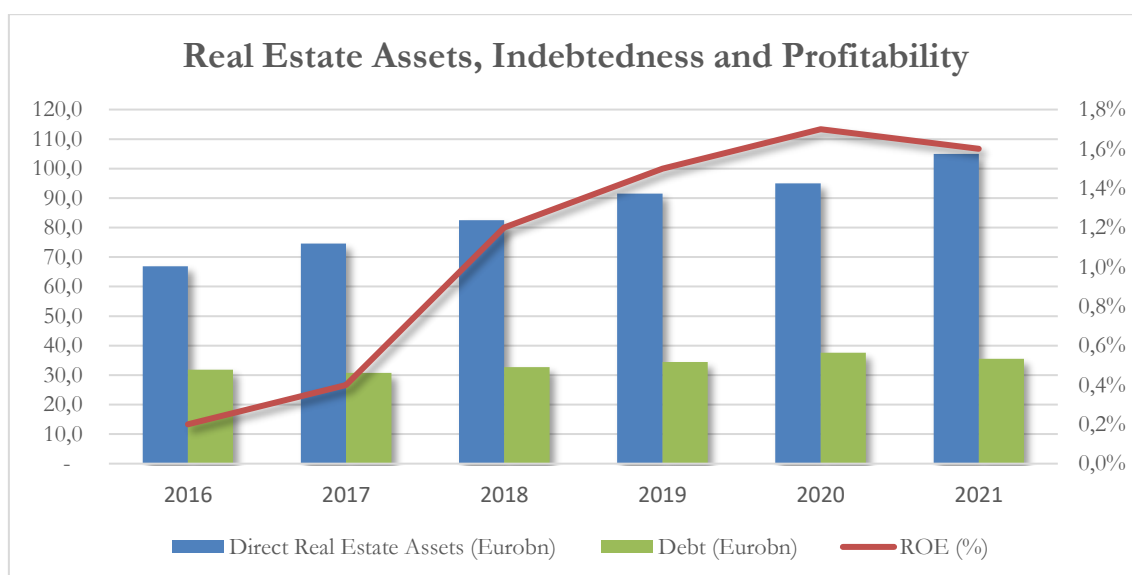
Italian real estate funds continue to grow at a quick pace, accounting for more than 11% of European vehicles. According to the half-yearly reports and the indicators from managers, the Net Asset Value (“NAV”) reached Euro 87.6 billion at the end of 2020, with an increase of 7.6% compared to the previous year.

Capital collection reached Euro 7 billion in the year, and Euro 30 billion over the last five years.

Growth related to reserved funds targeted to professional investors and was supported by Italian funds. The real estate assets directly held by the 535 active funds exceeded Euro 100 billion, with an increase of 9.5% on 2019.

Forecasts for 2021 anticipate an increase in NAV of 6% and in assets of approximately 5%.

The debt of the structural fund system is equal to Euro 38.5 billion, with an incidence of just over 38% on assets. The ROE, although representing the average of very diversified entities, was stable at 1.6%.

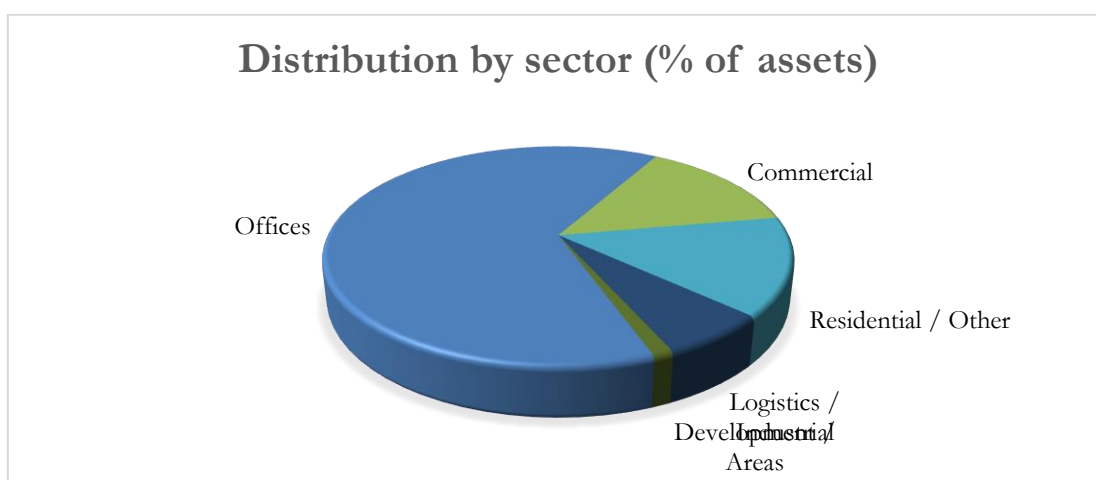


Source: Castello SGR processing of "Scenari Immobiliari" data

In 2020, the global asset allocation recorded was substantially stable: the residential and logistics sectors were up, while offices were slightly down, while the retail sector experienced a slowdown, due to its limited resilience in a rapid and uncertain market context.

Prospects for 2021, in spite of the difficulties of the period, are cautiously optimistic, with an increased in volume managed and the diversification of portfolios compared to the current breakdown.

² Source: Scenari Immobiliari, "I fondi immobiliari in Italia e all'estero – rapporto fondi 2021" (Real Estate Funds in Italy and Abroad - 2021 Fund Report).



Source: Castello SGR processing of "Scenari Immobiliari" data

As regards Italian real estate funds listed on the stock exchange, it should be emphasised that they are heavily discounted with respect to the NAV. The average of the changes in the unit value of the shares as at 31 December 2020 based on the NAV is down 4.8% with respect to December 2019. A summary of the performances of the listed Italian retail real estate funds is provided below.

It is noted that, compared to the previous Report, the Polis fund is no longer present in the list as it is in liquidation.

Fund Name	NAV as at 31/12/2020	NAV as at 31/12/2019	% chg.	Stock exchange value at 31/12/2020	Discount on the NAV (%)
Alpha Immobiliare	1,546.60	1,866.41	(17.1%)	745.00	(51.8%)
Amundi Italia	1,054.14	1,376.61	(23.4%)	554.10	(47.4%)
Atlantic 1	438.02	432.19	1.3%	185.84	(57.6%)
Immobiliare Dinamico	119.37	132.96	(10.2%)	56.79	(52.4%)
Immobilium 2001	1,915.83	2,031.81	(5.7%)	1,230.00	(35.8%)
Opportunità Italia	2,367.76	2,579.75	(8.2%)	907.00	(61.7%)
Risparmio Immobiliare Uno Energia	3,937	3,230.27	21.9%	2,225.00	(43.5%)
Socrate	468.38	476.14	(1.6%)	171.00	(63.5%)
Valore Immobiliare Globale	616.92	693.78	(11.08%)	410.55	(33.5%)
Average			(6%)		(49.7%)

Source: Castello processing of data from Borsa Italiana and from reports published and updated as at 31 December 2020

THE RESIDENTIAL MARKET³

The data published by the Italian Revenue Agency on the number of property sales show an increase in the number of residential transactions for the Italian market: in the first 3 months of 2021, 162,258 residential transactions were completed, up by 38.6% compared to the same period in 2020 and by 17% compared to the first half of 2019. If the third and fourth quarter of 2020 had seen the progressive recovery in transactions, after the lockdown period, the first quarter of 2021 experienced a marked rebound in sales. Above all, growth was experienced in non-provincial-capitals, then followed by provincial capitals and large cities, which in any case showed positive performances.

The post *lockdown* residential market saw its activities resume thanks to the implementation of new methods, suggesting possible changes in operating mode even in the post pandemic period.

All the macro-areas considered on a national scale recorded positive changes in the first three quarters of 2021: +39.8% for the North, +36.1% for the Centre and +38.3% for the South; both provincial capitals (+29.8%) and the non-provincial capitals (+43.3%) numbers increased.

With regard to the credit field, according to the data from Bank of Italy, the disbursement of loans to households for the purchase of homes increased by 5% in 2020, against the negative trend in the residential market, and reached a level of Euro 51 billion.

In February 2021, the average interest rate for a residential mortgage was 1.3% and the 3-month Euribor rate recorded a new downward record.

The first quarter of 2021 confirmed the high interest in the residential sector: both national and international operators intend to invest in the Italian market, especially in the north of the country.

In particular, the number of transactions in the Milan market in the first quarter of 2021 was about 14.4% higher than the previous year, with 711 more transactions. At the same time, with regard to the property market in Rome, in the first quarter of 2021 8,673 transactions were recorded, an increase of 28.6% compared to the same period last year.

THE OFFICE MARKET⁴

The climate of uncertainty brought to the market by the Covid-19 pandemic has forced operators to review their investment choices. However, the office real estate market remains dynamic, with a volume of transactions of around Euro 320 million, which contributes 29% to the total investments.

Milan confirms its leadership in the market, with six transactions corresponding to 76% of total investments in the office sector. The volume of investments in Milan recorded an increase of 47% compared to the first quarter of 2020.

The Milan market closed the first 3 months of 2021 with an absorption of 70,100 square metres, a decline of 66% compared to the same period of the previous year due to the effects of the lockdown period. In terms of leased space, the most active markets were the CBD, with 32% of the total surface, followed by Porta Nuova Business District, with 22%.

During the third quarter of 2021, the prime rent stood at Euro 600/sqm/year in the central zones, stable compared to the figures of the previous period, at Euro 430/sqm/year for the semi-central zones and Euro

³ Sources: Gabetti: "Report residenziale Q1 2021 (Residential snapshot Q1 2021)"; Immobiliare.it; JLL: "Residential Snapshot Q1 2021"

⁴ Sources: JLL: "Office Snapshot Q1 2021"; Gabetti: "Office Market Overview Milan and Rome Q1 2021" CBRE: "Outlook 2021 Italy"

220/sqm/year for the offices in the hinterland. Gross *prime* rental yields were slightly down compared to the previous quarter, with a *prime yield* of 4.25% in the CBD-centre area and 6.0% for the semi-centre.

The greatest share of contracts completed for offices was recorded both in the centre and in the periphery areas (both areas with 21.7%), followed by the CBD with 18.3%, while the vacancy rate was at around 2.2%, down compared to the previous year.

In Q1 2021 in Rome, absorption was 26,300 square metres. The CBD zone is the preferred macro-area with 35.6% of total absorption, followed by the EUR zone with 29.1%.

Prime rents remained stable with respect to 2020. The average rent in the CBD-Centre was Euro 440/sqm/year and Euro 350/sqm/year in the EUR Core zone. Gross *prime* rental yields stand at 4.75% in the CBD-Centre zone and 6.5% for the semi-centre and EUR zone.

The largest share of contracts concluded for office real estates is located in the CBD zone (33.3%), which also leads in terms of surface area with 35.6%, followed by the centre, which records 23.8% of contracts and 29.1% of the total of the leased surface area.

THE RETAIL MARKET⁵

The retail sector was one of the most affected in 2020 due to the forced closure of shops and the containment measures adopted in the main European countries to stop the COVID-19 pandemic.

However, especially during holidays, essential retailers, such as for example supermarkets, reported positive results thanks to the additional expenditure of consumers in the food sector.

In 2020, there was a drop of 5% in Italy for retail sales but forecasts estimate sales to increase in 2021, to then gradually return to pre-COVID levels in 2022.

Sales in Italian shopping centres decreased in January 2021 by 44% compared to the same period in the previous year: food service was the most affected (-67%), followed by clothing (-52%) and services (-40%).

The first quarter of 2021 closed with a retail investment volume of Euro 80 million, 90% lower than in the same period in the previous year.

In this context, rental for shopping centres, and retail and high street stores remained stable compared to the previous quarter.

In spite of this, in the period in question, the development activity of Italian shopping centres recorded two expansions of existing centres in Piedmont and Tuscany, for a total of approximately 6,000 square metres.

Investment volumes in the retail sector, according to estimates for the 2021-2022 period, are expected to concentrate mainly in the retail park sector (43% of the total), shopping centres (41% of the total), followed by outlet centres (7%).

THE LOGISTICS MARKET⁶

In the first quarter of 2021, volumes in the logistics sector reached approximately Euro 320 million, recording a significant increase (+39%) compared to the same period in the previous year.

⁵Sources: JLL: "Retail Snapshot, Q1 2021"; CBRE: "Outlook 2021 Italy"

⁶Sources: CBRE: "Outlook 2021 Italy"; JLL: "Logistic Snapshot Q1 2021"

Investment volumes in the logistics sector confirmed, in the first quarter, a positive trend compared to the previous year, with 620,000 square metres of leased space, a record figure in the first quarter which almost doubled both with respect to the same quarter of 2020 (+83%) and respect to the average for the last 10 years. The persistence of the health emergency continues to support the growth of online sales, consequently fuelling the need for space by the various players in the *e-commerce* sector.

The number of investments confirms the positive trend of the logistics market, with 49 transactions, the highest number ever recorded. Almost half of these related to assets smaller than 10,000 square metres, while no large transactions for sizes larger than 50,000 square metres were recorded. Half of the square metres absorbed related to existing assets while build-to-suit transactions involved about 35% of the absorption for the quarter. Prospects for 2021 are positive and the pipeline is solid: this asset class is expected to continue to appeal to foreign capital and new investors, exercising new downward trends on prime yield.

Furthermore, the development pipeline, which in 2020 represented 21% of the total of completions, continue to remain lively, with many projects expected to be concluded in 2021.

The Milan area is once again confirmed as the preferred destination, attracting over 70% of the total take-up of the quarter.

Prime rents remained substantially stable compared to the previous quarter in all the main markets. According to the latest figures available, the *prime industrial rent*, relating solely to logistics assets, stood at Euro 57/sqm/year both for the Rome and Milan markets. Prime yield in Milan, Rome and Bologna in the first quarter was lower by 25 basis points compared to the first quarter of last year, while it remained stable in the Veneto region and in Turin.

THE HOTEL MARKET⁷

In 2020 the volume of investments in the Italian hotel sector recorded a significant slowdown compared to the results of 2019, reaching a volume of Euro 1 billion, a drop of 70% compared to the previous year. This result is mainly due to the deep uncertainty caused by the pandemic, but also due to the exceptional concentration of large portfolio deals observed in 2019.

While waiting for a stabilisation of fundamental elements in the hotel industry, the hospitality real estate market looks to the medium-long term: if, on the one hand, a wait-and-see approach prevails with regard to purchases of existing assets, on the other a robust interest is observed in development and conversion activities.

In general, 2021 is expected to be a year still far from the results achieved in 2019, but it is likely that investors will not turn down the opportunity to create value through conversions and developments in this waiting phase. The following are to be noted among the main transactions in the first quarter of 2021: the Baglioni Luna Hotel, in Venice, sold for Euro 100 million, the Tornabuoni Hotel, in Florence, sold for Euro 10 million and, lastly, the former Royal Hotel in Spotorno, sold for Euro 3.95 million.

The conclusion of transactions of this size confirms, despite the unprecedented historical moment, that the hotel asset class continues to represent an area of strategic interest in the medium and long term.

Thanks to the new government measure, the hotels that returned to operations had to adopt adequate measures to guarantee the safety of people, with the consequent reduction in the number of available rooms, to ensure compliance with the social distancing measures, which led to an inevitable reduction in *occupancy* and turnover. In spite of this, the ongoing measures to limit personal mobility introduced by governments considerably reduced the number of foreign tourists, contributing to the decline in revenues of Italian hotels.

⁷ Sources: Federalberghi: "Datatur Trend e statistiche sull'economia del turismo" (Datatur Trend and statistics on the tourism economy); Colliers: "Hotel snapshot post covid outlook"; CBRE: "Italian hotel market update"

According to the latest available data, the restrictions of both national and global mobility have led to a drop of over 50% in the number of tourist overnight stays in Italy. In spite of this, the sector remains in any case of strong interest for investors, seen its significance in Italy, its high fragmentation and the limited penetration of international brands. This favours repositioning, rebranding and value-creation opportunities. Therefore, it is expected investment volumes for 2021 to grow compared to the previous year, strongly driven by flight-to-quality and value-added investment policies.

COVID-19 EMERGENCY - ANALYSIS OF IMPACT ON FUNDS MANAGED BY CASTELLO SGR

Following the spread of Covid-19 and the resulting instability and uncertainty in the macro-economic scenario, the management of the SGR promptly took action to monitor and manage the impact of Covid-19 on the mutual funds managed by the Company establishing, temporarily, already in March 2020, an internal committee, the “Crisis Committee”, coordinated by the Head of the Risk Management and Asset Valuation Functions with the participation of all company functions.

In 2021, given the improvement in macroeconomic conditions and in anticipation of a potential lower impact of the pandemic on the risk profile of the funds managed, the “Crisis Committee” was dissolved but the Risk Management Function continued throughout the year the monitoring activities detailed below, also carrying out an assessment of the level of risk strictly related to the impact of Covid-19 on each fund. In particular, monitoring actions were put in place that specifically regard the impacts of Covid-19 with reference to: (i) the rental situation of properties; (ii) financial position of managed funds; (iii) criteria and assumptions for the valuation of properties.

With specific reference to the valuation of assets, the Asset Management Company adopts significant safeguards aimed at verifying the reliability of the values processed by the Expert and of the verification of the content of the appraisal reports and reperformance of the models used by the Independent Experts by the Asset Valuation Function based on risk criteria identified by it), and includes the possible impact of Covid-19 on the same.

As specified by the Independent Expert in the appraisal report in accordance with the RICS directives, the effects of Covid are unprecedented and the market evidence on which to base their opinion is still being defined. Consequently, the valuation was carried out in a context of “significant uncertainty regarding the valuation”, as envisaged by VPS 3 and VPGA 10 of the RICS Red Book Global. Therefore, the assessment must be viewed with a greater degree of caution than is normally the case. However, as specified by the same Expert, this statement does not intend to undermine the value and reliability that the valuation must assume, but is intended to ensure total transparency and provide a clear vision of the market context within which it is been drafted.

The Asset Management Company’s management will also be responsible for continuing to carefully monitor the evolution of market conditions in order to verify the accuracy of the Expert’s assumptions.

RISK ASSESSMENT

Based on the monitoring activities carried out on the financial situation, sale prospects, and the start of development projects, the Risk Management Department carried out an evaluation of the level of risk strictly correlated to the impact of Covid-19 on each fund. The risk assessment also considered the potential impact of Covid-19 on the market value of the properties.

With specific reference to the Tarvos Fund, the “Covid-19 risk” level is “High” as there are significant risks with particular reference to the leasing situation and intended use of the properties.

In order to mitigate the risks and impacts of Covid-19, so-called “remedies” were identified, which have already been partly implemented or are in the process of being put into action, and which are periodically monitored by the Asset Management Company.

DETAILS OF THE FUND

THE FUND IN BRIEF

TARVOS is a Closed-End Private Real Estate Investment Fund (reserved Italian real estate AIF) established by Castello SGR S.p.A. on 20 November 2014.

By resolution of 20 November 2014, the Board of Directors of Castello SGR S.p.A., established the Fund and the related Management Regulations (hereinafter the “Regulation”) subsequently amended by resolution of the Board of Directors of 18 December 2014 and amended by resolution of the Board of Directors meeting on 14 November 2016.

The Fund started operations on 20 November 2016, the closing date for subscriptions. The total amount subscribed was Euro 101,500,000, equal to 203 shares with a nominal value of Euro 500,000.

On 24 November 2016, the first call of commitments was made for Euro 1,500,000, equal to 3 units.

On 1 December 2016, the second call of commitments was made for Euro 38,000,000, equal to 76 units.

On 8 February 2017, a third call of commitments was made for Euro 5,500,000 equal to 11 units in order to pay the “second instalment” relating to the acquisition of the properties in Pozzuoli, Ravenna and Rivoli.

On 28 March 2017, a fourth call of commitments was made for Euro 44,500,000, equal to 89 units, in order to pay the “deferred price”.

On 16 December 2016, the Fund completed an acquisition of two real estate portfolios from two funds managed by BNP Paribas REIM SGR for a total equivalent value of Euro 83.7 million.

The two portfolios, consisting of mixed retail and service / management assets, were owned by Fondo BNL Portfolio Immobiliare (“BPI”) and Fondo Estense Grande Distribuzione (“EGD”), listed Italian closed-end real estate funds. Together with the two real estate portfolios, the Fund acquired a stake in the entire share capital of the company Euclide S.r.l., which owns the commercial licenses relating to commercial/retail properties in Ortona (CH).

Specifically, on 26 July, the sole investor of the Fund paid in 11 units with a nominal value of Euro 500,000 each, for a total of Euro 5,500,000 million. The Fund's available cash was used for the remaining amount of the transaction.

In the second half of 2018, a mortgage loan agreement was signed with J.P. Morgan, for an amount of Euro 62,400,000, mainly for the simultaneous repayment of the partial capital of Euro 56,000,000.

	16/12/2016	31/12/2016	30/06/2017	31/12/2017	30/06/2018	31/12/2018	30/06/2019	31/12/2019	30/06/2020	31/12/2020	30/06/2021	31/12/2021
Patrimonio Immobiliare	n.	10	10	13	13	12	13	13	13	12	12	12
Immobili soggetti a condizione sospensiva*	n.	3	3	0	0	0	0	0	0	0	0	0
Valore Immobili (perizia E.L.)**	€	0	111.885.000	147.285.000	146.785.000	143.959.000	155.878.000	158.506.000	125.069.400	122.139.400	121.615.400	123.976.400
Valore Immobili (Rendiconto)***	€	0	111.885.000	147.285.000	145.185.000	143.959.000	155.878.000	158.506.000	125.069.400	122.139.400	121.615.400	123.976.400
Costo storico	€	0	57.288.821	86.464.871	86.464.871	85.105.930	97.385.085	97.813.274	78.451.420	79.149.878	79.549.817	81.608.592
Dalbio Totale****	€	-	-	-	-	-	62.400.000	61.776.000	37.661.540	37.349.540	37.349.540	35.325.938
di Cui:												
Ipotecario	€	-	-	-	-	-	62.400.000	61.776.000	37.661.540	37.349.540	37.349.540	35.325.938
Equity Committed	€	101.500.000	101.500.000	101.500.000	101.500.000	101.500.000	101.500.000	101.500.000	101.500.000	101.500.000	101.500.000	101.500.000
Impieghi Richiamati	€	39.500.000	39.500.000	39.500.000	39.500.000	39.500.000	39.500.000	39.500.000	39.500.000	39.500.000	39.500.000	39.500.000
Impieghi Residui	€	62.000.000	62.000.000	62.000.000	62.000.000	62.000.000	62.000.000	62.000.000	62.000.000	62.000.000	62.000.000	62.000.000
% Impieghi Richiamati		30,92%	30,92%	30,92%	30,92%	30,92%	30,92%	30,92%	30,92%	30,92%	30,92%	30,92%
Loan to Value		-	-	-	-	-	0,80	0,39	0,30	0,31	0,31	0,28
Loan to Cost		-	-	-	-	-	0,64	0,63	0,48	0,47	0,47	0,43
NAV	€	-	94.176.236	154.521.883	149.642.708	148.119.222	98.945.712	101.132.590	92.591.375	87.403.367	85.473.466	90.011.712
Numero Quote	n.	79	79	179	179	179	190	190	190	190	190	198,2
Valore della Quota	€ /quota	-	1.192.104,254	863.250,741	835.992,779	827.481,685	520.766,908	532.276,791	487.323,028	460.017,723	449.860,350	454.145,872
Valore nominale quota	€	-	500.000,000	500.000,000	500.000,000	500.000,000	500.000,000	500.000,000	500.000,000	500.000,000	500.000,000	500.000,000

* Alla data del 31 dicembre 2016, nel portafoglio del fondo non erano compresi gli immobili di Pozzuoli, Ravenna e Rivoli in quanto soggetti a condizione sospensiva. In data 23 febbraio 2017 con Atto di accertamento di avvenimento di condizione opposte a compravendita viene riconosciuto l'avvenimento prodursi di tutti gli effetti del Contratto Definitivo relativamente alla compravendita dell'immobile di Pozzuoli, Ravenna e Rivoli. Quindi la Cassella Sgr è diventata definitiva proprietaria di tutti i predetti Immobili.

** Al 31 dicembre 2016, dalla valutazione dell'esperto indipendente è stata esclusa la stima degli immobili di Pozzuoli, Ravenna e Rivoli. Il valore degli immobili al 30 giugno 2017 include tutto il portafoglio immobiliare del Fondo.

*** Al 31 dicembre 2017, il valore degli immobili indicato nel rendiconto differisce dal valore di perizia dell'esperto indipendente a seguito recepimento da parte della scrivente Sgr del prezzo di vendita dell'immobile sito in Agrate Brianza (MB) Palazzo Peggio come da preliminare sottoscritto.

**** In data 25 ottobre 2018 è stato firmato un contratto di finanziamento ipotecario con J.P.Morgan Securities LPC di Euro 62,4 milioni.

As at the date of this Report, the shareholders' equity of the Fund amounted to Euro 91,924,108, which includes a profit for the period of Euro 1,350,642. The unitary value of the unit is Euro 459.161,377.

Initially, the Tarvos Fund had a duration of 9 years from the start date of the Fund's operations, expiring on the date of approval of the annual report relating to the ninth year following the start of operations, scheduled for November 2025.

On 30 January 2018, the Board of Directors of the SGR approved an amendment to the duration of the Fund, now equal to 50 years; this amendment was approved by the Shareholders' Meeting on 12 September 2018. Therefore, the new deadline is scheduled for November 2066.

INFORMATION RELATING TO THE RESULT FOR THE PERIOD AND DISTRIBUTABLE PROFIT

The table below summarizes the profits achieved by the Fund during the year and the distributable operating income determined in accordance with the Management Regulations:

Profit 31.12.2021	1,350,642
to be recognised on the profit for the year for distri -	124,533
Realised gains *	105,281
Retained earnings as at 31 December 2020	6,819,150
<u>Profit distributed during the year</u>	-
Total distributable as at 31 December 2021	8,150,541
* sale of 13 parking spaces in Genoa	

Below is the breakdown of income distributed from the launch date of the fund to the date of this Management Report:

Board of Directors' resolution	Number of Units	Total income	Total pro-rata income
01/08/2017	179	3,876,066	21,654.00
01/03/2018	179	2,159,814	12,066.00
28/02/2019	190	500,000	2,631.58
01/08/2019	190	1,500,000	7,894.74
27/11/2019	190	19,500,000	102,631.58
26/02/2020	190	2,000,000	10,526.32
Total		29,535,880	157,404.21

The capital repayments from the start date of the fund to the date of this Management Report are shown below:

Board of Directors' resolution	Number of Units	Partial reimbursement	Partial pro-quota reimbursement
01/08/2017	179	1,123,934	6,278.961
01/03/2018	179	2,840,186	15,866.961
30/10/2018	190	56,000,000	294,736.842
Total		59,964,120	316,882.764

FUND INVESTMENT POLICIES

REAL ESTATE MANAGEMENT

As at 31 December, the real estate portfolio of the Fund consisted of 11 properties deriving from the purchase of two portfolios, BPI and EGD (former Bnp Reim portfolios) and from the acquisition of the logistical ownership of Gazzola.

With regard to the BPI Portfolio, whose purchase price was agreed at a total of Euro 50,800,000, the payment methods agreed pursuant to the signed contract were as follows:

- Euro 22,860,000 for the “First Instalment” paid on 16 December 2016 at the time of signing of the deed of sale subject to conditions.
- Euro 27,970,000 is the “Deferred Price” paid to the seller on 13 April 2017.

With regard to the EGD portfolio, whose purchase price was agreed at a total of Euro 32,900,000, the payment methods agreed pursuant to the signed contract were as follows:

- Euro 4,900,000 for the “First Instalment” paid on 16 December 2016 at the time of signing of the deed of sale subject to conditions.
- Euro 9,850,000 for the “Second Instalment” paid to the seller on 23 February 2017.
- Euro 18,150,000 for the “Deferred Price” paid to the seller on 13 April 2017.

The former BPI portfolio consists of seven commercial assets located in northern and central Italy, for a total commercial area of 54,840 sq.m. In particular, it is divided into five properties for office use located in the areas of Milan (three assets), Bologna and Rome; a shopping centre in Gallarate and a car park in Genoa.

The former EGD portfolio consists of five retail assets which, overall, have a total surface area of 35,838 square meters. Specifically, it consists of two *Cash & Carries* located in Pozzuoli (NA) and Ravenna, a shopping gallery and an MSUs located in Ortona (CH) and a hypermarket in Rivoli (TO).

On 4 December 2017, a preliminary sale agreement was signed for the property located in Agrate Brianza called Palazzo Pegaso between the company Immobiliare Pegaso S.r.l. and the Fund for an amount of Euro 3,200,000. On 30 May 2018, the sale of the asset was formalised as established by the preliminary agreement.

On 26 July 2018, the acquisition of a real estate complex for logistics use was completed, consisting partly of buildings already built and partly of building land, located in Gazzola, in the province of Piacenza, for a purchase price of Euro 8,500,000. At the same time as the Transaction was finalised, a new lease agreement was stipulated, with a duration of 12 years for an annual fee of Euro 810,000, reduced against costs and initial works for the first year to Euro 750,000 and for the second year to Euro 770,000.

During 2018, 3 parking spaces were sold in the building in Genoa, Via Freschi, for a total of Euro 81,500.

In 2019, 127 parking spaces were sold in the building in Genoa, Via Freschi, for a total of Euro 2,266,500.

On 12 November 2019, the property in via Bernina in Milan was sold, for a total of Euro 43,000,000, at the same time the debt of Euro 23,490,460 was repaid and a dividend of Euro 19,335,690 was distributed.

During 2020, 12 parking spaces of the building in Genoa in Via Freschi were sold, for a total of Euro 268,000.

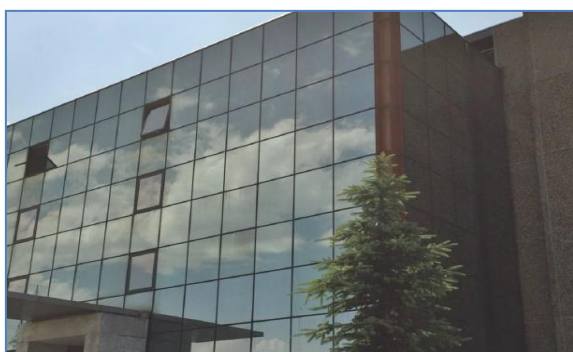
During 2021, 13 parking spaces were sold in the building in Genoa, Via Freschi, for a total of Euro 303,000.

The total commercial area of the entire portfolio of 11 properties is 97,280 square meters.

The main characteristics of these assets are illustrated below:

#	Property	City	Intended use	Comm. Comm. (sq.m.)	Valuation 31/12/2021	Valuation 31/12/2020	Delta %
1	Rozzano Palazzi L&G	Rozzano (MI)	Office & Garage	11,458	20,280,000	16,760,000	21.00%
2	Palazzo Liocorno	Agrate Brianza (MB)	Office & Garage	12,695	14,130,000	14,430,000	-2.08%
3	Via Lario 37	Gallarate (VA)	Retail	4,484	19,160,000	19,170,000	-0.05%
4	Via Mattei 102	Bologna	Office	10,989	6,850,000	6,660,000	2.85%
5	Via Freschi 17	Genoa	Garage	no. 49	941,400	1,208,000	-22.07%
6	Via Bianchini 60	Rome	Office	4,323	9,370,000	9,300,000	0.75%
7	Ortona Center	Ortona (Chieti)	Shopping Gallery	4,277	7,530,000	7,340,000	2.59%
7b	Ortona MSUs	Ortona (Chieti)	MSUs	5,652	4,997,000	4,786,000	4.41%
8	Pozzuoli Cash & Carry	Pozzuoli (Naples)	Cash & Carry	12,851	17,270,000	17,300,000	-0.17%
9	Ravenna Cash & Carry	Ravenna	Cash & Carry	5,408	5,950,000	5,850,000	1.71%
10	Conad Rivoli	Rivoli (Turin)	Super store	7,651	10,510,000	10,450,000	0.57%
11	Gazzola	Gazzola (Piacenza)	Industrial	17,492	8,521,000	8,361,000	1.91%
	Total			97,280	125,509,400	121,615,000	3.20%

MILANOFIORI PALAZZI L&G, ROZZANO



- *Purchase date:* 16 December 2016
- *Intended use:* offices

Description of property The property for office use in question consists of a basement with an additional six storeys above ground and is accessible from via Gran San Bernardo, in Rozzano, Milanofiori. The main building, built at the end of 1970, stands on a plot of land of 7,100 sq.m. The structure is traditional, in reinforced concrete, with a flat roof

accessible from the outside via three stairways located to the north of the building; the internal partitions are partly in masonry, partly in plasterboard and partly prefabricated. The main facades of the buildings are finished in mirrored glass. The vertical connections are guaranteed by three stairways located on the northern façade, each equipped with a pair of lifts. The floors where the offices are located are differentiated (floating plastic panels, marble or parquet), while those of the toilets are ceramic. The total commercial area, fully leased, is 11,458 square meters.

Capex

In 2021, capex were carried out on the property for Euro 2,575,277, following the signing of the lease agreement with the company We Build S.p.A.

Maintenance

There is nothing to report apart from the routine maintenance of the property.

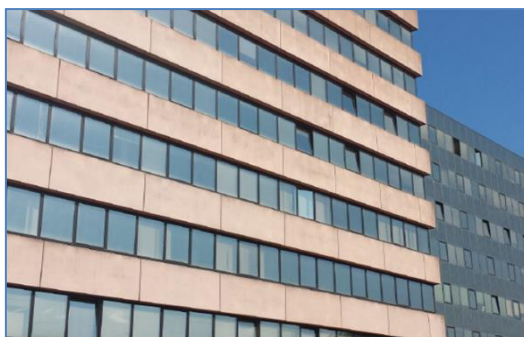
Valuation

On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 20,280,000. The appraisal value of the Milanofiori property is 21% higher than the value recorded in December 2020 (Euro 16,760,000). This change is due to the signing, during the half-year, of a new contract with WeBuild which anticipates an increase in the rent and the reconversion of the intended use of some spaces (from warehouse to office).

Rental situation:

During the first half of 2021, a lease agreement was signed with the company Campani for an amount of approx. Euro 27,200.

Unit	GLA. (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
1st	1,204	Istituto Luso Farmaco D'Italia S.P.A.	1-May-14	7+6	30-Apr-21	30-Apr-27	185,733	180,000
2nd	1,315	Ferrero Commerciale Italia SRL	1-Dec-19	6+6	30-Nov-25	30-Nov-31	159,185	155,000
3rd	8,817	We Build SpA	1-Aug-21	9+6	31-Jul-30	31-Jul-36	-	1,147,720
4th	122	Campani	01-Jan-22	7+6	31-Dec-2029	31-Dec-2035	-	27,200
Total	11,458						344,918	1,509,920



- *Purchase date:* 16 December 2016
- *Intended use:* offices

Description of property The property in question consists of a complex of three office buildings located in the Municipality of Agrate Brianza, in via Paracelso 2-4-6. The structure, built during the 90s, consists of seven floors above ground and a basement level on a plot of approximately 500 sq.m. The property includes a small courtyard for parking. The structure is traditional, in reinforced concrete, with a flat roof accessible only for maintenance purposes; the partitions are in masonry and the facades are modulated by a regular system of external openings. The internal partitions are partly in masonry, partly in plasterboard and movable walls. The vertical connections are provided by a set of stairs and three elevators (for each building). The total commercial area is 12,695 sq.m. Vacancies amounted to 68.8% (8,736 sq.m).

Capex In 2021, capex were carried out on the property for a total of Euro 96,140.

Maintenance There is nothing to report apart from the routine maintenance of the property.

Valuation On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 14.130.000. The appraisal value of the property decreased by 2.08% compared to the value recorded in December 2020 (Euro 14,430,000). This change is mainly due to the allocation of new capex, partially offset by the reduction in the Covid timing of one half year.

Leasing situation:

Unit	Comm. surface area (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
1st floor, stairway 2	144	MEAD INFORMATICA SRL	1-Jan-19	6+6	31-Dec-24	31-Dec-30	34,102	34,000
2nd floor, stairway 2	79	ELETTROCASA SRL	1-Oct-98	12+6	30-Sept-22	30-Sept-28	11,989	11,533
2nd floor, stairway 2	97	ELETTROCASA SRL	01-Sept-97	13+6	31-Aug-21	31-Aug-27	15,554	14,974
3rd floor, stairway 1	79	ALFAR S.r.l.	1-Jan-16	7+6	31-Dec-22	31-Dec-28	12,236	12,000

3rd floor, stairway 2	78	TRESCAL MS S.R.L.	1-Jan-15	6+6	31-Dec-20	31-Dec-26	13,255	13,000
3rd floor, stairway 3	101	ACOME SRL	1-Apr-08	6+6	31-Mar-26	31-Mar-32	18,506	18,001
4th - 5th - 6th - 7th floors, stairway 1	2,287	KCS Caregiver Cooperativa Sociale	1-Jun-21	8+6	31-May-29	31-May-35	80,000	240,000
mezzanine floor, stairway 1	130	OVERLINE SRL	1-Jul-20	6+6	30-Jun-26	30-Jun-32	15,158	15,000
7th floor, stairway 3	482	WESTCON GROUP ITALIA SRL	1-Jun-20	7+6	31-May-27	31-May-33	27,500	55,000
6th floor, stairway 3	482	RAUCH ITALIA SRL	15-Sept-20	6+6	14-Sept-26	14-Sept-32	27,450	54,900
Miscellaneous	8,736	Vacant						
Total	12,695						255,750	468,408

GALLARATE SHOPPING CENTRE MALPENSA UNO - VIA LARIO 37



- *Purchase date:* 16 December 2016
- *Intended use:* shopping centre

Description of property The property in question, located in via Lario 37 in Gallarate, is a portion of the building consisting of basement, ground floor and first floor for commercial use. The building, built at the beginning of the 90s, has an industrial-type load-bearing structure, consisting of pre-fabricated pre-compressed reinforced concrete, with a flat roof, which is accessible from the internal staircase; the internal partitions are partly in masonry, partly in plasterboard and partly in metal and glass structures. The facades are covered in prefabricated sandblasted concrete panels, while the *utility* areas are made of white and grey concrete blocks. The vertical connections are guaranteed by internal and external stairways. The floors, as well as the wall coverings in the toilets, are in porcelain stoneware tiles, while the flooring of the *utility* area is in pounded concrete. The total commercial area is 4,204 square meters. The vacancy rate is 6.7%.

Capex In 2021, capex were carried out on the property for Euro 429,923.

Maintenance There is nothing to report apart from the routine maintenance of the property.

Valuation

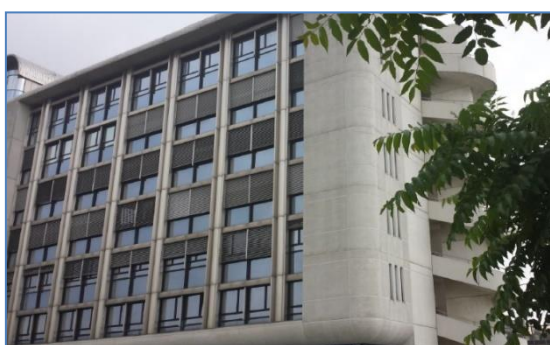
On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 19,160,000. The appraisal value of the property is 0.05% lower than the value recorded at December 2020 (Euro 19,170,000). The change in value is due to the allocation of new capex and the updating of the tenancy.

Leasing situation:

Unit	Comm. surface area (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
1	32	CENTRO SERVIZI SAS DI GARGIULO	1-Apr-19	7+6	31-Mar-27	31-Mar-33	20,785	20,600
2+3+4+5	159	LE GAZZELLE S.R.L.	1-Oct-20	7+6	30-Sept-27	30-Sept-33	45,000	90,000
6+7	76	RHODENSEFOTO S.R.L.	1-Oct-20	7+6	30-Sept-27	30-Sept-33	20,500	41,000
8	38	SOCIETA' COOPERATIVA EFFECINQUE	10-Jul-14	6+6	9-Jul-26	9-Jul-32	31,565	30,500
9	36	IL PENSIERINO SRL	01-Oct-20	7+6	30-Sept-27	30-Sept-33	19,125	25,500
10+11+12	186	MARIONNAUD PARFUMERIES ITALIA S.P.A.	1-Oct-05	6+6	30-Sept-23	30-Sept-29	56,409	83,112
13	54	FARMALEVEL S.R.L.S.	1-Oct-20	7+6	30-Sept-27	30-Sept-33	28,500	29,141
17	63	CHAIN S.R.L.	01-Oct-20	7+6	30-Sept-27	30-Sept-33	32,413	31,700
19	62	CALZEDONIA S.P.A.	01-Oct-20	6+6	30-Sept-20		35,900	35,900
20	90	FIRST WOMAN S.R.L.	01-May-18	6+6	30-Apr-25	30-Apr-31	40,390	40,000
21	114	ROSSI 2 S.R.L.	01-Mar-22	7+6	28-Feb-29	28-Feb-35	40,000	45,000
22	125	LAVASECCO 1 ORA S.R.L.	01-Jan-14	6+6	31-Dec-26	31-Dec-32	22,578	22,050
24	14	BNL S.P.A.	31-Jul-09	6+6	30-Jul-21	30-Jul-27	5,516	5,330
25	87	CALZEDONIA S.P.A.	01-Oct-2015	6+6	30-Sept-20	30-Sept-26	54,829	54,600
25/A	47	BLUVACANZE S.P.A.	13-Sept-11	6+6	12-Sept-25	12-Sept-31	15,837	15,235
26	106	ALEXI S.R.L.	01-Oct-20	8+6	30-Sept-28	30-Sept-28	22,500	45,000
27	32	MUA S.R.L.	01-Feb-14	6+6	31-Jan-27	31-Jan-33	19,503	19,000
28	49	BOTTEGA VERDE SRL	14-Jul-17	6+6	13-Jul-23	13-Jul-29	26,502	25,800
29	64	WIND RETAIL S.R.L.	15-Jan-05	6+6	14-Jan-23	14-Jan-29	33,366	32,585
30	170	GIUNTI AL PUNTO S.P.A.	03-Nov-05	6+6	02-Nov-23	02-Nov-29	75,686	74,341
32+33	169	INTICOM SPA	03-Dec-16	6+6	02-Dec-22	02-Dec-28	55,000	55,000
34	80	D'ANGELO S.R.L.	23-Sept-06	6+6	31-Dec-25	31-Dec-31	36,568	36,000
35	80	FRENCH KISS S.R.L.	10-Jan-14	6+6	30-Jun-27	30-Jun-33	35,599	35,000
37	189	GIPES S.A.S. DI MILANI PAOLINA & C.	01-Jan-15	6+6	31-Dec-21	31-Dec-27	35,919	35,079
38	90	GREMAR S.R.L.	23-Feb-07	6+6	31-Aug-26	31-Aug-32	44,293	43,152
39	31	W.O.B. ITALIA DI BONFA' STEFANO	05-Dec-07	6+6	04-Dec-25	04-Dec-31	16,158	15,847
40+41	270	GIORGY S.R.L.	01-May-18	6+6	30-Apr-25	30-Apr-31	60,585	60,000
44/C	131	DP 44 S.R.L.	01-Sept-21	6+6	31-Oct-27	31-Oct-33	-	35,000

44/D+45	67	PAGIRO SRL	01-Dec-20	7+6	30-Nov-28	30-Nov-34	28,000	43,000
-	68	DO.MA DI ABATE MARCO	10-Mar-20	6	9-Mar-28	9-Mar-34	27,142	27,000
48	563	ODOS (parking area)	01-Jan-08	6+6	31-Dec-25	31-Dec-31	12,562	12,357
-	862	CZ BRANDS S.R.L.	06-Sept-21	7+6	05-Sept-28	05-Sept-34	-	15,000
Miscellaneous	280	Vacant	-	-	-	-	-	-
Total	4,484						998,730	1,178,829

BOLOGNA - VIA MATTEI, 102



- *Purchase date:* 16 December 2016
- *Intended use:* offices

Description of property The property is a building located to the east in the Municipality of Bologna, in Via Mattei, with access from the street at no. 102. The structure, built during the 1990s, consists of three buildings, A, B and C, connected centrally by means of stairways and lifts. Building A consists of six floors above ground, Building B consists of seven floors above ground, while Building C consists of eight floors above ground. In the basement there are garages, some technical rooms and some rooms used for storage. The property also includes a large courtyard for parking. The structure is in reinforced concrete, with an accessible flat roof, the facades are modular with a regular system of external openings. The internal partitions are partly in masonry, partly in plasterboard and movable walls. The vertical connections are provided by a main staircase and by seven lifts that serve all the different levels. The commercial surface area measures 10,989 sq.m. The vacancy rate is of 83.1% (9,132 square meters).

Capex During 2021, no *capex* were carried out on the property.

Maintenance There is nothing to report apart from the routine maintenance of the property.

Valuation On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 6,850,000. The appraisal value of the property is 2.85% higher than the value recorded in December 2020 (Euro 6,660,000). This change is mainly due to the reduction in Covid timing.

Leasing situation

Unit	Comm surface area (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
1st floor - A.B.C.	1,430	BITBANG SRL	01-Mar-20	6+6	28-Feb-26	28-Feb -32	95,000	155,000
2nd - C.	427	MACRO GROUP SPA	01-Oct-19	7+6	30-Sept- 26	30-Sept-32	30,000	70,000
2nd floor - B	623	Vacant					-	-
Miscellaneo us	8,509	Vacant	-	-	-	-	-	-
Total	10,989						125,000	225,000

GENOA - VIA FIESCHI 17

- *Purchase date:* 16 December 2016
- *Intended use:* Car park

Description of property The unit in question constitutes only the portion of the underground car park that is part of a real estate complex located in the central area of the Municipality of Genoa. The *asset* is spread over four underground floors used for parking, with the presence of some technical rooms. The car park has 213 spaces for cars/motorcycles, 49 are vacant. In addition, there are 94 sq.m for storage use currently vacant.

Capex *No capex* were carried out in 2021.

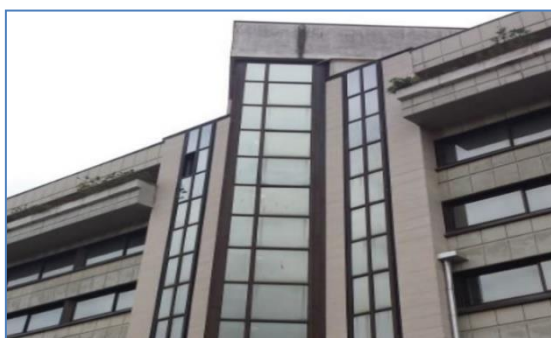
Maintenance There is nothing to report apart from the routine maintenance of the property.

Valuation On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 941,400. The appraisal value of the property decreased by 22.07% compared to the value at December 2020 (Euro 1,208,000). This value refers to the fractional value of the property. The change in value is due to sales in 2021.

Leasing situation

Unit	No. of parking spaces	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
Miscellaneous	49	Vacant	-	-	-	-	-	-
Total	49						-	-

ROME - VIA BIANCHINI 60



- *Purchase date:* 16 December 2016
- *Intended use:* offices

Property Description

The property in question is a single-storey building which is part of a larger complex intended primarily for office use. The building has two underground floors and 8 floors above ground, plus a portion of the 9th floor (where the *utilities are located*). The underground floors house the car park and archives. The property also includes an allocated external area for parking. The total commercial area is 4,323 square meters.

Capex

During 2021, *capex* were carried out for a total of Euro 105,000.00.

Maintenance

There is nothing to report apart from the routine maintenance of the property.

Valuation

On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 9,370,000. The appraisal value of the property is 0.75% higher than the value at December 2020 (Euro 9,300,000). This change is mainly due to the signing of two new lease agreements with the companies Verisure and Linear in 2021 and to the early release by the company B&C.

Rental situation

In 2021, the company B&C released the leased spaces early, and two lease agreements were signed with the companies Verisure and Linear for a total rent of Euro 132,000.00. The previous lessee, B&C, used to pay a fee of Euro 120,000.00 when fully operational.

Unit	Comm. surface area (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
Miscellaneous	762	B2 KAPITAL	01-Dec-17	6+6	30-Nov-23	30-Nov-29	103,597	99,750
Miscellaneous	527	Verisure	16-Nov-21	6+6	15-Oct-27	15-Oct-33	-	81,600
Miscellaneous	398	Linear	01-Jan-21	6+6	31-Dec-27	31-Dec-33	-	50,400
Miscellaneous	800	Thyssenkrupp Elevator Italia Spa	01-Mar-18	6+6	28-Feb-24	28-Feb-30	40,198	39,750
Miscellaneous	352	Axians Saiv S.p.A.	16-Jun-19	6+6	15-Jun-25	15-Jun-31	41,652	41,250
Miscellaneous	246	Atrak Solution S.r.l.	01-Jul-21	7+6	30-Jun-28	30-Jun-28	18,225	36,450
Miscellaneous	307	Think Academy S.r.l.	01-Jul-21	7+6	30-Jun-28	30-Jun-28	23,025	46,050
Miscellaneous	200	Kaleidos S.r.l.	01-Jan-21	6+6	31-Dec-26	31-Dec-32	18,225	36,450
Miscellaneous	325	Tecknoservices Consortium Company	16-Apr-21	6+6	15-Apr-27	15-Apr-33	18,225	46,050
Miscellaneous	84	Essentia S.r.l.	01-Mar-21	6+6	28-Feb-27	28-Feb-33	5,500	12,500
	322	Vacant						
Total	Essentia S.r.l.						268,647	490,250

ORTONA CENTRE - CONTRADA SANTA LIBERATA



- *Purchase date:* 16 December 2016
- *Intended use:* Shopping centre

Description of property The property in question is a shopping centre called "Ortona Center", which is part of a commercial complex consisting of a super store and a shopping arcade, with offices, service areas, underground and outdoor car parks, located in Ortona (CH), in the district of Santa Liberata. The complex, dating back to the early 2000s, consists of a main body with two floors above ground. The commercial activities are mainly located on the ground floor, while the first floor is mostly occupied by offices. The property also includes an underground and an outdoor car park. The building structure is made of concrete, pre-stressed concrete and steel. The flooring

is varied (stoneware in the shops, marble in the common areas), the toilet wall coverings are in ceramic. The total commercial area is 4,277 square meters. The vacancy rate is 21% (896 square meters).

Capex

In 2021, *capex* were carried out on the property of Euro 258,626.

Maintenance

There is nothing to report apart from the routine maintenance of the property.

Valuation

On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 7,530,000. The appraisal value of the property is 2.59% higher than the value at December 2020 (Euro 7,340,000). The change in value is mainly due to the renewal of the tenancy.

Leasing situation

Unit	Comm. surface area (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
4	80	LA TABACCHERIA SAS	29-Sept-16	6+6	28-Sept-22	28-Sept-28	18,789	18,789
7	135	FACTORY STORE DEPOT SRL	19-Jun-17	5	18-Jun-22	-	30,000	30,000
10	187	MG FASHION SRL	13-Nov-17	5	12-Nov-22	-	32,960	32,000
11	70	D.I. DI FEDERICO UGO	14-Apr-15	6+6	13-Apr-21	13-Apr-27	14,477	14,200
12	94	FENICE SRL	20-Oct-16	5	19-Oct-21	-	22,000	26,000
13a	80	TAGES COOPERATIVE COMPANY	4-Jul-19	5	3-Jul-26	-	18,000	24,000
13b+13c	76	GOLDEN LADY COMPANY SPA	1-Jun-16	6	31-May-21	-	14,000	24,500
14	153	CAFFE' GRAZIANI SNC	1-Jan-17	5+3	31-Dec-21	31-Dec-24	36,179	36,179
15	151	STROILI ORO SPA	1-Jan-17	5	-	31-Dec-21	66,000	70,000
16	203	GRANDVISIONITALY SRL	1-Feb-12	10	31-Jan-22	-	62,006	62,006
17	49	C&C SRL	21-Oct-19	5	20-Oct-24	-	18,000	18,000
18	65	C&C SRL	20-Feb-20	5	11-Feb-21	-	20,000	20,000
19	137	KIDILIZ GROUP ITALY SRL	1-Jan-14	7	31-Dec-20	-	17,500	25,000
20+21+29	558	PEPCO ITALY	12-Sept-21	5	11-Sept-26	-	50,000	50,000
26	9	BANCA POPOLARE DI BARI	1-Feb-13	6+6	31-Jan-25	-	3,902	3,902
24	544	GOTTARDO SPA	16-Feb-20	8+7	17-Jun-28	17-Jun-35	65,000	65,000
2+3+25	790	TEDI Commercio	11-Nov-21	4	10-Nov-25	-	45,000	45,000
Miscellaneous	896	Vacant	-	-	-	-	-	-
Total	4,277						533,813	564,576



- *Purchase date:* 16 December 2016
- *Intended use:* MSU

Description of property The property in question concerns two medium-sized commercial buildings adjacent to the "Ortona Center" shopping centre in the district of Santa Liberata, Ortona (CH). The complex dates back to the early 2000s, it spreads over two levels for commercial use, and includes an adjoining external car park and an electrical substation. The building structure is made of concrete, pre-stressed concrete and steel; the internal partitions are in masonry; internally, the level of finishes is good. The flooring is varied (stoneware in the shops, marble in the common areas), the toilet wall coverings are in ceramic. The total commercial area is 5,652 sq.m.

Capex During 2021, no *capex* were carried out on the property.

Maintenance There is nothing to report apart from the routine maintenance of the property.

Valuation On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 4,997,000. The appraisal value of the property is 4.4% lower than the value of December 2020 (Euro 4,786,000). This change is mainly due to the reduction in Covid timing.

Leasing situation

Unit	Comm. surface area (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
MS1	1,672	BRICO IO	1-Jun-17	5+5	31-May-22	31-May-27	82,342	82,342
MS2	1,147	Happy Casa	13-Sept-18	9+9	12-Sept-27	12-Sept-36	81,680	81,680
MS3	1,688	ME.CA. DUE SRL	20-Feb-17	7	19-Feb-24	-	151,052	151,052
MS4	1,145	EUROSPIN LAZIO S.P.A.	29-Apr-16	20	29-Apr-36	-	77,500	77,500
Total	5,652						392,574	392,574



- *Purchase date:* 16 December 2016
- *Intended use:* Cash & Carry

Description of property The property in question is a commercial complex located on the outskirts of Pozzuoli, in Via Campana 223. The property dates back to the 1960s and was expanded in the early 1980s. The complex consists of the following buildings: 1 - commercial warehouse with adjoining covered parking; 2 - three floors above ground for offices and a basement; 3 - two warehouses for storage use; 4 - storage warehouse with attached fire protection water tank; 5 - artesian well; 6 - building for reception and surveillance services and adjacent storage room. The property includes an outdoor parking area. The structure of the main building (the commercial warehouse) consists of pillars and a steel roof; the office building, on the other hand, has a reinforced concrete structure with horizontal windows running along the facades; the internal partitions are in masonry. The floors are industrial concrete. The total commercial area is 12,851 sq.m.

Capex During 2021, *capex* were carried out on the property for a total of Euro 59,700.00.

Maintenance There is nothing to report apart from the routine maintenance of the property.

Valuation On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 17,270,000. The appraisal value of the property is 0.2% lower than in December 2020 (Euro 17,300,000). This change is due to the allocation of new capex.

Leasing situation

GLA (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
12,851	Metro Italia Cash & Carry S.p.A	29-Dec-08	15+6	28-Dec-23	28-Dec-29	2,028,558	2,028,558



- *Purchase date:* 16 December 2016
- *Intended use:* Cash & Carry

Description of property The property under analysis is a building for commercial use located on the north-western outskirts of the Municipality of Ravenna, bordered by via Antonio Pacinotti, where the main access is located, and by via Thomas A. Edison. The goods loading and unloading facility, on the other hand, is located in via Luigi Galvani. The main building was built between 2001 and 2002 and consists of a single storey that houses the commercial activities. The property also includes a fairly large building used as an electrical room. The building has an industrial load-bearing structure, consisting of pre-fabricated pre-compressed reinforced concrete; it has a flat roof, which is accessible from the external staircase. The property also includes a courtyard for parking. The commercial surface area measures 5,408 sq.m.

Capex During 2021, no *capex* were carried out on the property.

Maintenance There is nothing to report apart from the routine maintenance of the property.

Valuation On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 5,950,000. The appraisal value of the property is 1.7% higher than the value of December 2020 (Euro 5,850,000). The change in value is due to the reduction in Covid timing.

Leasing situation

GLA (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
5,408	Metro Italia Cash & Carry S.p.A	29-Dec-08	15	28-Dec-23	28-Dec-29	576,244	576,244



- *Purchase date:* 16 December 2016
- *Intended use:* shopping centre

Description of property The property covers a basement and two floors above ground for commercial use. The property is located east of the city of Rivoli, near the territorial limits of Grugliasco, in Corso Francia no. 175, where the pedestrian access is located. The structure, built between 1970 and 1972, consists of a basement used for storage and service areas; a ground floor occupied by the supermarket, a first level used as a car park, some offices and changing rooms, and a second floor occupied by service areas. The structure is traditional, in reinforced concrete, with a flat roof over the first floor level; the perimeter walls are partly in masonry and partly in coated concrete panels. The internal partitions are partly in plasterboard, partly movable when corresponding with the display units, and partly in masonry. Vertical connections are provided by four main stairways and three lift systems that only serve certain levels. The commercial surface area measures 7,651 sq.m.

Capex During 2021, no *capex* were carried out on the property.

Maintenance There is nothing to report apart from the routine maintenance of the property.

Valuation Based on the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 10,510,000. The appraisal value of the property is 0.6% higher than the valuation of December 2020 (Euro 10,450,000). This change is due to the reduction in Covid timing.

Leasing situation

GLA (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
7,651	G.D. srl	1-Oct-17	12+5	31-Dec-29	31-Dec-35	707,366	707,366



- *Purchase date:* 26 July 2018
- *Intended use:* industrial

Description of property The asset is an industrial complex located in Gazzola, in the province of Piacenza, on Provincial Road 7 (Agozzano-Piazzano), in a strategic position with respect to the main roads connecting northern Italy and close to numerous industrial complexes, agricultural land and the municipal purification plant.

The Complex consists of 4 buildings for logistics use, two buildings for office use and one residential unit. Construction was completed between 2010 and 2012, for a total of 40,399 square metres. In addition, there are two plots of land included in the property where it is possible to develop a 4,800 sq.m GLA.

Capex During the first half of 2021, no *capex* were carried out on the property.

Maintenance There is nothing to report apart from the routine maintenance of the property.

Valuation On the basis of the analyses carried out, the Independent Expert identified the Market Value of the property complex as Euro 8,500,000. This value is 1.9% higher than the value as at 31 December 2020 (Euro 8,361,000). This change is due to the reduction in Covid timing.

Leasing situation

GLA (sq.m)	Tenant	Start of Contract	Duration	First Expiry	Second Expiry	Passing Rent	Standard rent (Euro)
17,492	Smemoranda Group S.p.A.	1-Jan-20	11+8	31-Dec-30	31-Dec-38	650,000	750,000

The table below shows the assets divested from the start date of the Fund's operations as at 31 December 2021.

Disinvested assets	Quantity (sq.m)	Date	Purchase		Last Valuation	Date	Realisation		Income generated	Charges incurred	Result of the investment	
			Purchase cost				Sales revenue					
AGRATE PEGASO - Viale Collonzi, 21	4,758	16/12/2016	1,543,532		3,200,000	30/05/2018	3,200,000		106,555	-	404,434	1,252,034
GENOA - Via Fieschi, 17	20	16/12/2016	14,965		23,687	27/12/2018	26,500		-	-	2,051	9,484
GENOA - Via Fieschi, 17	23	16/12/2016	14,965		23,687	27/12/2018	25,000		-	-	2,051	7,984
GENOA - Via Fieschi, 17	26	16/12/2016	14,965		23,687	27/12/2018	30,000		-	-	2,051	12,984
Total Year 2018			1,588,426		3,271,060		3,281,500		106,555	-	410,588	1,282,486
GENOA - Via Fieschi, 17	12	16/12/2016	11,972		20,000	24/01/2019	20,000		-	-	1,987	6,041
GENOA - Via Fieschi, 17	22	16/12/2016	11,972		20,000	24/01/2019	20,000		-	-	1,987	6,041
GENOA - Via Fieschi, 17	17	16/12/2016	11,972		20,000	24/01/2019	20,000		-	-	1,987	6,041
GENOA - Via Fieschi, 17	21	16/12/2016	14,965		25,000	24/01/2019	25,000		-	-	2,484	7,551
GENOA - Via Fieschi, 17	22	16/12/2016	14,965		25,000	08/03/2019	26,500		-	-	2,484	9,051
GENOA - Via Fieschi, 17	11	16/12/2016	11,972		20,000	09/04/2019	20,000		-	-	1,987	6,041
GENOA - Via Fieschi, 17	11	16/12/2016	11,972		20,000	09/04/2019	20,000		-	-	1,987	6,041
GENOA - Via Fieschi, 17	11	16/12/2016	11,972		20,000	09/04/2019	20,000		-	-	1,987	6,041
GENOA - Via Fieschi, 17	11	16/12/2016	11,972		20,000	09/04/2019	20,000		-	-	1,987	6,041
GENOA - Via Fieschi, 17	19	16/12/2016	14,965		25,000	09/04/2019	25,000		-	-	2,484	7,551
GENOA - Via Fieschi, 17	11	16/12/2016	11,972		20,000	09/04/2019	22,000		-	-	1,987	8,041
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	31/05/2019	22,000		-	-	1,987	7,808
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	31/05/2019	20,500		-	-	1,987	6,308
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	31/05/2019	22,000		-	-	1,987	7,808
GENOA - Via Fieschi, 17	17	16/12/2016	15,257		25,000	14/11/2019	25,500		-	-	3,667	6,576
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	14/11/2019	22,000		-	-	2,934	6,861
GENOA - Via Fieschi, 17	12	16/12/2016	12,205		20,000	14/11/2019	22,000		-	-	2,934	6,861
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	14/11/2019	22,000		-	-	2,934	6,861
GENOA - Via Fieschi, 17	12	16/12/2016	12,205		20,000	23/12/2019	22,000		-	-	2,934	6,861
GENOA - Via Fieschi, 17	432	16/12/2016	979,217		2,242,000	12/11/2019	1,850,000		575,189	-	237,244	633,539
MILAN - Via Bernina, 12	12,047	16/12/2016	18,591,105		30,000,000	12/11/2019	43,000,000		5,798,845	-	1,280,662	23,128,233
Total Year 2019			19,811,685		32,642,000		45,266,500		6,374,034	-	1,562,618	23,892,197
GENOA - Via Fieschi, 17	14	16/12/2016	12,205		20,000	12/05/2020	23,000		-	-	3,850	6,945
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	12/05/2020	21,000		-	-	3,850	4,945
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	12/05/2020	21,000		-	-	3,850	4,945
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	12/05/2020	21,000		-	-	3,850	4,945
GENOA - Via Fieschi, 17	14	16/12/2016	12,205		20,000	12/05/2020	21,000		-	-	3,850	4,945
GENOA - Via Fieschi, 17	14,50	16/12/2016	12,205		20,000	08/06/2020	24,000		-	-	3,850	7,945
GENOA - Via Fieschi, 17	14,50	16/12/2016	12,205		20,000	08/06/2020	24,000		-	-	3,850	7,945
GENOA - Via Fieschi, 17	10	16/12/2016	12,205		20,000	17/12/2020	22,000		-	-	4,151	5,644
GENOA - Via Fieschi, 17	15	16/12/2016	12,205		27,000	17/12/2020	22,000		-	-	4,151	5,644
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	23/07/2020	22,000		-	-	4,151	5,644
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	17/12/2020	23,000		-	-	4,151	6,644
Total Year 2020			146,463		247,000		268,000		-	-	47,405	74,133
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	20/01/2021	22,000		-	-	5,913	3,882
GENOA - Via Fieschi, 17	10	16/12/2016	12,205		20,000	20/01/2021	22,000		-	-	5,913	3,882
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	20/01/2021	23,000		-	-	5,913	4,882
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	29/01/2021	23,000		-	-	5,913	4,882
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	29/01/2021	22,000		-	-	5,913	3,882
GENOA - Via Fieschi, 17	11	16/12/2016	12,205		20,000	24/03/2021	22,000		-	-	5,913	3,882
GENOA - Via Fieschi, 17	14,50	16/12/2016	12,205		20,000	16/04/2021	24,000		-	-	5,913	5,882
GENOA - Via Fieschi, 17	12	16/12/2016	12,205		20,000	27/05/2021	23,000		-	-	5,913	4,882
GENOA - Via Fieschi, 17	12	16/12/2016	7,795		20,000	09/11/2021	21,000		-	-	5,913	7,292
GENOA - Via Fieschi, 17	11,0	16/12/2016	7,795		20,000	09/11/2021	22,000		-	-	5,913	8,292
GENOA - Via Fieschi, 17	12	16/12/2016	7,795		20,000	13/12/2021	22,000		-	-	5,913	8,292
GENOA - Via Fieschi, 17	12,0	16/12/2016	7,795		20,000	13/12/2021	23,000		-	-	5,913	9,292
GENOA - Via Fieschi, 17	23	16/12/2016	11,743		27,000	28/12/2021	34,000		-	-	7,391	14,865
Total Year 2021			140,564		267,000		303,000		-	-	78,345	84,090
Total as at 31.12.2021			21,784,780		36,587,060		49,300,000		6,480,589	-	2,146,259	25,368,961

SHAREHOLDING - EUCLIDE

The Fund owns a 100% equity investment in the company Euclide Srl, which holds the commercial licences relating to the assets of Ortona. The company's economic capital as at 31 December 2021 was determined by applying the equity method. The value determined by Avalon, the Fund's Independent Expert, is Euro 1,029,000.

FINANCIAL MANAGEMENT

In October 2018, the Fund signed a mortgage loan agreement for Euro 62,400,000 granted by **J.P. Morgan (JPM)**, with a total duration of 48 months (given an 18-month extension option provided that the amount of the outstanding debt is equal to Euro 34.9 million at the first maturity date), to a interest rate equal to the 3-month Euribor plus a spread of 415 bps, with a mortgage on all the properties in the portfolio with the exception of Genoa, via Freschi. The repayment of the loan provides for amortisation of 2% per year and bullet repayment upon maturity.

The loan was functional to the partial repayment of the capital amounting to Euro 56.0 million, resolved on 30 October 2018.

Concurrently with the signing of the new loan facility, the loan was closed in advance by opening a mortgage bank loan for an original amount of Euro 10,000,000, drawn for a total of Euro 2,364,407 granted by **UBI BANCA S.p.A.**, the amount of which outstanding the reference date was Euro 1,789,214.

On 11 December 2018, as per contractual commitments with the lending bank, a hedging contract was signed (interest rate cap at 1.0%) with J.P. Morgan Securities plc “JPM” for a nominal amount of Euro 96,000,000 (equal to 95% of the amount of the outstanding debt).

On 12 November 2019, following the sale of the property in via Bernina in Milan, for a total of Euro 43,000,000, the debt of Euro 23,490,460 was repaid.

On 12 February 2021, the management of the SGR, on behalf of the Fund, signed with JPM an amendment to the existing loan agreement which, in line with the provisions of the contract, envisages the extension of the expiry of the same to 30 September 2022.

In connection with the merger of the Tarvos Fund into the Picasso Fund, also managed by Castello SGR (expected to be completed by the first quarter of 2022), the outstanding JPM loan at the merger date will be fully repaid thanks to a refinancing operation of the entire real estate portfolio. See the following paragraph “Management activities and future strategies”.

As at 31 December 2022, the financial indebtedness of the Fund has the following structure:

Financing Bank	Amount Outstanding	Rate	Expiry Date
J.P. Morgan	34,701,938	Eur 3M + 415bps	30 Sept. 22

TREND IN UNIT VALUE

The Net Total Value of the fund as at 31 December 2021 was Euro 91,924,108.

The number of units outstanding is 200.2. Therefore, the unit value as at 31 December 2021 is equal to Euro 459,161.377.

The trend in the value of units is shown below:

Items	31/12/2016	30/06/2017	31/12/2017	30/06/2018	31/12/2018	30/06/2019	15/11/2019	31/12/2019	30/06/2020	31/12/2020	30/06/2021	31/12/2021
Initial net total value	-	94,176,236	154,521,883	149,642,708	148,119,222	98,945,712	101,132,590	112,293,426	92,591,375	87,403,367	85,473,466	90,011,712
Result for the period	54,676,236	10,345,647	120,825	3,476,514	1,326,490	2,686,878	12,660,836	(202,051)	(3,188,008)	(1,029,901)	438,246	912,396
Payment of subscribed commitments	39,500,000	50,000,000	-	-	5,500,000	-	-	-	-	-	4,100,000	1,000,000
Income distributed	-	-	(3,876,066)	(2,159,814)	-	(500,000)	(1,500,000)	(19,500,000)	(2,000,000)	-	-	-
Reimbursements	-	-	(1,123,934)	(2,840,186)	(56,000,000)	-	-	-	-	-	-	-
Final net total value	94,176,236	154,521,883	149,642,708	148,119,222	98,945,712	101,132,590	112,293,426	92,591,375	87,403,367	85,473,466	90,011,712	91,924,108
Number of units outstanding	79	179	179	179	190	190	190	190	190	190	198.2	200.2
Unitary Value of the Unit	1,192,104.254	863,250.741	835,992.779	827,481.685	520,766.908	532,276.791	591,018.030	487,323.025	460,017.723	449,860.350	454,145.872	459,161.377

OTHER NEWS

DISPUTES AS PLAINTIFF

Diamond S.r.l. - On 16 April 2018, Castello SGR S.p.A. served an injunction to Diamond S.r.l for the amount of Euro 127,988.62 plus interest, by way of unpaid lease fees. Diamond S.r.l. objected to this decree. The Court granted the provisional enforceability of the injunction and, pending the judgement, Castello enforced the sureties issued as security by Diamond S.r.l., remaining creditor of the residual sum of Euro 68,912.92 in principal. The fees and expenses accrued subsequently and not subject to the previous injunction were added to this amount; the total amount of the credit is therefore Euro 153,944.53, plus interest. Following the bankruptcy of Diamond S.r.l., the proceedings were declared suspended. The Company filed a request for admission to the liabilities of the bankruptcy, to which it was subsequently admitted for Euro 163,649.59, unsecured. There is little chance of recovering the debt.

Bankruptcy of D.R. S.r.l. - On 7 February 2020, the Company filed a request for repayment claims for a total of Euro 26,782.72, and was subsequently recognised the same amount.

Unitel S.r.l. - Notification of an enforceable injunction, together with an order of payment of Euro 29,175.65, for unpaid lease payments and ancillary charges. By virtue of the injunction, the Company was authorized by the Court of Busto Arsizio to seek, with the help of the Inland Revenue Agency pursuant to art. 492-bis of the Code of Civil Procedure, assets to be seized, by querying the tax records and the filing of financial reports. Due to the negative results of the declarations received, the foreclosure was not recorded in the register. Subsequently, the payment order was renewed, on the basis of which the Company obtained a second authorization from the Court of Busto Arsizio, requesting the Inland Revenue Agency to make a new search pursuant to art. 492-bis of the Code of Civil Procedure. The Inland Revenue Agency submitted its results which showed that the debtor company does not have a current account. Furthermore, no useful elements emerged to initiate a second attempt to recover the credit. At present, the Company is considering filing an appeal for the declaration of bankruptcy.

B&C Srl - Notice of eviction notice served for arrears, with request to issue an injunction for Euro 129,995.18, by way of unpaid lease payments. At the hearing for the authorisation to evict and issue of the order for payment, B&C Srl objected. By order of 17 May 2021, the Judge ordered the release of the property and set for the continuation of the proceedings, in the forms of the lease, the hearing of 1 October 2021, ordering the activation of the mediation procedure that was duly completed and at the end of which the case was settled.

B&C S.r.l. - With appeal pursuant to art. 700 of the Code of Civil Procedure, notified on 7 July 2021, together with a slavish decree setting the hearing, B&C asked the Court of Rome to prevent the enforcement of surety no. 338/2019 issued on 10 September 2019 by BCC Banca Credito Cooperativo di Roma to guarantee the obligations deriving from the commercial lease contract signed and registered on 29 August 2018 between B&C S.r.l. and the Tarvos Fund, ordering to refrain from carrying out acts or actions aimed at the enforcement or liquidation or collection of surety no. 338/2019, or, if the settlement or payment had already taken place in the meantime, order the BBC Banca's proceedings only against the guaranteed amount for the full repayment, including expenses, of the amount unduly paid or received. The Tarvos Fund appeared at the hearing of 14 July 2021, the Judge reserved the right to decide. Subsequently, having the parties reached a settlement agreement, the proceedings were declared closed.

Effecinque Cooperativa Sociale per Azioni - Notice of eviction notice served for arrears, with request to issue an injunction for Euro 32,940.92, by way of unpaid rents and charges. The hearing for the authorisation to evict was set for 26 January 2021. As a result of a settlement agreement between the parties, the proceedings were not recorded in the register. Subsequently, as a result of the breach of this agreement, it was decided to issue a new notice of eviction whose registration is pending.

Miroglio Fashion S.r.l. - Eviction notice for arrears was served, with request for an injunction for Euro 32,940.92, by way of unpaid lease payments and charges. At the hearing for the validation of the eviction, the Judge did not issue the release order and adjourned the case to the hearing of 6 October 2021, ordering the start of the mediation procedure. As part of this proceeding, on 29 July 2021 the parties reached a settlement agreement and the proceeding was declared closed.

DISPUTES AS DEFENSIVE

Revenue Agency - Provincial Directorate of Genoa - Notified on 27 December 2021, notice of adjustment and settlement, by the AdE Provincial Directorate of Genoa no. 2020IT002373000000, concerning the recovery of Euro 9,523.01 by way of higher mortgage and land registry taxes, relating to the purchase/sale of an instrumental property (category D/8) which occurred on 23 December 2019 between the Tarvos Fund as transferor and BNL Leasing S.p.a. as assignee and City Park S.r.l. as user at the price of Euro 1,850,000. The notice adjusts the value of the sale from this amount to Euro 2,073,000. The deadline for liquidation or appeal

expires on 25 February 2022. Considering that, pursuant to art. 8 of the purchase agreement, the taxes are borne by City Park S.r.l. and that, from an initial examination, it would appear that, even if the market value ascertained by the AdE was correct, the taxes paid at the time of the deed were in an case correct, the risk of losing is considered remo

TRANSPARENCY OF THE ENGAGEMENTS ASSIGNED TO THE INDEPENDENT EXPERTS

In order to comply with the specific relevant indications formulated in the Joint Consob - Bank of Italy Communication of 29 July 2010 - “General application guidelines regarding the process of investment in the property assets of mutual investment funds”, as well as the provisions of the new Italian Ministerial Decree no. 30 of 5 March 2015, the indications relating to the engagement assigned to the “Independent Expert” are reported below, as well as the organisational and procedural controls adopted to ensure respect for the asset valuation criteria by said experts, highlighting Castello SGR’s compliance with the latest version of Assogestioni’s Guidelines.

The activities connected with management of the relationship with the Independent Experts are updated in an appropriate section of Castello SGR’s Manual of Corporate Procedures.

The Asset Management Company established, following the acknowledgement of the AIFM directive, an appropriate Department for the Valuation of the Assets of AIFs (hereinafter also AVD - Asset Valuation Department).

The analysis activities performed by the AVD are delegated to the Risk Management Department.

The AVD reports directly to the Asset Management Company’s Board of Directors and is functionally and hierarchically independent from the Investments Area.

The Asset Valuation Department coordinates the process of valuation of the assets of the AIF.

In particular, the AVD verifies that, at the time of the annual and half-yearly report, the Asset Management Company adopts a fair, appropriate and correct process of valuation of each activity of the AIF.

Owing to the typical activity of the AIFs managed, special attention is paid by the Asset Valuation Department to verifying the valuations of property assets carried out by the Independent Experts.

As regards valuations of other assets of AIFs, of a residual nature (e.g. investments in non-real estate companies), the Asset Management Company can make use of the opinions expressed by external consultants. These valuations are, in any case, subject to analysis by the AVD.

The Asset Management Company adopts all the necessary measures for the exchange of information and documentation between the corporate structures concerned and the Experts responsible for the valuations in order to promote the traceability and effectiveness of the valuation processes for the protection of investors.

The Asset Management Company observes these provisions in the assumption of the periodic valuation of assets forming part of the AIF’s assets (calculation of the NAV), as well as in the assumption of the contribution (whether in phase of establishment of the fund or after) and transfer of assets.

If the Asset Management Company avails itself of Independent Experts, or of external valuers also for the valuation of assets in the purchase phases, it complies with these provisions and ensures that said entities meet the same requirements of professionalism and independence set forth for the independent experts.

Without prejudice to respect for the regulations in force regarding the criteria for the valuation of the assets of AIFs in order to ensure a faithful and correct representation of the fund’s assets, the Asset Management

Company provides the Independent Experts with precise and exhaustive information on the situation of the individual properties, in order to permit an accurate estimate of them (e.g. town planning, environmental, tax and legal situation of the individual properties, etc.).

INDEPENDENCE OF THE INDEPENDENT EXPERTS

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In observance of the regulatory provisions in force, in the assumption of a conflict of interests relating to the assets to be valued, the transaction concerning the assets to be valued and the entities participating in the transaction, the Expert also refrains from the valuation and promptly communicates this to the Asset Management Company.

The Asset Management Company does not assign the task of Independent Expert to entities that find themselves in situations whereby their independence may be compromised.

By means of a resolution of the Executive Committee of the Asset Management Company of 30 October 2019, Avalon Real Estate SpA was appointed as the Fund Independent Expert for the next 3 years.

GOVERNANCE OF THE ASSET MANAGEMENT COMPANY

On 15 June 2020, the transfer by Istituto Atesino di Sviluppo S.p.A., ITAS Holding S.r.l. and Lo.Ga-fin s.s., as sellers, to OCM OPPS Xb ITA Investment (Castello) S.à.r.l. (vehicle company part of one of the investment funds managed by Oaktree Capital Management L.P.) of a stake of 82.05% of the share capital of Castello SGR S.p.A. was completed. This transfer involves a change to the shareholding structure of Castello SGR S.p.A. and the acquisition of control of said entity by the group Oaktree Capital Management L.P.

On 15 June 2020, the Investors' Meeting of Castello SGR appointed the new members of the Board of Directors and the Board of Statutory Auditors, subsequently amended and integrated in the Investors' Meeting held on 29 April 2021.

The Board of Directors, at the date of this Report, is composed of 7 members, 2 of whom independent:

Francesco Canzonieri - Chairman
Giampiero Schiavo - Chief Executive Officer
Sonia Locantore - Independent
Federico Ghizzoni - Independent
Giorgio Franceschi
Charles Peter Blackburn
Christopher Etienne De Mestre

At the date of this Report, the Board of Statutory Auditors is composed of 3 members:

Marilena Segnana – Chairman
Stefania Meschiari - Standing Auditor
Antonio Ricci - Standing Auditor

By means of resolution of the Board of Directors of 26 April 2016, in compliance with the provisions of Directive 2011/61/EU (AIFMD), the Remuneration Committee was established, composed of 3 members at the date of this Report:

Sonia Locantore - Chairman - Independent
Federico Ghizzoni - Independent
Christopher Etienne De Mestre

FINANCIAL LEVERAGE

Castello SGR calculates the financial leverage of its funds using the “commitment method” according to the provisions of Delegated Regulation (EU) no. 231/2013.

At the closing date of this Report, the financial leverage used by the AIF, determined in accordance with Article 109 of Delegated Regulation (EU) 231/2013, was 1.456 according to the “commitment method” and 1.437 according to the “gross method”.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2021

It should be noted that on 18 January 2022 the Shareholders’ Meeting approved the amendment to the Fund Regulations, providing for the possibility of a merger for the Fund itself within the Regulations. For more information, see the following paragraph “Management activities and future strategies”

MANAGEMENT ACTIVITIES AND FUTURE STRATEGIC LINES

In January 2022, the preparatory activities for the merger by incorporation of the Tarvos Fund into the Alternative Real Estate Fund called Picasso, managed by Castello SGR, continued. The completion of this transaction, expressly requested by the Fund’s sole unit holder, and which also provides for the refinancing of the entire real estate portfolio (see also the “Financial Management” section), should be completed by the first quarter of 2022.

At the same time as the activities necessary to complete the merger, the management of the SGR will continue with the ordinary management of the Fund with the main objective of improving or maintaining the rental and maintenance status of the properties in order to achieve the best return on the investment in the interest of the sole unit holder.

In view of the fund's economic and financial situation and the information provided in this report, the Directors have prepared the same on the basis that the principle of the Fund’s management continuity is appropriate.

TARVOS FUND REPORT AS AT 31/12/2021

BALANCE SHEET

BALANCE SHEET

ASSETS	Situation as at 31/12/21		Situation as at 31/12/20	
	Total value	as a percentage of assets	Total value	as a percentage of assets
A. A. FINANCIAL INSTRUMENTS	1,063,809	0.82%	1,148,134	0.90%
Unlisted financial instruments	1,029,000	0.79%	1,137,000	0.89%
A1. Controlling interests	1,029,000	0.79%	1,137,000	0.89%
A2. Non-controlling interests	-	0.00%	-	0.00%
A3. Other equity instruments	-	0.00%	-	0.00%
A4. Debt securities	-	0.00%	-	0.00%
A5. UCTS units	-	0.00%	-	0.00%
Listed financial instruments	-	0.00%	-	0.00%
A6. Equity securities	-	0.00%	-	0.00%
A7. Debt securities	-	0.00%	-	0.00%
A8. UCTS units	-	0.00%	-	0.00%
Derivative financial instruments	34,809	0.03%	11,134	0.01%
A9. Margins with clearing and guarantee entities	-	0.00%	-	0.00%
A10. Options, premiums or other listed derivative financial instruments	-	0.00%	-	0.00%
A11. Options, premiums or other unlisted derivative financial instruments	34,809	0.03%	11,134	0.01%
B. REAL ESTATE ASSETS AND REAL RIGHTS TO REAL ESTATE	125,509,400	96.35%	121,615,400	95.36%
B1. Leased property	116,139,400	89.16%	112,315,400	88.07%
B2. Property under financial lease	-	0.00%	-	0.00%
B3. Other properties	9,370,000	7.19%	9,300,000	7.29%
B4. Real rights to real estate	-	0.00%	-	0.00%
C. RECEIVABLES	-	0.00%	-	0.00%
C1. Loans acquired for securitisation transactions	-	0.00%	-	0.00%
C2. Other	-	0.00%	-	0.00%
D. BANK DEPOSITS	-	0.00%	-	0.00%
D1. on demand	-	0.00%	-	0.00%
D2. others	-	0.00%	-	0.00%
E. OTHER ASSETS	-	0.00%	-	0.00%
E1. Other assets	-	0.00%	-	0.00%
F. NET LIQUIDITY POSITION	1,765,305	1.36%	1,875,097	1.47%
F1. Available liquidity	1,765,305	1.36%	1,875,097	1.47%
F2. Liquidity to be received for transactions to be settled	-	0.00%	-	0.00%
F3. Liquidity committed for transactions to be settled	-	0.00%	-	0.00%
G. OTHER ASSETS	1,915,014	1.47%	2,893,100	2.27%
G1. Receivables for active repurchase agreements and similar transactions	-	0.00%	-	0.00%
G2. Accrued income and prepaid expenses	169,861	0.13%	314,408	0.25%
G3. Tax savings	-	0.00%	-	0.00%
G4. Other	1,745,153	1.34%	2,578,692	2.02%
	-	0.00%	-	0.00%
TOTAL ASSETS	130,253,528	100%	127,531,731	100%

LIABILITIES AND NET	Total value	as a percentage of liabilities	Total value	as a percentage of liabilities
H. FINANCING RECEIVED	34,701,938	90.54%	37,349,540	88.80%
H1. Mortgage loans	34,701,938	90.54%	37,349,540	88.80%
H2. Repurchase agreements and similar transactions	-	0.00%	-	0.00%
H3. Other	-	0.00%	-	0.00%
I. DERIVATIVE FINANCIAL INSTRUMENTS	-	0.00%	-	0.00%
I1. Options, premiums or other listed derivatives financial instruments	-	0.00%	-	0.00%
I2. Options, premiums or other unlisted derivative fin. instruments	-	0.00%	-	0.00%
L. PAYABLES TO INVESTORS	-	0.00%	-	0.00%
L1. Income to be distributed	-	0.00%	-	0.00%
L2. Other payables to investors	-	0.00%	-	0.00%
M. OTHER LIABILITIES	3,627,482	9.46%	4,708,725	11.20%
M1. Accrued and unpaid commissions and charges	-	0.00%	17,922	0.04%
M2. Tax payables	39,177	0.10%	118,830	0.28%
M3. Accrued expenses and deferred income	86,139	0.22%	74,296	0.18%
M4. Other	3,502,166	9.14%	4,497,677	10.70%
TOTAL LIABILITIES	38,329,420	100%	42,058,265	100%
TOTAL FUND NET VALUE	91,924,108		85,473,466	
NUMBER OF UNITS OUTSTANDING	200.200		190.000	
UNITARY VALUE OF UNITS	459,161.377		449,860.350	
INCOME DISTRIBUTED PER UNIT	0		10,526	
REFUNDS DISTRIBUTED PER UNIT	0		0	

INCOME STATEMENT SECTION

INCOME STATEMENT SECTION

		Situation as at 31/12/21	Situation as at 31/12/20
A.	FINANCIAL INSTRUMENTS		
	Unlisted financial instruments		
A1.	EQUITY INVESTMENTS	- 108.000	- 235.000
A1.1	dividends and other income	-	57.643
A1.2	gains/losses on sales	-	-
A1.3	gains/losses	- 108.000	- 292.643
A2.	OTHER UNLISTED FINANCIAL INSTRUMENTS	-	-
A2.1	interest, dividends and other income	-	-
A2.2	gains/losses on sales	-	-
A2.3	gains/losses	-	-
	Listed financial instruments		
A3.	LISTED FINANCIAL INSTRUMENTS	-	-
A3.1	interest, dividends and other income	-	-
A3.2	gains/losses on sales	-	-
A3.3	gains/losses	-	-
	Derivative financial instruments		
A4.	DERIVATIVE FINANCIAL INSTRUMENTS	- 46.325	- 45.279
A4.1	hedging	- 46.325	- 45.279
A4.2	non-hedging	-	-
	Financial instrument management result (A)	- 154.325	- 280.279
B.	REAL ESTATE ASSETS AND REAL RIGHTS TO REAL ESTATE		
B1.	RENTAL FEES - OTHER INCOME	7.793.065	7.284.982
B1.a	Rent	6.192.443	6.091.609
B1.b	other income	1.600.622	1.193.373
B2.	PROFITS/LOSSES ON SALES	36.000	21.000
B3.	GAINS/LOSSES	392.533	- 4.451.860
B4.	CHARGES FOR THE MANAGEMENT OF REAL ESTATE ASSETS	- 4.328.025	- 4.945.081
B4.a	non-recurring charges	- 1.290.202	- 2.115.586
B4.b	recurring charges	- 1.949.623	- 1.766.646
B4.c	Interest income on security deposits	- 28	- 89
B4.d	other real estate charges	- 1.088.172	- 1.062.760
B5.	DEPRECIATION AND AMORTISATION	-	-
	Real estate management result (B)	3.893.573	- 2.090.959
C.	RECEIVABLES		
C1.	Interest income and similar income	-	-
C2.	increases/decreases in value	-	-
	Loan management result (C)	-	-
D.	BANK DEPOSITS		
D1.	Interest income and similar income	-	-
	Bank deposit management result (D)	-	-
E.	OTHER ASSETS (to be specified)		
E1.	Income	-	-
E2.	Profit/Loss on sales	-	-
E3.	Gains/losses	-	-
	Profit from management of other assets (E)	-	-
	Investment Management Profit (A + B + C + D + E)	3.739.248	- 2.371.238

F.	RESULT OF EXCHANGE MANAGEMENT		
F1.	HEDGING TRANSACTIONS	-	-
F1.1	Realised results	-	-
F1.2	Unrealised results	-	-
F2.	NON-HEDGING TRANSACTIONS	-	-
F2.1	Realised results	-	-
F2.2	Unrealised results	-	-
F3.	LIQUIDITY	-	-
F3.1	Realised results	-	-
F3.2	Unrealised results	-	-
	Exchange rate result (F)	-	-
G.	OTHER MANAGEMENT TRANSACTIONS		
G1.	INCOME FROM REPURCHASE AGREEMENTS AND SIMILAR TRANSACTIONS	-	-
G2.	INCOME FROM SECURITY-LENDING TRANSACTIONS	-	-
	Result of other management transactions (G)	-	-
	Gross Result from Ordinary Operations (Investment Management Profit + F + G)	3,739,248	2,371,238
H.	FINANCIAL CHARGES	-	-
H1.	INTEREST EXPENSE ON LOANS RECEIVED	1,600,984	1,709,850
H1.1	mortgage loans	1,506,015	1,592,482
H1.2	other loans	-	-
H2.	OTHER FINANCIAL CHARGES	94,969	117,368
	Financial charges (H)	1,600,984	1,709,850
	Net profit (loss) from ordinary operations (Gross Result from Ordinary Operations + H)	2,138,264	4,081,088
I.	MANAGEMENT COSTS	-	-
I1.	Asset Management Company management commission	186,794	179,782
I2.	Cost for calculating the value of the unit	28,206	35,218
I3.	Custodian bank fees	13,690	13,465
I4.	Charges for independent experts	19,950	13,300
I5.	Expenses for publication of prospectuses and public disclosure	-	-
I6.	Other management costs	442,685	916,495
I7.	Listing fees	-	-
	Total operating expenses (I)	691,325	1,158,260
L.	OTHER REVENUES AND CHARGES	-	-
L1.	Interest income on cash and cash equivalents	2	3
L2.	Other revenues	345,304	338,246
L3.	Other charges	441,603	216,810
	Total other revenues and charges (L)	96,297	121,439
	Profit (loss) from operations before taxes (Net Result from Ordinary Operations + I + L)	1,350,642	5,117,909
M.	TAXES	-	-
M1.	Substitute tax for the year	-	-
M2.	Tax savings	-	-
M3.	Other taxes	-	-
	Total taxes (M)	-	-
	Profit/loss for the year (RGPI + M)	1,350,642	5,117,909

NOTES TO THE FINANCIAL STATEMENTS

PART A – UNIT VALUE TREND

At the date of this Report, the unit value of the shares is equal to Euro 459,161.377.

The value of the properties as at 31 December 2021 amounted to a total of Euro 125,509,400.

With reference to the same date, the shareholders' equity of the Fund amounted to Euro 91,924,108 and the positive result for the period was of Euro 1,350,642.

The historical performance of Tarvos Fund's units is shown below:

Items	31/12/2016	30/06/2017	31/12/2017	30/06/2018	31/12/2018	30/06/2019	15/11/2019	31/12/2019	30/06/2020	31/12/2020	30/06/2021	31/12/2021
Initial net total value	-	94,176,236	154,521,883	149,642,708	148,119,222	98,945,712	101,132,590	112,293,426	92,591,375	87,403,367	85,473,466	90,011,712
Result for the period	54,676,236	10,345,647	120,825	3,476,514	1,326,490	2,686,878	12,660,836	(202,051)	(3,188,008)	(1,929,901)	438,246	912,396
Payment of subscribed commitments	39,500,000	50,000,000	-	-	5,500,000	-	-	-	-	-	4,100,000	1,000,000
Income distributed	-	-	(3,876,066)	(2,159,814)	-	(500,000)	(1,500,000)	(19,500,000)	(2,000,000)	-	-	-
Reimbursements	-	-	(1,123,934)	(2,840,186)	(56,000,000)	-	-	-	-	-	-	-
Final net total value	94,176,236	154,521,883	149,642,708	148,119,222	98,945,712	101,132,590	112,293,426	92,591,375	87,403,367	85,473,466	90,011,712	91,924,108
Number of units outstanding	79	179	179	179	190	190	190	190	190	190	198.2	200.2
Unitary Value of the Unit	1,192,104.254	863,290.741	835,922.779	827,481.685	520,766.908	532,276.791	591,018.030	487,323.025	460,017.723	449,860.350	454,145.872	459,161.377

The Fund units are not intended for listing on a regulated market or in an organised trading system.

With regard to the risks assumed and the techniques used to identify, measure and control risks, the following references can be provided:

MAIN RISKS

Considering the peculiarities of real estate AIFs, i.e. the decidedly limited number and frequency of transactions, but with a significant unitary impact, the Risk Management Department has identified seven risk macro-categories listed below:

A) Market risk: Risks linked to fluctuations in property prices, deriving from the location / intended use and from the performance of the real estate market. This risk category includes aspects linked to the location, market performance and marketability of the property;

B) Credit risk: variability of the returns of the AIFs linked to the inability of the counterparty to fulfil its obligations. This risk category refers to aspects linked to the quality of tenants, purchasers and any other debtors;

C) Liquidity risk - financial: Risks that the AIF does not have sufficient financial resources to make investments and to meet its commitments. This risk category includes aspects related to bankability / refinancing, debt-hedging service, liquidity and financial balance;

D) Counterparty risk: Risks related to the inability of counterparties to fulfil their obligations. This risk category includes aspects related to sellers, contractors and other counterparties;

E) Real estate risks: Risks linked to fluctuations in property prices due to their characteristics. This risk category includes aspects related to property quality, employment status, and any risks related to reconversion / development;

F) Concentration risk: Risk of losses linked to a prevalent exposure of the real estate portfolio in a limited number of sectors / geographical areas / assets, etc. This risk category includes aspects linked to the sectoral and geographical concentration of assets of tenants;

G) Operational risks: Risks of losses deriving from human errors and other operational aspects.

METHODOLOGIES AND RESULTS OF RISK MANAGEMENT AND MEASUREMENT MODELS ADOPTED BY THE ASSET MANAGEMENT COMPANY

The Risk Management Department participates in the phases of the investment process through an assessment of the intrinsic risks of the transactions, through a prior verification of their consistency with the investment strategies and policies established by the Board of Directors and a verification of compliance with the provisions established in the AIF Management Regulations.

The Risk Management Department has defined a methodology aimed at monitoring the risk profile of the investment transactions carried out by the AIFs managed, as well as the risk-return profile of the latter. This methodology refers to a rating system aimed at measuring the consistency of the level of risk of the investments with the AIF policy as well as compliance with the limits, defined in correspondence with the declared strategy, in terms of risk and financial leverage.

The approach used for the analysis of the risks connected to the individual asset is characterized by an initial identification of the risk determinants related to the investment and by subsequent aggregation of these into categories and macro-categories, with the aim of gathering and summarizing in a standardized manner information relevant to the assessment of the level of risk of the investment.

Once the risk assessment of the individual investments has been completed, the results obtained are aggregated at AIF level, where the analysis is enriched with further considerations relating to concentration risk and operational risks.

The consolidation of the assessments expressed by individual investment and by AIF gives clear risk results, which allow to accurately quantify the level of risk assumed by investments and AIFs and their consistency with what is expected based on the strategy declared for the AIF.

The method also provides for the monitoring of the Internal Rate of Return (or IRR), both of the historical indicator and of the prospective one as defined in the Business Plan.

HEDGING AND/OR RISK MITIGATION POLICIES

With reference to the risk macro-categories listed above, the risk hedging and/or mitigation policies implemented are as follows:

- A) Market risk: the AIF defines appropriate strategies in terms of price definition, property enhancement and change of use of the same in order to satisfy the demand of the reference market;
- B) Credit risk: with reference to the risk linked to the default of tenants, specific guarantees are issued in favour of the AIF of the correct fulfilment of the obligations established by the lease agreements. There is constant monitoring of the development of any past due payments. Furthermore, in order to improve the monitoring of tenants, the Risk Management Department manages a simplified internal rating system with the aim of assigning each tenant a creditworthiness rating determined on the basis of various variables (corporate, budget, management, contractual information and negative events) weighted with different weights;
- C) Liquidity - Financial risk: with reference to the financial sustainability of the project, specific stress tests and sensitivity analyses are carried out periodically;
- D) Counterparty risk: with reference to the vendor-contributor, at the time of purchase, analyses of the risk of default and revocation of the same are carried out. The same activity is carried out in the case of tender contracts;

E) Real estate risks: to cover property damage, the tenants and the Asset Management Company take out insurance policies stipulated with leading insurance companies;

F) Concentration risk: the AIF provides geographical and sectoral diversification of the portfolio as part of the asset allocation;

G) Operational risk: the Asset Management Company puts in place first and second level controls on company processes.

SECTION I VALUATION CRITERIA

The measurement criteria adopted for the preparation of the report are those established by the Measure of the Governor of the Bank of Italy of 19 January 2015 as most recently amended by the Measure of 23 December 2021, issued in implementation of Legislative Decree no. 58 of 24 February 1998, and Decree of the Ministry of the Treasury no. 228 of 24 May 1999 and are the same as those adopted in the last valuation of the Fund assets.

ACCOUNTING STANDARDS

In the Fund's report, the generally accepted accounting standards for mutual investment funds and the measurement criteria envisaged by the Bank of Italy Regulation of 19 January 2015, as most recently amended by the Measure of 23 December 2021, were applied.

The formats and the content of the individual statements have been drawn up in compliance with the relevant provisions issued by the Bank of Italy.

DURATION OF THE ACCOUNTING YEAR

The accounting year lasts one year and ends on 31 December of each year.

ACCOUNTING POLICIES

Trading in securities and other financial assets is accounted for in the Fund's portfolio on the basis of the date of conclusion of the relative contracts, even if not yet settled.

Interest income and expenses and other income and charges of an operating nature are calculated according to the accrual principle, also through the recording of specific accrued and deferred income and expenses.

Interest income on bank current accounts is recognised gross of the related withholding tax.

Management costs, custodian bank fees, in addition to taxes and other income and costs directly attributable to the Fund are recognised in compliance with the accrual principle, by means of accruals and deferrals.

Costs and revenues referring to property management are recognised taking into account their temporal competence, except in cases in which the income component, by its nature, can only be recognised and attributed when the occurrence occurs that generates it.

The guarantees received and the commitments undertaken are recognized at nominal value.

The recording of subscriptions and redemptions of units is carried out in accordance with the Fund Regulation on an accruals basis.

FINANCIAL INSTRUMENTS

LISTED FINANCIAL INSTRUMENTS

The price is the last price available on the day of the stock exchange(s) indicated in the Regulation. In the case of financial instruments listed on several stock exchanges, the most significant stock exchange price in relation to the quantities traded is applied.

For financial instruments individually suspended from the list, the valuation is carried out on the basis of the criteria envisaged for unlisted ones, also taking into account the last price recorded.

UNLISTED FINANCIAL INSTRUMENTS

Unlisted financial instruments, other than equity investments, are valued at purchase cost, adjusted in order to bring it back to the presumed realisable value on the market, identified on a broad basis of information elements, objectively considered, concerning both the situation and country of residence of the issuer, and that of the market.

EQUITY INVESTMENTS

In general, equity investments in unlisted companies are measured at purchase cost, except as specified below.

INVESTMENTS IN NON-REAL ESTATE COMPANIES

After a period that, as a rule, cannot be less than one year from the date of the investment, the securities of unlisted companies can be revalued on the basis of the criteria specified in the Bank of Italy Measure, Title V, Chapter IV, Section II, paragraph 2.4.3.

NON-CONTROLLING INTERESTS IN REAL ESTATE COMPANIES

After a period that, as a rule, cannot be less than one year from the acquisition by the fund, the non-controlling interests in unlisted companies whose main activity consists in the investment in real estate must be attributed a value equal to the fraction of shareholders' equity attributable to the fund.

In order to take into account in the valuation of the investee additional economically significant components deriving, for example, from the characteristics of the organisational structure, from specific professional skills, etc., the value of shareholders' equity can be adjusted, in light of a general principle of prudence, on the basis of the value resulting from: a) transactions involving significant quantities of securities with respect to the equity investment held by the fund and provided that this transfer is carried out by a third party not linked, directly or indirectly, to the investee or to the company fund management; b) the application of valuation methods based on economic-financial indicators.

CONTROLLING INTERESTS IN REAL ESTATE COMPANIES

Controlling interests in unlisted companies whose main activity consists in investing in real estate must be attributed a value equal to the fraction of the shareholders' equity pertaining to the fund.

Shareholders' equity is determined by applying the valuation criteria described in the next paragraph "Real estate assets" to real estate assets and real rights to real estate resulting from the last approved financial statements. The other assets and liabilities in the financial statements of the investee are not normally subject to new valuation. Any revaluations or write-downs of real estate assets and real rights to real estate determine,

respectively, an increase or decrease in the shareholders' equity of the investee itself, also taking into account possible tax effects. Significant events between the reporting date and the time of valuation are also considered.

REAL ESTATE ASSETS

Real estate assets and real rights to real estate are valued at their current value, as an expression of their estimated realisable value at the date the valuation was made.

Each property held by the Fund is subject to individual valuation. Several properties can be valued jointly if they have a single functional purpose; this circumstance is appropriately illustrated by the directors in the half-yearly report and in the annual management report of the Fund.

The current value of properties is determined on the basis of their intrinsic and extrinsic characteristics and taking into account their profitability. Intrinsic characteristics are those relating to the materiality of the asset (quality of construction, state of conservation, location, etc.), while extrinsic characteristics are those deriving from factors external to the asset, such as the possibility of alternative purposes to the current one, various kinds of constraints and other external legal and economic factors such as the current and prospective trend of the real estate market in the place of location of the property.

The current value of a property indicates the price at which the asset could be reasonably sold on the date the valuation is made, assuming that the sale takes place under normal conditions, i.e. such that:

- the seller is not induced by circumstances pertaining to its economic and financial situation to necessarily carry out the transaction;
- the paperwork for marketing the property, conducting negotiations and defining the conditions of the contract has been completed in the time normally required;
- the terms of the transaction reflect the conditions existing in the real estate market of the place where the asset is located at the time of valuation;
- the acquirer does not have a specific interest in the transaction linked to factors not economically relevant for the market.

The current value of the properties can be determined:

- where reliable information is available on the sale prices recently charged for properties comparable to the one to be valued (by type, characteristics, destination, location, etc.) on the same market or on competitive markets, taking into account the aforementioned sale prices and applying the adjustments deemed adequate, in relation to the date of sale, the morphological characteristics of the asset, the state of maintenance, the profitability, the quality of the tenant and any other factor deemed relevant;
- using income-based methodologies that take into account the income deriving from lease agreements and any rental review clauses.

For properties under construction, the current value can be determined also taking into account the current value of the area and the costs incurred up to the valuation date or the current value of the finished property net of the expenses that will have to be incurred for the completion of construction.

The current value of the property is determined net of taxes on the transfer of ownership of the asset.

The current value of the real rights to real estate is determined by applying, to the extent compatible, the criteria set forth in this paragraph.

Advances paid for the acquisition of properties are valued at nominal value.

Where the properties and/or portions thereof are the subject of preliminary sales contracts and/or binding offers accepted by the Asset Management Company, they have been valued at the actual purchase price determined in such contracts and offers.

EVALUATION METHODOLOGY

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With regard to the valuation method and criteria used by the Independent Expert of the Fund, please refer to the extract of the valuation prepared by the Independent Expert attached to this report.

RECEIVABLES AND OTHER ASSETS

Receivables and other assets are shown at their presumed realisable value.

NET LIQUIDITY POSITION

Available net liquidity is expressed at nominal value.

PAYABLES AND OTHER LIABILITIES

Payables and other liabilities are shown at their nominal value.

ACCRUED INCOME AND PREPAID EXPENSES

They are calculated according to the accrual principle in application of the principle of correlation of costs and revenues based on the year.

COSTS AND REVENUES

They are accounted for on an accruals basis and according to the Fund's activities. Revenues deriving from the leasing of properties are accounted for when accrued, on the basis of the accruals criterion, following the reference contractual indications; in the event that the contracts provide for a free lease period or a time-based rent schedule, the revenue is accounted for on the basis of the formal indications of the contract.

EXPENSES BORNE BY THE FUND

The management costs accounted for according to the accrual principle are those that the regulation, section II Chapter 4.1, prescribes for the Fund, namely:

The remuneration due to the SGR consisting of an annual management fee calculated on the basis of the total value of the Fund's assets as indicated below and, in any case, not less than Euro 215,000.

The Annual Management Fee is equal to:

- 0.20% (zero point twenty percent) of the GAV portion of less than or equal to Euro 100,000,000 (one hundred million);

- 0.15% (zero point fifteen percent) of the GAV portion of less than or equal to Euro 100,000,000 (one hundred million);

- 0.10% (zero point ten percent) of the GAV portion of less than or equal to Euro 200,000,000 (one hundred million);

The fee to be paid to the Custodian by the Fund corresponds to the sum of the following amounts:

(a) 0.020% (zero point zero twenty percent) on an annual basis of the Net Aggregate Value of the Fund, for carrying out the activities envisaged by the Reference Regulations, as resulting from the annual management report of the Fund, net of unrealized capital gains with respect to the acquisition values of real estate assets and equity investments in real estate companies held by the Fund and unrealized capital gains relating to derivative financial instruments held by the Fund to hedge risks also deriving from fluctuations in interest rates on loans undertaken and changes in the inflation rate, with an annual minimum of Euro 12,000 (twelve thousand);

(b) 0.0035% (zero point zero zero thirty-five per cent) on an annual basis of the Net Aggregate Value of the Fund, with an annual minimum of Euro 1,000 (one thousand) for the custody and administration of financial instruments and securities .

The Fund is also responsible for:

Costs associated with the acquisition, contribution and disposal of Fund assets.

Expenses for printing and publishing the Unit Value of the Unit and the prospectuses, reports and periodic reports of the Fund.

Expenses of the Advisory Committee, the Investors' Assembly and the Chairman.

Expenses for amendments to the Regulation;

Audit expenses for legal and tax assistance rendered in relation to the establishment of the Fund, and, in general, all legal and judicial expenses incurred in the exclusive interest of the Fund.

Financial charges related to the use of Fund debt.

Tax charges pertaining to the Fund including, by way of example but not limited to, the municipal tax on real estate.

Supervisory contributions to be paid to CONSOB.

Remuneration due to Independent Experts and the financial intermediary.

Real estate administration, management, maintenance, restructuring and enhancement expenses.

Insurance premiums.

Charges related to the accounting and administrative management of the Fund if the related functions are entrusted by the Asset Management Company to third parties on the basis of specific outsourcing agreements.

SECTION II ACTIVITIES

II.1 UNLISTED FINANCIAL INSTRUMENTS

The Fund acquired the entire share share capital of the company Euclide Srl, which owns the commercial licences relating to commercial / retail properties in Ortona (Ch.), for an Euro 246,872 on 16 December 2016.

As at 31 December 2021, the value of the equity investment was Euro 1,029,000.

Below are the information sheets relating to the Fund's investment in unlisted non-real estate companies.

A) Securities in the Fund's portfolio:

Securities in the fund portfolio	Quantity	% of total securities issued	Purchase cost	Value at the date of this report	Value at the date of the previous report
1) Equity securities with voting rights: "EUCLIDE SRL"		100	246,872	1,029,000	1,137,000
2) equities without voting rights					
3) bonds convertible into shares of the same issuer					
4) bonds <i>cum warrant</i> on shares of the same issuer					
5) other financial instruments (to be specified)					

B) Financial statement data of the issuer:

Balance sheet data	Last financial year 31/12/2021	Previous year	Second previous year
1) total assets	483,453	597,800	480,807
2) equity investments			
3) real estate			
4) short-term debt	293,850	458,142	257,556
5) medium/long-term debt			
6) shareholders' equity	189,286	127,422	219,898
Moreover, for companies other than the real estate companies:			
- gross working capital			
- net working capital			
- net fixed capital			
- net financial position			

Income data	Ultimo esercizio 31/12/2021	Previous year	Second previous year
1) turnover	1,014,590	1,032,669	1,197,895
2) EBITDA			
3) operating result	68,570	37,480	99,459
4) balance of financial income/charges	(17)	(101)	39
5) balance of extraordinary income/charges			
6) profit before taxes	68,553	37,379	99,498
7) net profit (loss)	67,744	67,744	67,744
8) depreciation/amortisation for the year	61,863	7,525	57,643

C) The equity investment was initially recognized at purchase cost, as envisaged by the Bank of Italy regulation of 19 January 2015, as most recently amended by the Measure of 23 December 2021. Since more than a year has passed since the date of acquisition of the equity investment and the investee company had closed at least three consecutive years in profit, the units of the same were revalued on the basis of the value established by the Independent Expert of the Fund and verified by the Valuation

Function of the company, as a result of the application of a valuation method based on economic and equity indicators net of extraordinary components, in accordance with the provisions of the above-mentioned regulation.

- D) At the date of the report on operations of the Tarvos Fund, the real estate subsidiary did not hold real estate and real estate rights under its assets.
- E) The main purpose of the Company Euclide S.r.l. is the management of commercial licences relating to commercial / retail properties in Ortona (Ch).
- F) There is no other significant information as at the date of the report.

II.2 LISTED FINANCIAL INSTRUMENTS

As at 31 December 2021, there are no listed financial instruments in the portfolio.

II.3 DERIVATIVE FINANCIAL INSTRUMENTS

On 11 December 2018, as per contractual commitments with the lending bank, a hedging contract was signed (interest rate cap at 1.0%) with J.P. Morgan Securities plc for a nominal amount of Euro 96,000.00 (equal to 95% of the amount of the outstanding debt)

On 29 March 2021, in consideration of the maturity of this derivative instrument on 31 March 2021, a new hedging contract (interest rate cap at 1.0%) was stipulated to hedge the existing loan. It should be noted that the stipulation of the new contract to hedge the interest rate risk signed with J.P. Morgan Securities plc was envisaged in the loan agreement. The total cost of this instrument, equal to Euro 70,000.00, was recognised over its entire duration.

Asset value of derivative financial instruments		
	Margins	Unlisted financial instruments
Interest rate transactions:		
- futures on debt securities, interest rates and other similar contracts		
- options on rates and other similar contracts		34,809
- swaps and other similar contracts		
Exchange rate transactions:		
- futures on currencies and other similar contracts		
- options on exchange rates and other similar contracts		
- swaps and other similar contracts		
Equity security transactions:		
- futures on equity securities, equity indices and similar contracts		
- options on equity securities and other similar contracts		
- swaps and other similar contracts		
Other transactions:		
- futures		
- options		
- swaps		

The table below shows the assets divested from the start date of the Fund's operations as at 31 December 2021.

Disinvested assets	Quantity (sq.m)	Purchase		Last Valuation	Realisation		Income generated	Charges incurred	Result of the investment	
		Date	Purchase cost		Date	Sales revenue				
AGRATE PEGASO - Viale Collesoni, 21	4,758	16/12/2016	1,543,532	3,200,000	30/05/2018	3,200,000	106,555	-	404,434	1,252,034
GENOA - Via Fieschi, 17	20	16/12/2016	14,965	23,687	27/12/2018	26,500	-	-	2,051	9,484
GENOA - Via Fieschi, 17	23	16/12/2016	14,965	23,687	27/12/2018	25,000	-	-	2,051	7,984
GENOA - Via Fieschi, 17	26	16/12/2016	14,965	23,687	27/12/2018	30,000	-	-	2,051	12,984
Total Year 2018			1,588,426	3,271,060		3,281,500	106,555	-	410,588	1,282,486
GENOA - Via Fieschi, 17	12	16/12/2016	11,972	20,000	24/01/2019	20,000	-	-	1,987	6,041
GENOA - Via Fieschi, 17	22	16/12/2016	11,972	20,000	24/01/2019	20,000	-	-	1,987	6,041
GENOA - Via Fieschi, 17	17	16/12/2016	11,972	20,000	24/01/2019	20,000	-	-	1,987	6,041
GENOA - Via Fieschi, 17	21	16/12/2016	14,965	25,000	24/01/2019	25,000	-	-	2,484	7,551
GENOA - Via Fieschi, 17	22	16/12/2016	14,965	25,000	08/05/2019	26,500	-	-	2,484	9,051
GENOA - Via Fieschi, 17	11	16/12/2016	11,972	20,000	09/04/2019	20,000	-	-	1,987	6,041
GENOA - Via Fieschi, 17	11	16/12/2016	11,972	20,000	09/04/2019	20,000	-	-	1,987	6,041
GENOA - Via Fieschi, 17	11	16/12/2016	11,972	20,000	09/04/2019	20,000	-	-	1,987	6,041
GENOA - Via Fieschi, 17	19	16/12/2016	14,965	25,000	09/04/2019	25,000	-	-	2,484	7,551
GENOA - Via Fieschi, 17	11	16/12/2016	11,972	20,000	09/04/2019	22,000	-	-	1,987	8,041
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	31/05/2019	22,000	-	-	1,987	7,808
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	31/05/2019	20,500	-	-	1,987	6,308
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	31/05/2019	22,000	-	-	1,987	7,808
GENOA - Via Fieschi, 17	17	16/12/2016	15,257	25,000	14/11/2019	25,500	-	-	3,667	6,576
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	14/11/2019	22,000	-	-	2,934	6,861
GENOA - Via Fieschi, 17	12	16/12/2016	12,205	20,000	14/11/2019	22,000	-	-	2,934	6,861
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	14/11/2019	22,000	-	-	2,934	6,861
GENOA - Via Fieschi, 17	12	16/12/2016	12,205	20,000	23/12/2019	22,000	-	-	2,934	6,861
GENOA - Via Fieschi, 17	432	16/12/2016	979,217	2,242,000	23/12/2019	1,850,000	575,189	-	237,244	633,539
MILAN - Via Bernina, 12	12,047	16/12/2016	18,591,105	30,000,000	12/11/2019	43,000,000	5,798,845	-	1,280,662	23,128,233
Total Year 2019			19,811,685	32,642,000		45,266,500	6,374,034	-	1,562,618	23,892,197
GENOA - Via Fieschi, 17	14	16/12/2016	12,205	20,000	12/05/2020	23,000	-	-	3,850	6,945
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	12/05/2020	21,000	-	-	3,850	4,945
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	12/05/2020	21,000	-	-	3,850	4,945
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	12/05/2020	21,000	-	-	3,850	4,945
GENOA - Via Fieschi, 17	14	16/12/2016	12,205	20,000	12/05/2020	21,000	-	-	3,850	4,945
GENOA - Via Fieschi, 17	14,50	16/12/2016	12,205	20,000	08/06/2020	24,000	-	-	3,850	7,945
GENOA - Via Fieschi, 17	14,50	16/12/2016	12,205	20,000	08/06/2020	24,000	-	-	3,850	7,945
GENOA - Via Fieschi, 17	14,50	16/12/2016	12,205	20,000	08/06/2020	24,000	-	-	3,850	7,945
GENOA - Via Fieschi, 17	10	16/12/2016	12,205	20,000	17/12/2020	22,000	-	-	4,151	5,644
GENOA - Via Fieschi, 17	15	16/12/2016	12,205	27,000	17/12/2020	22,000	-	-	4,151	5,644
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	23/07/2020	22,000	-	-	4,151	5,644
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	17/12/2020	23,000	-	-	4,151	6,644
Total Year 2020			146,463	247,000		268,000	-	-	47,405	74,133
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	20/01/2021	22,000	-	-	5,913	3,882
GENOA - Via Fieschi, 17	10	16/12/2016	12,205	20,000	20/01/2021	22,000	-	-	5,913	3,882
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	20/01/2021	23,000	-	-	5,913	4,882
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	29/01/2021	23,000	-	-	5,913	4,882
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	29/01/2021	22,000	-	-	5,913	3,882
GENOA - Via Fieschi, 17	11	16/12/2016	12,205	20,000	24/05/2021	22,000	-	-	5,913	3,882
GENOA - Via Fieschi, 17	14,50	16/12/2016	12,205	20,000	16/04/2021	24,000	-	-	5,913	5,882
GENOA - Via Fieschi, 17	12	16/12/2016	12,205	20,000	27/05/2021	23,000	-	-	5,913	4,882
GENOA - Via Fieschi, 17	12	16/12/2016	7,795	20,000	09/11/2021	21,000	-	-	5,913	7,292
GENOA - Via Fieschi, 17	11,0	16/12/2016	7,795	20,000	09/11/2021	22,000	-	-	5,913	8,292
GENOA - Via Fieschi, 17	12	16/12/2016	7,795	20,000	13/12/2021	22,000	-	-	5,913	8,292
GENOA - Via Fieschi, 17	12,0	16/12/2016	7,795	20,000	13/12/2021	23,000	-	-	5,913	9,292
GENOA - Via Fieschi, 17	23	16/12/2016	11,743	27,000	28/12/2021	34,000	-	-	7,391	14,865
Total Year 2021			140,564	267,000		303,000	-	-	78,345	84,090
Total as at 31.12.2021			21,784,780	36,587,060		49,300,000	6,480,589	-	2,146,259	25,368,961

II.5 RECEIVABLES

As at the date of the Report, there were no receivables from securitisation transactions or other receivables.

II.6 BANK DEPOSITS

At the reporting date, the Fund had no bank deposits.

II.7 OTHER ASSETS

At the reporting date, the Fund held no assets defined as other assets.

II.8 NET LIQUIDITY POSITION

This item shown in the report for a total of Euro 1,765,305 is fully allocated to **sub-item F1 "Available liquidity"** and consists of the liquidity available on the current accounts of the Tarvos Fund opened with Société Générale Securities Services SpA, as depositary bank of the Fund:

Items	Amount
F1. Available liquidity:	1,765,305
- Société Generale Securities Services c/a no. 27369 - General account	88,953
- Société Generale Securities Services c/a no. 27366 - Rent account	651,723
- Société Generale Securities Services c/a no. 27367 - Operating account (settled)	-
- Société Generale Securities Services c/a no. 29886 - Service charge account	24,234
- Société Generale Securities Services c/a no. 29887 - Day one capex reverse account	248,753
- Société Generale Securities Services c/a no. 29888 - Deposit account	632
- Société Generale Securities Services c/a no. 29889 - Cure account	608
- Société Generale Securities Services c/a no. 29890 - Extension reserve and Bernina cash account	746,783
- Société Generale Securities Services c/a no. 29891 - Hedge collateral account	608
- Société Generale c/a no. 46018EU	3,011
- Unicredit account c/a no. 105078539	-
F2. Liquidity to be received for transactions to be settled:	-
- sale of financial instruments	-
- sale of foreign currencies	-
- daily margins to be collected	-
F3. Liquidity committed for transactions to be settled:	-
- purchases of repo financial instruments	-
- purchases of foreign currencies	-
- daily margins to be liquidated	-
Total net liquidity position	1,765,305

II.9 OTHER ASSETS

Other assets amount to a total of Euro 1.915.014.

Items	Amount
G1. Receivables for repurchase agreements and simil	-
G2. Accrued income and prepaid expenses:	169,861
- Prepayments on operating expenses	105,955
- Prepayments on financial charges	63,906
G3. Tax savings:	-
G4. Others:	1,745,153
- Receivables from customers	1,340,671
- Invoices to be issued	391,248
- Credit notes to be received	31,110
- Other receivables	456
- Security deposits on utilities	17,706
- Bad debt provision from customers	227,483
- Bank checks	41,480
- Prepayments to suppliers	138,600
- Receivables from suppliers	11,365
Total other assets	1,915,014

This item is composed as follows:

- **sub-item G2. “Accrued income and prepaid expenses”** includes deferrals on operating expenses of Euro 105,955 relating to registration taxes on lease contracts, condominium expenses and professional expenses relating to legal assistance for the establishment of the provision and deferrals on financial expenses of Euro 63,906 referring to professional expenses and commissions relating to the loan agreement with JP Morgan
- **sub-item G4. “Others”** mainly includes:

- receivables from customers for invoices issued relating to lease contracts of Euro 1,340,671, mainly attributable to invoices issued in 2021 and the related provision for write-downs of Euro 227,483, calculated on the basis of the provisioning policies adopted by Castello SGR;
- invoices to be issued to tenants for the adjustment on the condominium expenses, rents and registration taxes for Euro 391,248;
- credit notes to be received for Euro 7,110 referring to the adjustment of accessory charges of the property in Gallarate and for Euro 302 referring to the adjustment on asset management expenses for the year 2021. The remainder refers to incorrect invoicing which the fund is waiting for reversal;
- guarantee deposits on utilities, for Euro 17,706, include guarantee deposits and interest accrued up to 31 December 2021;
- bank checks for Euro 41,480, collected at the same time as the sale of the parking space in Genoa at the end of December and paid into the current account of the fund after 31 December 2021;
- advances to suppliers of Euro 138,600;
- receivables from suppliers for Euro 11,365 refer to credit notes outstanding as at 31 December 2021.

SECTION III LIABILITIES

- 1) Item H.1 (mortgage loans), equal to Euro 34,701,938, includes the total amount of the debt as at 31 December 2021, which arose from the signing, on 25 October 2018, of a mortgage loan agreement for the original amount of Euro 62,400,000 granted by J.P. Morgan Securities PLC, with a duration of 48 months, and a 1-year extension option, at a rate equal to the 3-month Euribor plus a spread of 415 bp, with a mortgage on all the properties in the portfolio except for Genoa, via Freschi.

On 12 February 2021, the management of the SGR, on behalf of the Fund, signed with JPM an amendment to the existing loan agreement which, in line with the provisions of the contract, envisages the extension of the expiry of the same to 30 September 2022.

In connection with the merger of the Tarvos Fund into another fund managed by Castello SGR (which is expected to be completed by the first quarter of 2022), the outstanding JMP loan at the merger date will be fully repaid thanks to a full refinancing operation on the entire real estate portfolio. See also the paragraph “Management activities and future strategies”.

Items	Amount
H1. Mortgage loans	34,701,938
- Ubi Banca loan	-
- J.P. Morgan loan	34,701,938
H2. Reverse repurchase agreements and similar transactions	-
H3. Others	-
Total Financing received	34,701,938

- 2) As at 31 December 2021, there were no repurchase agreements, securities lending and similar transactions in place. Moreover, in 2021 this form of financing was not used.
- 3) As at 31 December 2021, there is a “Cap” type derivative in place, effective as from 30 March 2021, which to date has not generated any inflows.
- 4) As at 31 December 2021, there were no payables due to participants.

5) The other liabilities amounted to Euro 3,627,482. This item is composed as follows:

Items	Amount
M1. Accrued and unpaid commissions and charges:	-
M2. Tax payables:	39,177
- Tax authorities - VAT	37,449
- Tax authorities - Withholdings	1,728
M3. Accrued expenses and deferred income	86,139
- Deferred income for lease payments	41,813
- Deferred income for the recovery of registration taxes	26,510
- Deferred income recovery of accessory charges	17,767
- Accrued liabilities for current accounts	48
M4. Other	3,502,166
- Payables for invoices to be received	785,150
- Payables to suppliers	1,223,564
- Payables for credit notes to be issued	124,402
- Advances from customers	6,932
- Contractual withholdings Sal	198,191
- Payables to asset management company	344
- Other payables	160
- Payables to banks	7,013
- Payables to lenders	276,479
- Sundry security deposits	879,898
- Interest on security deposits	33
Total other liabilities	3,627,482

- **sub-item M2 “Tax payables”** represented by the withholding taxes for December 2021 for a total of Euro 1,728 and the VAT payable for the same period of Euro 37,449;
- **sub-item M3 “Accrued expenses and deferred income”** relating mainly to the deferral of lease payments and the recovery of accessory charges for the part pertaining to the year 2022. The sub-item also includes the recovery of registration taxes on lease contracts.
- **sub-item M4 “Other”** is composed as follows:

Items	Amount
Payables for deposits	-
Trade payables	1,223,564
- Trade payables - AgE mortgage and land registry taxes	79,311
- Payables to suppliers - Advances	920
- Trade payables - Depositary fees	8,146
- Trade payables - Property management fee	65,148
- Trade payables - Auditing firm fee	10,248
- Trade payables - Costs for tenders	61,800
- Trade payables - Routine/extraordinary maintenance	205,634
- Trade payables - Shared expenses	316,594
- Trade payables - Brokerage costs	15,348
- Trade payables - Professional expenses	383,824
- Trade payables - Utilities	53,006
- Trade payables - Surveillance/concierge	23,585
- Credit notes to be received	124,402
- Credit notes to be issued - Adjustment of accessory charges	124,402
Sal contractual withholdings	198,191
- Sal contractual withholdings on tender contracts	198,191
Payables to lessees	6,932
- Payables to lessees - Credit notes for lease payments and accessory charges	6,932
Payables to suppliers for invoices to be received	785,150
- Invoices to be received - Independent expert's fee	6,650
- Invoices to be received - Costs for tenders	89,570
- Invoices to be received - ordinary maintenance	106,798
- Invoices to be received - extraordinary maintenance	265,145
- Invoices to be received - Charge-back of prepaid expenses	99
- Invoices to be received - security services	7,667
- Invoices to be received - Legal and notary fees	64,167
- Invoices to be received - Professional expenses	84,569
- Invoices to be received - Auditing expenses	25,409
- Invoices to be received - Technical expenses	32,712
- Invoices to be received - Travel expenses	6,000
- Invoices to be received - Utilities	96,364
Payables to asset management companies	344
- Postage	344
Payables to banks	283,492
- Deposits from depositary for commissions in the second half of 2021	7,013
- Payables to lenders for interest expense 15.11.2021-31.12.2021	188,017
- Payables to lenders for waiver letter and hedging contract legal fees	88,462
Sundry payables	160
- Payables for processing letters of circularisation	160
Security deposits liabilities	879,931
- Security deposits liabilities	879,898
- Interest on security deposits	33
Total Other Liabilities	3,502,166

SECTION IV TOTAL NET VALUE

The following table shows the changes in the value of the Fund from the start of operations on 20 November 2016 to 31 December 2021:

Items	Amount	As a percentage of payments made
INITIAL AMOUNT OF THE FUND (units issued by issue price)	101,500,000	
TOTAL PAYMENTS MADE	100,100,000	100.00%
<i>A1. Overall result of the management of investment</i>	1,073,486	1.07%
<i>A2. Overall result of management of the other financial instruments</i>	0	0.00%
<i>A4. Result. Derivative financial instruments</i>	-131,191	-0.13%
<i>B. Overall property management result</i>	90,955,728	90.86%
<i>C. Overall result of credit management</i>	0	0.00%
<i>D. Interest receivable Similar income on bank deposits</i>	0	0.00%
<i>E. Overall result of the management of other assets</i>	0	0.00%
<i>F. Overall result of exchange management</i>	0	0.00%
<i>G. Overall result of other management operations</i>	0	0.00%
<i>H. Total financial charges</i>	-6,532,152	-6.53%
<i>I. Total management charges</i>	-3,610,911	-3.61%
<i>L. Total other revenues and charges</i>	-430,852	-0.43%
<i>M. Total taxes</i>	0	0.00%
UNIT REIMBURSEMENTS MADE	59,964,120	59.90%
TOTAL INCOME DISTRIBUTED	29,535,880	29.51%
TOTAL VALUE PRODUCED BY MANAGEMENT BEFORE TAXES	81,324,108	81.24%
TOTAL NET VALUE AS AT 31/12/2020	91,924,108	91.83%
TOTAL AMOUNTS TO CALL UP	1,400,000	1.40%
INTERNAL RATE OF RETURN AT THE DATE OF THE REPORT		22.2%

The total net value of the Fund as at 31 December 2021 was Euro 91,924,108, which corresponds to a unit value of Euro 459,161.377.

The overall Internal Rate of Return of the Fund, i.e. the annual compound interest rate, is calculated from the start date of the Fund's operations (20 November 2016) to 31 December 2021 on the basis of the cash flows represented by the initially invested outlay in the Fund, the dividends received, the partial redemptions of the units and considering the hypothetical collection for the divestment of the units at the book value of the NAV as at 31 December 2021.

SECTION V OTHER BALANCE SHEET DATA

- On 11 December 2018 a hedging contract (*interest rate cap* at 1.00%) with effect from 15 February 2019 was signed with J.P. Morgan PLC. After maturity on 31 March 2021, a new hedging contract was signed, expiring on 30 September 2022.
- At the date of the report, there are no assets or liabilities towards other companies of the group to which the Asset Management Company belongs.
- At the date of the report, the Fund does not hold assets and/or liabilities denominated in currencies other than the euro or real estate located in countries other than EMU.
- As at the date of the report, there are no capital gains under the tax suspension regime pursuant to art. 15, paragraph 2 of Italian Law 86/1994.
- The guarantees received by the Tarvos Fund in place as at 31 December 2021 are shown below:

GUARANTOR	GUARANTEED	TYPE	BENEFICIARY	PROPERTY	No.	DATE	AMOUNT	EXPIRY	STATUS
BANCA POPOLARE DI LODI	Tarvos Fund	Guarantee	ELITTROCASA S.R.L.	AGRATE LIOCORNO - VIA PARACELSO	6007965 (formerly 130104913)	10/10/2012	6,629	30/09/2024	ACTIVE
INTESA SAN PAOLO SPA	Tarvos Fund	Guarantee	ALFAR SRL	AGRATE LIOCORNO - VIA PARACELSO	08369/8200/00321435	18/01/2016	6,000	31/12/2022	ACTIVE
Intesa San Paolo S.p.A.	Tarvos Fund	Guarantee	METRO ITALIA CASH AND CARRY	RAVENNA - VIA PACINOTTI	03069/01383/8200/00716179	03/04/2018	15,885	28/03/2023	ACTIVE
Banco Popolare Società Cooperativa	Tarvos Fund	Guarantee expenses	EFFECINQUE SOCIETA' COOPERATIVA	GALLARATE - VIA LARIO	25826	07/08/2014	3,238	09/01/2027	ACTIVE
Banco Popolare Società Cooperativa	Tarvos Fund	Guarantee expenses	DP44 S.R.L.	GALLARATE - VIA LARIO	41728	10/12/2015	10,850	23/06/2022	ACTIVE
Banco BPM S.p.A.	Tarvos Fund	Guarantee expenses	INTICOM SPA	GALLARATE - VIA LARIO	150182189	30/11/2016	12,787	02/06/2023	ACTIVE
Banco Popolare Società Cooperativa	Tarvos Fund	Guarantee of contractual obligation	EFFECINQUE SOCIETA' COOPERATIVA	GALLARATE - VIA LARIO	25827	07/08/2014	18,665	09/01/2027	ACTIVE
Banco BPM S.p.A.	Tarvos Fund	Guarantee of fee	FRANGELO SRL	GALLARATE - VIA LARIO	160003693	25/10/2018	12,200	31/12/2024	ACTIVE
Banco Popolare Società Cooperativa	Tarvos Fund	Guarantee of fee	DP44 S.R.L.	GALLARATE - VIA LARIO	41727	10/12/2015	21,350	23/06/2022	ACTIVE
Banco BPM S.p.A.	Tarvos Fund	Guarantee of fee	INTICOM SPA	GALLARATE - VIA LARIO	150182188	30/11/2016	33,550	02/06/2023	ACTIVE
Banco BPM S.p.A.	Tarvos Fund	Guarantee	W.O.B. ITALY DI BONFA' STEFANO	GALLARATE - VIA LARIO	90016073	07/08/2019	4,976	04/06/2026	ACTIVE
Banca Sella Spa	Tarvos Fund	Guarantee of fee	BOTTIGA VERDE SRL	GALLARATE - VIA LARIO	2073013737	28/08/2017	7,869	13/01/2024	ACTIVE
Banca Sella Spa	Tarvos Fund	Guarantee expenses	BOTTIGA VERDE SRL	GALLARATE - VIA LARIO	2073013796	15/09/2017	3,788	13/01/2024	ACTIVE
Monte dei Paschi di Siena S.p.A.	Tarvos Fund	Guarantee of fee	GIUNTI AL PUNTO SPA	GALLARATE - VIA LARIO	7036501	04/11/2005	22,827	02/05/2024	ACTIVE
Monte dei Paschi di Siena S.p.A.	Tarvos Fund	Guarantee of fee	GIUNTI AL PUNTO SPA	GALLARATE - VIA LARIO	7073101	23/05/2018	12,929	02/05/2024	ACTIVE
Monte dei Paschi di Siena S.p.A.	Tarvos Fund	Guarantee of fee	FIRST WOMAN	GALLARATE - VIA LARIO	7175001	04/06/2018	10,000	30/04/2024	ACTIVE
Monte dei Paschi di Siena S.p.A.	Tarvos Fund	Guarantee of expenses	FIRST WOMAN	GALLARATE - VIA LARIO	7175101	04/06/2018	5,706	30/04/2024	ACTIVE
Intesa San Paolo S.p.A.	Tarvos Fund	Guarantee	METRO ITALIA CASH AND CARRY	PROZZOGLI - VIA CAMPANA	03069/01383/8200/00716207	03/04/2018	485,396	28/03/2023	ACTIVE
Intesa San Paolo S.p.A.	Tarvos Fund	Guarantee	THYSSENKRUPP ELEVATOR ITALIA SPA	ROME - VIA BIANCHINI	772290	02/01/2018	19,875	29/02/2024	ACTIVE
BPER Banca Spa	Tarvos Fund	Guarantee	G.D	RIVOLI - CORSO FRANCIA	171847010	07/11/2017	175,000	31/12/2029	ACTIVE
UNICREDIT BANCA S.P.A.	Tarvos Fund	Guarantee	ISTITUTO LUSO FARMACO	ROZZANO - MILANOFORI	46001763898 (formerly 46001150)	06/09/2017	90,000	31/10/2027	ACTIVE
BANCA DI BOLOGNA	Tarvos Fund	Guarantee	MACRO GROUP	BOLOGNA - VIA MATTEI	P90/11203	24/10/2019	35,000	30/09/2026	ACTIVE
Banco BPM S.p.A.	Tarvos Fund	Guarantee	MELAD INFORMATICA SRL	AGRATE LIOCORNO - VIA PARACELSO	77417	10/07/2019	17,000	30/06/2025	ACTIVE
CREDIT AGRICOLE ITALIA SPA	Tarvos Fund	Guarantee	METRO COMMERCIAL ITALIA SRL with sole shareholders	ROZZANO - MILANOFORI	4411042	17/10/2019	100,000	31/01/2026	ACTIVE
Ubi Banca S.p.A.	Tarvos Fund	Guarantee	GIPES DI MILANI PAOLINA & C.	GALLARATE - VIA LARIO	5096/1	30/05/2017	10,939	30/06/2026	ACTIVE
Unicredit SpA	Tarvos Fund	Guarantee	AXIANS SAIV SPA	ROME - VIA BIANCHINI	46001705426	03/06/2019	20,625	15/06/2022	ACTIVE
Banca Sella Spa	Tarvos Fund	Guarantee of fee	FRENCH KISS	GALLARATE - VIA LARIO	204408393	02/01/2014	21,175	01/06/2026	ACTIVE
Banca Sella Spa	Tarvos Fund	Guarantee of expenses	FRENCH KISS	GALLARATE - VIA LARIO	204408392	02/01/2014	5,951	01/06/2026	ACTIVE
Cassa di Risparmio di Parma and Piacenza	Tarvos Fund	Guarantee on sec. dep.	WIND RETAIL SRL	GALLARATE - VIA LARIO	644019	30/07/2009	9,576	14/01/2022	ACTIVE
Unicredit SPA	Tarvos Fund	Guarantee of fee	LAVASSECO L'ORA SRL	GALLARATE - VIA LARIO	460011514098	02/08/2014	11,272	31/03/2026	ACTIVE
Unicredit SPA	Tarvos Fund	Guarantee of expenses	LAVASSECO L'ORA SRL	GALLARATE - VIA LARIO	460011514706	02/05/2014	8,373	31/03/2026	ACTIVE
Ubi Banca S.p.A.	Tarvos Fund	Guarantee	OVERLINE SRL	AGRATE LIOCORNO - VIA PARACELSO	79719-1	08/10/2020	3,750	30/06/2026	ACTIVE
Banca di Bologna	Tarvos Fund	Guarantee of contractual obligation	BFBANG SRL	BOLOGNA - VIA MATTEI	P90/11360	07/05/2018	7,500	31/05/2026	ACTIVE
Intesa San Paolo S.p.A.	Tarvos Fund	Guarantee of fee	CALZEDONIA SPA	GALLARATE - VIA LARIO	01383/8200/00818083/4188/202	19/01/2021	21,900	30/09/2032	ACTIVE
Intesa San Paolo S.p.A.	Tarvos Fund	Guarantee of fee	CALZEDONIA SPA	GALLARATE - VIA LARIO	01383/8200/00818089/4189/202	19/01/2021	33,306	30/09/2032	ACTIVE
UNICREDIT BANCA S.P.A.	Tarvos Fund	Guarantee of fee	LE GAZZELLE SRL	GALLARATE - VIA LARIO	46001746116	01/10/2020	85,800	01/04/2028	ACTIVE
Intesa San Paolo Spa	Tarvos Fund	Guarantee of contractual obligation	FARMALEVEL	GALLARATE - VIA LARIO	07551/8200/00815414	30/11/2020	17,385	30/11/2027	ACTIVE
Monte dei Paschi di Siena S.p.A.	Tarvos Fund	Guarantee of contractual obligation	GIORGIO SRL	GALLARATE - VIA LARIO	7182501	15/06/2021	20,000	30/10/2025	ACTIVE
Banco BPM S.p.A.	Tarvos Fund	Guarantee	PAGGIO SRL	GALLARATE - VIA LARIO	94245	07/06/2021	26,230	15/02/2029	ACTIVE
Banca Popolare di Sondrio	Tarvos Fund	Guarantee	GREMAR SRL	GALLARATE - VIA LARIO	14993/07	12/05/2021	13,460	22/08/2025	ACTIVE
Monte dei Paschi di Siena S.p.A.	Tarvos Fund	Guarantee of expenses	GIORGIO SRL	GALLARATE - VIA LARIO	7182401	15/06/2021	16,388	30/10/2025	ACTIVE
Intesa San Paolo S.p.A.	Tarvos Fund	Guarantee	CHAIN SRL	GALLARATE - VIA LARIO	03066/8200/00849809	09/07/2021	9,670	01/10/2027	ACTIVE
Monte dei Paschi di Siena S.p.A.	Tarvos Fund	Guarantee	GIORGIO SRL	GALLARATE - VIA LARIO	7182801	17/09/2021	29,280	31/12/2027	ACTIVE
Unicredit	Tarvos Fund	Guarantee of expenses	MUA S.R.L.S.	GALLARATE - VIA LARIO	46001767152	26/11/2021	2,700	31/01/2027	ACTIVE
Unicredit	Tarvos Fund	Guarantee of fee	MUA S.R.L.S.	GALLARATE - VIA LARIO	46001767151	26/11/2021	11,900	31/01/2027	ACTIVE
Banca Popolare di Sondrio	Tarvos Fund	Guarantee	VERISURE ITALY SRL	ROME - VIA BIANCHINI	274156/21	16/11/2021	40,800	15/11/2033	ACTIVE

- At the date of the report, a mortgage was recorded on all the properties in the Fund's real estate portfolio, with the exception of the property in Genoa, Via Fieschi following the signing of the loan agreement with J.P. Morgan Securities PLC.

PART C - PROFIT FOR THE YEAR

SECTION I PROFIT (LOSS) FROM TRANSACTIONS ON EQUITY INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS

At the date of the report, the equity investment in the real estate company Euclide S.r.l. was valued at Euro 1,029,000, recording a capital loss compared to the value as at 31 December 2020 of Euro -108,000.

Overall result of operations on	Profit/Loss on sales	Of which: for changes in exchange rates	Capital gains / losses	Of which: for changes in exchange rates
A. Investments in unlisted companies			-108,000	
1. Controlling			-108,000	
2. Non-controlling				
B. Unlisted financial instruments:				
1. Other equity instruments				
2. Debt securities				
3. UCITS units				
C. Listed financial instruments:				
1. Debt securities				
2. Equity securities				
3. UCITS units				

On 11 December 2018 a hedging contract (*interest rate cap* at 1.00%) with effect from 15 February 2019 was signed with J.P. Morgan PLC. After the deadline of 31 March 2021, a new hedging contract expiring on 30 September 2022 was signed with J.P. Morgan PLC.

The consideration paid for the purchase of the aforementioned financial instrument was Euro 70,000.

	Result of derivative financial instruments				Total
	For hedging purposes (sub-item A4.1)		Non-hedging purposes (sub-item A4.2)		
	Realised results	Unrealised results	Realised results	Unrealised results	
Interest rate transactions:					
- futures on debt securities, interest rates and other similar contracts					
- options on rates and other similar contracts					
- swaps and other similar contracts		-			-
Equity security transactions:					
- futures on equity securities, equity indices and similar contracts					
- options on equity securities and other similar contracts					
- swaps and other similar contracts					-
Other transactions					
- futures					
- options					
- swaps					-

SECTION II REAL ESTATE

The economic result for the real estate for the year is shown below, amounting to Euro 3,893,573, as illustrated in the following table:

Economic result of the year on real estate assets	Residential Real Estate	Commercial Real Estate	Industrial Real Estate	Land	Other
1 Income	-	5,730,930	-	-	2,062,135
1.1 non-financial lease payments	-	4,659,475	-	-	1,532,968
1.2 financial lease payments	-	-	-	-	-
1.3 other income	-	1,071,455	-	-	529,167
2 Profit/Loss on sales	-	-	-	-	36,000
2.1 real estate assets	-	-	-	-	36,000
2.2 real estate rights	-	-	-	-	-
3 Gains/losses	-	227,250	-	-	619,783
3.1 real estate assets	-	227,250	-	-	619,783
3.2 real estate rights	-	-	-	-	-
4. Charges for the management of real estate assets	-	1,742,028	-	-	2,585,997
5. Depreciation and amortisation	-	-	-	-	-
Total	-	3,761,652	-	-	131,921

- The **sub-item “Non-financial lease payments”** refers to the lease payments for the year 2021, while the **sub-item “Other income”** concerns the accessory charges for the same period.
- The **sub-item “Capital gains / losses”** is calculated as the difference between the market value as at 31 December 2021, based on an independent expert's appraisal, and the market value as at 31 December 2020 plus the capex on properties. During the year 2021, a capital gain of Euro 392,533 was recorded.
- The **sub-item “Property management expenses”** amounts to Euro 4,328,025.

SECTION III RECEIVABLES

At the date of the report, no securitisation transactions were in progress and this type of transaction was not carried out during the year.

SECTION IV BANK DEPOSITS

As at the date of the report, there are no bank deposits.

SECTION V OTHER ASSETS

During the year, there were no economic components pertaining to this item.

SECTION VI OTHER MANAGEMENT TRANSACTIONS AND FINANCIAL CHARGES

- 1) At the date of the report, the Fund had not carried out any exchange management transactions.
- 2) At the date of the report, the Fund has not received any income or charges from repurchase agreements, securities lending or similar.
- 3) As at the date of the Report, interest expense was recorded on loans for Euro 1,506,015.
- 4) At the date of the Report, other financial charges were recorded for Euro 94,969.

SECTION VII MANAGEMENT COSTS

VII.1 COSTS INCURRED DURING THE PERIOD

The table below reclassifies a number of income statement items for a total of Euro 2,015 thousand.

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MANAGEMENT COSTS	Total amounts paid			Amounts paid to parties of the Asset Management Company's group				
	Amount (Thousands of Euros)	% of the total net value	% of total assets	% on value of loan	Amount (Thousands of Euros)	% of the total net value	% of total assets	% on value of loan
1) Management commissions								
- basic commissions	187	0.21%	0.14%					
2) Cost for calculating the value of the unit	28							
3) TER of the UCITs in which the Fund invests								
4) Remuneration of the custodian bank	14	0.02%	0.01%					
- of which any remuneration for the calculation of the value of the unit								
5) Fund audit fees	42	0.05%						
6) Charges for the valuation of equity investments, of real estate and real estate rights forming part of the fund								
7) Remuneration due to independent experts	20	0.02%	0.02%					
8) Property management costs	122	0.14%	0.09%					
9) Legal and judicial expenses	0	0.00%						
10) Expenses for publishing the value of the unit and possible publication of the prospectus								
11) Other charges on the fund	-	0.00%						
TOTAL EXPENSE RATIO (TER)	414	0.43%			0	0.00%		
12) Incentive commissions		0.00%						
13) Charges for trading financial instruments of which:								
- on equity securities								
- on debt securities								
- on derivatives								
- other								
14) Financial charges for debts taken on by the Fund	1,601			4.61%				
15) Tax charges attributable to the Fund								
TOTAL EXPENSES	2,015	2.27%			0	0.00%		

The management fees of Castello SGR are calculated from 1 January 2021 until 31 December 2021 and amount to Euro 215,000. This amount includes the cost for calculating the unit value of Euro 28,206. The amount represents the minimum management fee of Euro 215,000.

The fee due to the custodian, also calculated from 1 January 2021 to 31 December 2021, amounts to Euro 13,690.03.

The Fund's audit fees, net of expenses and the Consob contribution, amount to Euro 38,773.89 and refer to the fee of PricewaterhouseCoopers S.p.A. for the year 2021 (fee for the audit as at 31 March 2021, 30 June 2021 and 31 December 2021).

The Independent Expert's fees for the valuation of the Fund's properties and investments carried out as at 31 March 2021, 30 June 2021 and 31 December 2021 amount to Euro 19,950.

VII.2 INCENTIVE COMMISSIONS

As at 31 December 2021, the Fund had not paid back incentive commissions.

VII.3 REMUNERATION

It should be noted that, as at 31 December 2021, the personnel of the SGR is composed of 76 resources, whose total gross annual remuneration for 2021 was Euro 5,989,582 (of which Euro 4,301,582 for the fixed component and Euro 1,688,000 for the variable component).

Again with reference to 31 December 2021, the total remuneration of personnel whose work has a significant impact on the risk profile of the Funds amounted to Euro 3,923,938 (of which Euro 1,372,058 relating to senior management and Euro 2,551,880 relating to other personnel).

The total remuneration of the personnel involved in the management of the Fund's activities for the year 2021, amounts to Euro 57,809, of which Euro 36,080 relating to the fixed component and Euro 21,729 to the variable component.

The Fund was managed, for the year 2021, directly by a team of 8 people, whose total remuneration is attributed to the Fund to the extent of 57.18%.

SECTION VIII OTHER REVENUES AND CHARGES

The breakdown of “Other revenues and charges” is provided below:

Items	Amount
L1. Interest income on cash and cash equivalents	2
- Interest income on cash and cash equivalents	2
L2. Other revenues	345,304
- Discounts and allowances receivable	0
- Contingent assets	263,613
- Reduction of provision for bad debts	81,691
L3. Other charges	- 441,603
- Contingent liabilities	- 333,164
- Pro-rata non-deductible VAT	- 14,809
- Discounts and rounding down	- 6
- Sundry interest payable	- 5,660
- Provision for bad debts	- 86,883
- Stamps and revenue stamps	- 1,081
Total Other revenues and charges	- 96,297

SECTION IX TAXES

During the year, there were no economic components relating to this item.

REGULATORY UPDATES - DIRECTIVE 2011/61/EU (“AIFMD”)

Directive 2011/61/EU (“AIFMD”) entered into force on 21 July 2011, which harmonised, at EU level, the regulation applicable to managers (“GEFIA” - alternative investment fund managers) of alternative investment funds (“AIFs”), which also include real estate funds.

The AIFMD introduces a common European regulation applicable to all entities (namely alternative investment fund managers), that manage alternative mutual investment funds, i.e. AIFs, which also include the real estate funds managed by the Asset Management Company.

The rules of the AIFMD are detailed by the implementing measures in the Delegated Regulation (EU) 231/2013 of the European Commission.

In Italy, on 9 April 2014, Italian Legislative Decree no. 44 of 4 March 2014 (“Decree”) entered into force, containing the provisions for amendment of Italian Legislative Decree no. 58 of 24 February 1998 (“Consolidated Law on Finance”) needed to acknowledge the general application provisions contained in the AIFMD.

As regards the “secondary” regulations, on 19 March 2015, the following regulatory acts were published in the Italian Official Gazette, which entered into force effective from 3 April 2015:

- Decree no. 30 of 5 March 2015 of the Ministry of Economy and Finance, concerning the determination of the general criteria which must be complied with by Italian UCITS;
- Consob resolution of 8 January 2015 containing the amendments (i) to the Intermediaries’ Regulation, pursuant to Consob Resolution no. 16190 of 29 October 2007 and the (ii) Issuers’ Regulation, pursuant to Consob resolution no. 11971 of 14 May 1999;
- the Measure of the Bank of Italy and Consob of 19 January 2015 containing the amendment to the Joint Regulation, pursuant to the Measure of the Bank of Italy and Consob of 29 October 2007 (“Joint Regulation”);
- the Measure of the Bank of Italy and Consob of 19 January 2015 containing the “new” Regulation on collective asset management, pursuant to the Measure of the Bank of Italy which repeals and replaces that pursuant to the Measure of the Bank of Italy of 8 May 2012.

The measures listed entered into force on 3 April 2015.

In light of the above, the Asset Management Company carried out the necessary activities for the purpose of compliance with the applicable regulation introduced by the AIFMD, providing an appropriate and prompt communication of this to the Bank of Italy on 29 April 2015, with the subsequent request for enrolment on the Register of asset management companies as manager of an AIF pursuant to AIFMD.

On 3 June 2015, the Asset Management Company received a communication from the Bank of Italy that stated it was authorised for enrolment on the Register of asset management companies, at no. 47, “above threshold” section of AIF managers, pursuant to the AIFMD.

REGULATION (EU) NO. 2019/2088 (SFDR)

On 10 March 2021, the provisions of Regulation (EU) 2019/2088 - Sustainable Finance Disclosure Regulation will be implemented. The European Regulatory Framework in the area of sustainability aims at making homogeneous the information to be provided to the investors as regards sustainability risks and the promotion of the ESG factors - Environment, Social and Corporate Governance - in financial investment activities, requiring that the investors in the financial markets and the financial consultants (Asset Management Companies included) provide the necessary information on a pre-contractual and on-going basis, to the final investors.

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For the purposes of compliance with the regulations above, the Board of Directors of Castello SGR established the “ESG Committee” at the meeting of 5 March 2021.

TAX REGIME

The tax treatment of real estate funds is governed by article 6 of Italian Decree Law 351/2001, on the basis of which the Fund is not subject to corporate income tax (IRES) and regional business tax (IRAP).

Article 41-bis of Italian Decree Law 269/2003, converted with amendments from Italian Law no. 326 of 24 November 2003, made radical changes to the taxation of real estate funds as regards direct taxes.

In particular, Italian Decree Law 269/2003, in repealing the property tax from 1 January 2004, equal to 1% of the total net value of the Fund, transferred the burden of tax collection from the Real Estate Fund to investors.

Withholdings on capital income received by the Fund continue to be processed for tax. Withholdings at source and substitute taxes on capital income do not apply on the following income:

- interest and other income from bonds and similar securities subject to the provisions of legislative decree no. 239 of 1 April 1996;
- dividends paid by companies;
- interest and other income on current accounts, deposits, certificates of deposit and interest-bearing bonds;
- income from carry-forwards, repurchase agreements on securities and currencies, secured mortgages;
- interest and other income accrued up to the moment of early reimbursement of bonds and similar securities with an expiry of no less than 18 months issued by entities not resident in Italy;
- income deriving from participation in foreign UCITS, situated in EU Member States, compliant with EU directives, whose units are placed in the territory of the State;
- other capital income pursuant to article 26, paragraph 5 of Italian Presidential Decree no. 600 of 29 September 1973.

Pursuant to article 8 of Italian Decree Law 351/2001, the Management Company is a taxable entity for VAT purposes in relation to sales of assets and the provision of services relating to Fund operations. The calculation and payment of tax is carried out separately from that due for the activities of the Management Company, while the payment is made cumulatively for the Management Company and the funds managed by it. The aforementioned article 8 also makes provision for some concessions in relation to VAT credits generated by the Fund.

The Management Company fulfils the obligations of declaration and payment of the Single Municipal Tax due.

As regards the tax regime of the investors, article 7 of Italian Decree Law 351/2001, as amended by article 41-bis of Italian Decree Law 269/2003, introduces, effective from 1 January 2004, a withholding of 20% on fund unit-holders. This withholding is applied: (i) to the amount of income relating to each unit; (ii) to the difference between the redemption or settlement value of the units and the subscription or purchase cost.

The 20% withholding is taken:

- in the form of an advance, vis-à-vis: (i) individual entrepreneurs, if the investments relate to the commercial enterprise; (ii) general partnership, limited partnership or equivalent; (iii) companies and entities indicated in letters a) and b) of article 87 of Italian Presidential Decree 917/86 and permanent establishments in the territory of the State of the companies and entities pursuant to letter d) of the aforementioned article;
- in the form of tax, from all other entities.

Paragraph 3 of article 7 of Italian Decree Law 351/2001 was amended by article 32, paragraph 7 of Italian Decree Law 78/2010, coordinated with conversion law no. 122/2010, which set forth that the withholding does not apply to income received by pension funds and foreign UCITS, if established in States or territories included in the list set forth in the ministerial decree issued pursuant to article 168-bis of the consolidated law on income tax pursuant to Italian Presidential Decree no. 917 of 22 December 1986, as well as income received by international entities or bodies established on the basis of international agreements made executive in Italy and by central banks or bodies that also manage the official reserves of the State. In addition, for said income, due to entities resident in States with which conventions are in place to avoid double taxation on income, for the purposes of the application of the withholding based on the rate set out in the convention, withholding agents must acquire: a) a declaration of the non-resident entity who is the beneficial owner of the income, which shows the identification details of said entity, the existence of all conditions to which the application of the standard tax agreement is subject, and any necessary elements needed to determine the size of the rate applicable in accordance with the convention; b) a certification from the competent tax authority of the State where the actual beneficiary of the income is resident, which shows the residency in said State pursuant to the convention. The certification is effective until 31 March of the year following the year of presentation.

The provisions pursuant to paragraph 7 are effective for income received effective from the date of entry into force of this decree, provided that it relates to periods of activity of the funds that started after 31 December 2009. For income received effective from the date of entry into force of this decree and relating to periods of activity of the fund closed up to 31 December 2009, the provisions of article 7 of Italian Decree Law 351/2001 continue to apply, based on the text in force at the aforementioned date.

As regards the income taxation regime, the Italian Revenue Agency, by means of resolution of 2 May 2006 attached to Assogestioni Circular no. 55/06/C, clarified some issues regarding the treatment of income accrued prior to 31 December 2003. In particular, at the time of distributions, profits distributed must be considered as income “pre-31 December 2003” (i.e. not subject to the 20% withholding) up to the amount of the ceiling represented by the increase in the net value of the fund recorded between the date of establishment and 31 December 2003, net of the amount distributed in said form “pre-31 December 2003” between 1 January 2004 and today. Solely the profits exceeding the aforementioned ceiling are considered as income “post 1 January 2004” and, therefore, subject to the 20% withholding (for income accrued from 1 July 2014, a 26% withholding is applied).

Article 8, paragraph 9, of Italian Decree Law no. 70 of 13 May 2011, converted to law (Italian Law no. 106 of 12 July 2011), made significant changes to article 32 of Italian Decree Law no. 78/2010. In particular:

- paragraph 2 of article 32 was repealed, which referred to a decree of the Ministry of Economy and Finance the identification of the implementing provisions of the changes to the Consolidated Law on Finance contained in paragraph 1;

- the taxation regime is amended, for the purposes of direct taxes, applicable to investors in real estate funds based on the nature and size of the investment held by them. In particular:
 1. some categories of investors maintain, in any case, regardless of the size of the investment held, the current taxation regime: the State and public authorities, Italian UCITS, forms of supplementary pension and mandatory welfare institutions, insurance companies limited to investments intended to cover technical provisions, banking and financial intermediaries subject to forms of prudential supervision, all entities and assets indicated above established abroad in countries or territories that allow the exchange of information aimed at identifying the beneficial owners of the income provided included in the “white list”, entities that pursue the purposes set forth by law on banking foundations, resident companies that pursue exclusively mutual objectives, companies or contractual vehicles in which the entities just indicated above hold investments of more than 50%;
 2. natural persons, companies, contractual vehicles and entities other than those indicated in the previous point that hold an investment of more than 5% in the fund’s assets are subject to taxation for transparency and, therefore, irrespective of the receipt of income;
 3. the income received by non-resident entities, other than those indicated in point 1, that hold an investment of more than 5% in the fund’s assets, are, in any case, subject to taxation at rate of 20%.
- in relation to the units held as at 31 December 2010 by the investors indicated in points 2 and 3, substitute income tax is due from investors at a rate of 5% of the average value of the units held in the tax period;
- for funds that, as at 31 December 2010, included among their investors, at least one of the entities indicated in points 2 and 3, provision is made for the possibility to arrange for the liquidation of the fund by 31 December 2011, based on the prior application of a substitute income tax and IRAP of 7% of the net value of the fund as at 31 December 2010. The liquidation cannot last more than 5 years and a substitute tax of 7% is applied to the profits of fund management. The provisions originally contained in article 32, paragraphs 5-bis, 5-ter and 5-quater are maintained, aimed at avoiding double income taxation of investors and those that envisage concession provisions for indirect tax purposes, for liquidation operations.

The provision of the Director of the Italian Revenue Agency was issued on 16 December 2011, containing the methods of implementation of the new regulation on the taxation of real estate funds pursuant to article 32 of Italian Decree Law 78 of 31 May 2010.

STAMP DUTY

Under article 19, of Italian Decree Law 201 dated 6 December 2011 (“Decree Law 201/2011”) and implementing decree of 24 May 2012 (“Decree”), provision was made for the application of stamp duty on communications relating to products and financial instruments of any kind. The stamp duty is due from each investor effective from the year 2012. The tax is due in proportion to 1 per thousand and is applied to the market value of the units (or, where absent, on the nominal or reimbursement value), which - in the absence of different guidelines by the Tax Authorities - may be considered to coincide with the value of the units as indicated in the report. The amount of tax due annually cannot be lower than Euro 34.20 and cannot exceed, solely for the year 2012, Euro 1,200 per investor. For years after 2012, the stamp duty will be due based on a proportion of 1.5 per thousand, raised to 2.0 per thousand for 2014 and to the full extent for subsequent years, with no maximum limit for natural persons and with a limit of Euro 14,000 for all entities other than the above. Payment of the stamp duty must be made by the management company, based on prior funding by the investor,

in all cases in which it has a stable relationship, directly or indirectly, with the unit-holder. Pursuant to article 19, paragraph 3-bis of Italian Decree Law 201/2011, in the event of the absence of funding by the unit-holder for payment of the tax, the management company can carry out the necessary disinvestments. On 21 December 2012, Circular no. 48/E of the Italian Revenue Agency was published, which comments on the stamp duty applicable to communications concerning financial products.

The stamp duty on communications relating to products and financial instruments of any kind was amended under stability law for 2014 (Italian law no. 147 of 27 December 2013), with the increase in the rate from 1.5 to 2 per thousand, and with the raising of the maximum limit from 4,500 to 14,000 for all customers other than natural persons.

Attached to the report is an extract from the report on the value of the equity investment and on the market value of the properties tied to the Tarvos Fund as at 31 December 2021 drawn up by the independent expert Avalon Real Estate S.p.A.

This report was audited by the independent auditors Pricewaterhousecoopers S.p.A.

Milan, 27 January 2022

The Board of Directors



Castello SGR S.p.A.

Fondo Tarvos

Relazione di stima del valore di mercato al 31-12-2021





Spett.le Castello SGR S.p.A.

Via Puccini, 3

20121 - Milano

MILANO, 21 GENNAIO 2022

EGREGI SIGNORI

Castello SGR S.p.A. (di seguito anche il Committente) ha affidato a chi scrive l'incarico per la valutazione semestrale del Fondo di Investimento Alternativo Immobiliare di tipo chiuso riservato denominato "Tarvos" alla data del 31/12/2021.

La valutazione degli immobili che costituiscono il portafoglio è stata effettuata in ottemperanza a quanto disposto dal Provvedimento di Banca d'Italia del 19 gennaio 2015, Titolo V, Capitolo IV, Sezione II, ai parametri e ai criteri previsti dalla prassi estimativa e in conformità alle Linee guida e ai principi e agli standard definiti da RICS Appraisal and Valuation Standards ("Red Book").

Il presente motivato parere, ha carattere consultivo ed indipendente e non potrà essere divulgato o mostrato a terzi estranei senza il preventivo consenso scritto di chi scrive, fatte salve le fattispecie previste dalla normativa vigente o per espressa richiesta delle autorità competenti e non dovrà inoltre essere impiegato a fini diversi da quelli per cui viene redatto.

CON I MIGLIORI SALUTI

Avalon Real Estate S.p.A.

Dott. Luigi Rabuini¹

¹ Partner e Amministratore Delegato di Avalon Real Estate S.p.a.





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1. Oggetto e finalità dell'incarico

La presente Relazione ha per oggetto la stima del valore dei singoli immobili costituenti il portafoglio immobiliare del fondo.

In particolare l'analisi di valutazione è stata finalizzata alla determinazione del Valore di Mercato dei beni immobiliari nello stato di fatto e di diritto in cui si trovano.

DEFINIZIONI

Valore di mercato

Per valore di mercato si intende l'ammontare stimato a cui una proprietà dovrebbe essere ceduta e acquistata, alla data della valutazione, da un venditore e da un acquirente entrambi interessati alla transazione, a condizioni concorrenziali, dopo un'adeguata commercializzazione in cui le parti abbiano agito in modo informato, con cautela e senza coercizioni.

Stato di fatto e di diritto

Per stato di fatto e di diritto sono da intendersi, congiuntamente, lo stato di conservazione e di manutenzioni, le condizioni di contorno e la situazione urbanistica nonché la situazione locativa, il titolo di proprietà, l'eventuale presenza di servitù e gravami ed altri fattori connessi al godimento del bene.

2. Assunzioni e limiti della valutazione

Data di riferimento della valutazione

Il presente documento assume quale data di riferimento della valutazione il 31/12/2021.

Criteri di analisi

In ottemperanza ai termini dell'incarico ricevuto, per la valutazione degli immobili sono stati adottati i seguenti criteri di analisi:

Analisi full con sopralluogo: l'analisi ha previsto una visita interna ed esterna all'immobile oggetto di valutazione, in presenza di un referente individuato dal Cliente, allo scopo di accertare la qualità formale degli spazi, il loro generale stato di manutenzione, la funzionalità nonché il contesto urbano e immobiliare di riferimento. I sopralluoghi degli immobili sono stati svolti nel mese di dicembre 2021.





Servizi professionali oggetto di incarico

I criteri di analisi sopra esposti hanno per oggetto i servizi professionali rappresentativi di una valutazione del bene immobiliare, pertanto non sono state svolte attività connesse a servizi di *due diligence* tecnica, *due diligence* legale e *due diligence* ambientale.

Per le suddette analisi si è fatto riferimento ai documenti forniti dal committente.

Consistenze

Le consistenze edilizie sono state fornite dal Committente; chi scrive non ha effettuato alcuna misurazione delle superfici, né alcuna campionatura delle stesse, in sede di sopralluogo o a tavolino. Le planimetrie, ove rese disponibili dal cliente, sono state utilizzate al solo fine di rappresentare, identificare e descrivere la Proprietà.

Titolarità, situazione urbanistica e Conformità

Chi scrive si è basato sulla documentazione resa disponibile e sulle informazioni fornite dal Committente. Non sono state svolte attività di verifica, ricerca o integrazione documentale presso Uffici Pubblici e/o Enti ad essi assimilabili (privati e/o pubblici). Non è stata verificata l'esistenza del titolo di Proprietà in capo al soggetto che ne esercita attualmente il possesso, né accertamenti in ordine all'esistenza di altri diritti di terzi sulle proprietà.

Non sono state condotte analisi sulla conformità urbanistica e catastale dei beni immobili; si è pertanto assunto che gli immobili, nello stato di fatto, risultino conformi alle norme urbanistiche e catastali vigenti.

Impatto ambientale

La valutazione non considera le eventuali passività ambientali gravanti sulle proprietà. Per "passività ambientali" s'intendono tutti i costi da sostenere sia per evitare danni, sia per sanare situazioni non conformi a quanto prescritto dalle vigenti normative in materia ambientale. La stima del valore esclude specificatamente l'esame dell'impatto ambientale derivante da sostanze pericolose (amianto, formaldeide, rifiuti tossici, ecc.) o potenzialmente tali. Si presume inoltre la conformità delle proprietà in oggetto a quanto previsto dalle vigenti regolamentazioni in materia.

Impatto fiscale

Non sono stati considerati i costi, ivi compresi quelli fiscali, potenzialmente emergenti dalla vendita o dall'acquisizione delle proprietà. La valutazione dell'immobile prescinde inoltre dalle caratteristiche specifiche dell'investitore che acquisirà l'immobile quali ad esempio il costo del capitale dell'investitore, la capacità di finanziamento, la liquidità disponibile, le previsioni circa i benefici economici futuri in funzione delle proprie capacità gestionali, ecc.. Pertanto, le grandezze economiche utilizzate nella





valutazione (redditi e flussi di cassa) non considerano l'imposizione fiscale (tasse e IVA) e la struttura finanziaria dell'operazione (oneri finanziari).

Assunzioni valutative

Sono state condotte analisi di mercato su data provider nazionali; le analisi di mercato sono a parere di chi scrive rappresentative della situazione di mercato di zona al momento della valutazione, tuttavia non si esclude che esistano segmenti di domanda e offerta ulteriori rispetto a quelli individuati e tali da modificare i parametri unitari adottati nella presente valutazione.

Nota esplicativa circa le condizioni di mercato²

L'epidemia del Nuovo Coronavirus (COVID-19), dichiarata dall'Organizzazione Mondiale della Sanità come "pandemia globale" l'11 marzo 2020, ha avuto e continua ad avere un impatto su molti aspetti della vita quotidiana e dell'economia globale, con alcuni mercati real estate che stanno sperimentando una riduzione delle transazioni e dei livelli di liquidità. Molti Paesi hanno applicato misure restrittive per i viaggi e "lockdowns" a diversi livelli. Sebbene in alcuni casi le restrizioni siano state rimosse, lockdowns locali vengono ancora implementati a seconda delle necessità di contenimento del virus ed è concreta la possibilità di un'ulteriore diffusione del Covid-19 sotto forma di "nuove ondate". Tuttavia, a fronte del fatto che tali ondate potrebbero comunque provocare una nuova fase della crisi, a differenza dell'impatto che si è avuto nella primavera 2020 nel caso di nuove ondate non si potrà più dire di trovarsi in una situazione senza precedenti.

Nonostante la campagna globale di vaccinazione di massa stia dando risultati molto positivi, la pandemia e le misure prese per affrontare il Covid-19 continuano ad avere effetti sulle economie e sui mercati real estate a livello globale.

Nota esplicativa circa la condizione di incertezza rilevante riguardo alla valutazione³

In relazione al portafoglio immobiliare in oggetto chi scrive alla data di valutazione continua a trovarsi di fronte ad una situazione nella quale le conseguenze causate dal COVID-19 non hanno precedenti e le evidenze di mercato sulle quali basare il proprio giudizio risultano ad oggi ancora in corso di definizione. Di conseguenza la valutazione è stata svolta in un contesto di "incertezza rilevante riguardo alla valutazione", così come previsto dai VPS 3 e VPGA 10 del RICS Red Book Global. Pertanto la valutazione dovrà essere recepita con un maggior grado di cautela rispetto a quanto normalmente avviene.

Al fine di escludere eventuali fraintendimenti, la "Nota esplicativa circa le condizioni di mercato" e la Nota esplicativa circa la condizione di incertezza rilevante riguardo alla valutazione" non sono volte a sminuire

² Fonte "Impact of COVID-19 Valuation" del 06/11/2020 redatto da RICS

³ Fonte "Impact of COVID-19 Valuation" del 06/11/2020 redatto da RICS





il valore e l'affidabilità che la presente valutazione deve assumere bensì hanno lo scopo di garantire una totale trasparenza e fornire una chiara visione del contesto di mercato all'interno del quale il presente documento è stato redatto. In tale ottica si sottolinea l'importanza della data di valutazione alla luce del fatto che le condizioni di mercato potrebbero mutare molto rapidamente in risposta ad eventuali strategie volte al controllo della diffusione del COVID-19.

TEAM DI LAVORO

Responsabili di commessa

Dr. Federico Chiavazza, Partner di Avalon Real Estate

Dott. Alberto Pini, Manager area Valuation di Avalon Real Estate

Dott.ssa Smaranda Chifu, Senior Analyst di Avalon Real Estate





3. Il portafoglio immobiliare oggetto di valutazione

UBICAZIONE

Il portafoglio immobiliare è costituito da 12 immobili a prevalente destinazione direzionale e commerciale ubicati come di seguito:



Fonte: Google Maps



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DESCRIZIONE DEL PORTAFOGLIO IMMOBILIARE

Il Portafoglio immobiliare oggetto di valutazione

ID	COMUNE	INDIRIZZO	Dest. d'uso	Metodologia di valutazione	Sup. ponderata (mq)
1	AGRATE BRIANZA	Via Parcelso 2/4/6	Direzionale	DCF	11.540
2	BOLOGNA	Via Mattei 102	Direzionale	DCF	10.712
3	GALLARATE	Via Lario 31	Commerciale	DCF	4.973
4	GAZZOLA	Strada il Poggio 1	Logistico/produttivo	DCF	17.492
5	GENOVA	Via Fieschi 17	Posti auto	Comparativo	518
6	ORTONA SC	Loc. Santa Liberata snc	Commerciale	DCF	4.239
7	ORTONA MSU	Loc. Santa Liberata snc	Commerciale	DCF	5.688
8	POZZUOLI	Via Campana 233	Commerciale	DCF	14.261
9	RAVENNA	Via Pacinotti 20	Commerciale	DCF	5.544
10	RIVOLI	Corso Francia 175	Commerciale	DCF	8.838
11	ROMA	Via Bianchini 60	Direzionale	DCF	3.809
12	ROZZANO	Milanofiori Palazzo L e G	Direzionale	DCF	9.855
TOTALE					97.469





4. I metodi di valutazione utilizzati

LA SCELTA DEI CRITERI DI VALUTAZIONE

La dottrina e la prassi professionale sono concordi nel ritenere che la valutazione dei beni immobili sia un problema di notevole complessità a motivo degli aspetti che essa coinvolge e per la eterogeneità delle fattispecie in cui tale processo valutativo deve trovare applicazione. Le perizie di valutazione di beni immobili non possono pertanto godere di un grado assoluto di oggettività, poiché sono influenzate da molteplici fattori quali, ad esempio, la finalità della valutazione, il criterio di valutazione applicato nei singoli casi o ancora le caratteristiche intrinseche ed estrinseche dell'immobile oggetto di valutazione.

A tale scopo si ricorre a un processo di valutazione che, partendo da un quesito estimativo, perviene alla determinazione del valore attribuibile a un bene immobiliare attraverso le seguenti fasi (Ferrero, 1996):

- definizione della finalità della valutazione;
- individuazione della metodologia valutativa più appropriata e applicazione dei criteri di stima del valore;
- verifica dei risultati.

L'attività di valutazione è finalizzata alla determinazione del valore economico del bene; esistono tuttavia numerose definizioni di "valore" costruite secondo finalità diverse (valore di libro, valore di rimpiazzo, valore di liquidazione, valore assicurabile, valore ipotecabile, valore cauzionale, valore di investimento, valore di corrente utilizzo, valore di mercato).

La valutazione finalizzata a determinare il valore di mercato prescinde dalle caratteristiche specifiche dell'investitore che acquisirà l'immobile (si parla in tal caso di valore di investimento) quali ad esempio il costo del capitale dell'investitore, la capacità di finanziamento, la liquidità disponibile, le previsioni circa i benefici economici futuri in funzione delle proprie capacità gestionali, ecc. Pertanto, nella prassi, le grandezze economiche utilizzate nella valutazione (redditi e flussi di cassa) non considerano l'imposizione fiscale (tasse) e la struttura finanziaria dell'operazione (oneri finanziari).

Un corretto processo di analisi esige inoltre che il criterio utilizzato corrisponda non solo allo scopo della valutazione, ma anche alla tipologia di bene analizzata pertanto, ai fini della determinazione del valore di mercato dei singoli asset che costituiscono il portafoglio immobiliare sono stati individuati idonei criteri di valutazione in funzione delle strategie di valorizzazione in ottica di *Highest and best Use* dell'immobile, come di seguito rappresentato.





Tabella di sintesi delle unità immobiliari e dei metodi di valutazione adottati

ID	COMUNE	INDIRIZZO	DEST. D'USO PRINCIPALE	METODOLOGIA DI VALUTAZIONE
1	AGRATE BRIANZA	via Paracelso 2/4/6	Direzionale	DCF
2	BOLOGNA	Via Mattei 102	Direzionale	DCF
3	GALLARATE	Via Lario 31	Commerciale	DCF
4	GAZZOLA	Strada il Poggio 1	Logistico	DCF
5	GENOVA	via Fieschi 17	Posti auto	Comparativo
6	ORTONA SC	Località Santa Liberata SNC - GC	Commerciale	DCF
7	ORTONA MSU	Località Santa Liberata SNC - GC	Commerciale	DCF
8	POZZUOLI	Via Campana 233	Commerciale	DCF
9	RAVENNA	Via Pacinotti 20	Commerciale	DCF
10	RIVOLI	Corso Francia 175	Commerciale	DCF
11	ROMA	Via Bianchini 60	Direzionale	DCF
12	ROZZANO	Milanofiori palazzo L e G	Direzionale	DCF
TOTALE				

Metodo Reddittuale/finanziario (Discounted Cash Flow analysis)

Il suddetto criterio è applicato ad Immobili locati o per i quali è ipotizzata una locazione, disponibili e valorizzabili nello stato di fatto e di diritto in cui si trovano senza interventi strutturali significativi né cambi di destinazione d'uso;

Il metodo si basa sul presupposto che nessun acquirente razionale sia disposto a pagare un prezzo per acquisire un bene immobiliare che sia superiore al valore attuale dei benefici economici che il bene stesso sarà in grado di produrre durante la sua vita utile.

Per quanto riguarda, nello specifico, gli immobili oggetto di valutazione, i benefici economici sono rappresentati dai flussi di cassa generati dalla "messa a reddito" dell'immobile e dalla successiva dismissione e pertanto dai canoni di locazione (effettivi e/o potenziali) dell'immobile al netto dei costi di gestione in capo alla proprietà immobiliare e dal Terminal Value dell'immobile.

L'applicazione del metodo finanziario presuppone:

- La determinazione dei flussi di reddito futuri, per un tempo ritenuto congruo, derivanti dalla locazione del bene (ivi compreso il Terminal Value);
- La determinazione dei costi operativi di gestione dell'immobile (assicurazioni, tasse di proprietà, property management, manutenzioni straordinarie, ecc.);
- La determinazione, per differenza, dei Flussi di Cassa Operativi ante imposte;
- L'attualizzazione dei flussi di cassa, alla data di riferimento, ad un opportuno Tasso.





5. Principali Assumption utilizzate nella valutazione

Secondo quanto esposto nel Paragrafo 1, la valutazione in oggetto ha previsto l'individuazione del valore di mercato del portafoglio immobiliare al 31/12/2021.

IMMOBILI VALUTATI CON IL METODO REDDITUALE FINANZIARIO

Si riportano di seguito le principali assumption utilizzate nella valutazione.

Indicatori monetari

È stata considerata una componente inflattiva prospettica così distribuita:

- anno 1: 1,5 % (inflazione prospettica - Fonte: *Banca d'Italia*)
- anno 2: 1,6 % (inflazione prospettica - Fonte: *Banca d'Italia*)
- anno 3: 2,0 % (obiettivo della politica monetaria di lungo periodo Fonte: BCE)

Impatto Fiscale

Al fine della determinazione del valore di mercato, come da prassi, nella costruzione dei flussi di cassa e dei tassi di attualizzazione non si è tenuto conto dell'imposizione fiscale, né della struttura di finanziamento dell'operazione. I flussi sono pertanto rappresentati al lordo delle imposte e degli oneri finanziari.

Superfici commerciali

Sono state utilizzate le consistenze edilizie lorde fornite dal Committente. A partire da queste le superfici commerciali sono state calcolate attraverso percentuali di ponderazione comunemente applicate nella prassi valutativa.

Ricavi

L'importo e la durata dei canoni di locazione fanno riferimento alle condizioni pattuite nei contratti di locazione forniti dal Committente, aggiornati alla data di valutazione. Nel caso di immobili locati mediante indennità di occupazione, chi scrive ne ha tenuto conto al pari di un contratto di locazione e ha stimato una realistica data di liberazione degli spazi da parte dell'attuale conduttore. Alla scadenza dei contratti si è ipotizzato di rilocare le porzioni ad un canone di mercato dopo un fisiologico periodo di sfritto.

Per le eventuali ulteriori porzioni libere chi scrive ha ipotizzato un fisiologico periodo di vacancy prima che le stesse venganolocate a canone di mercato.

Per la stima del Terminal Value si è ipotizzata la dismissione dell'immobile al raggiungimento dello step contrattuale "a regime" del canone di locazione.





Per le porzioni locate al fine di tenere conto della situazione di incertezza rilevante riscontrata alla data di valutazione, tenute in considerazione le informazioni fornite dalla Proprietà ed le analisi puntuali svolte sui conduttori (esaminando la regolarità di pagamento del tenant; la solidità del tenant rispetto al settore nel quale opera; la vulnerabilità del settore del conduttore rispetto al fenomeno COVID; lo standing del tenant e la sua dimensione) è stata ipotizzata per un periodo di 21 mesi una quota di inesigibilità aggiunta rispetto ai valori tipicamente adottati da prassi.

Per i contratti di locazione in scadenza nei 18 mesi successivi alla data di valutazione ovvero per gli spazi vacant per i quali è stata prevista la sottoscrizione di un nuovo contratto di locazione, chi scrive ha ipotizzato che venga negoziato un canone di locazione scontato rispetto alle evidenze di mercato raccolte.

Costi gestionali in capo alla proprietà

Property, inesigibilità, vacancy, manutenzione straordinaria, imposta di registro, fee commerciale: sono stati stimati in misura percentuale sui ricavi lordi di locazione annui e/o sul valore di ricostruzione a nuovo (VRN) secondo parametri comunemente adottati nella prassi valutativa.

I.M.U/TASI e costi assicurativi: il dato è stato fornito dal Committente e/o stimato.

Tassi utilizzati

Tasso di attualizzazione: trattandosi di una valutazione basata su flussi di cassa *unlevered* e prima dell'imposizione fiscale, è stato utilizzato un tasso rappresentativo del costo del capitale proprio (*Equity*), risultando di fatto irrilevanti, in assenza di benefici fiscali, le scelte di struttura finanziaria (debito) dell'operazione. Si è proceduto pertanto alla stima del suddetto tasso attraverso il metodo del *build-up approach*. In particolare il tasso è stato ottenuto attraverso il seguente algoritmo:

$Ke = \text{Rendimento netto destinazione d'uso} + \text{Premium Risk} + \text{Tasso di inflazione}$

Tasso di capitalizzazione (Cap Rate): $\text{Rendimento lordo destinazione d'uso} + \text{Premium Risk}$

Il premium risk può essere alternativamente un fattore additivo di rischio oppure, nel caso in cui l'immobile in oggetto abbia caratteristiche premianti rispetto alla media degli immobili comparabili, rappresenta una riduzione del rischio specifico. I giudizi espressi non sono in valore assoluto ma in relazione con la media degli immobili comparabili.

Nella costruzione del tasso di attualizzazione la componente di Premium Risk è stata variata per un periodo pari a 12 mesi al fine di tenere conto dell'attuale situazione di incertezza rilevante. La variazione è stata stimata mediante un'analisi combinata di variabili macroeconomiche (PIL, BTP, Indice dei consumi, etc.), variabili immobiliari (Numero di Transazioni Normalizzate, Presenze Turistiche, etc.) e trend storici dei valori immobiliari nelle crisi economiche passate.





L'APPROCCIO VALUTATIVO SPECIFICO AL 31/12/2021

La disponibilità di informazioni rappresenta una condizione necessaria per l'espressione di qualsiasi giudizio di valore. Qualunque informazione, per essere correttamente utilizzata all'interno di un procedimento valutativo, deve possedere le caratteristiche di: attendibilità, aggiornamento, omogeneità e specificità.

Nell'applicazione dei criteri di valutazione reddituale/finanziario e comparativo le informazioni fondamentali di partenza per lo sviluppo di un processo di analisi sono i prezzi/canoni di locazione riscontrabili per transazioni di beni comparabili e, in riferimento alla metodologia reddituale/finanziaria, i cap rate e i tassi di attualizzazione. Tali dati vengono tipicamente raccolti mediante l'ausilio di fonti istituzionali (data provider) e mediante indagini puntuali (field analysis) condotte sul territorio per immobili comparabili al bene in analisi. Soprattutto in relazione alle informazioni fornite dai data provider queste risultano soggette ad una dilazione temporale: in ciascun semestre vengono messi a disposizione i dati raccolti ed elaborati nel semestre precedente, tuttavia la sostanziale impossibilità di portare a termine transazioni da parte degli operatori durante il lock-down nel primo semestre 2020 ha fortemente rarefatto il numero, e di conseguenza le informazioni, relative alle compravendite nel corso del 2020.

La situazione contingente che si è venuta a creare in corrispondenza delle ultime due valutazioni semestrali risulta dunque influenzata da tale processo di raccolta delle informazioni: basare la stima unicamente sui dati raccolti mediante indagini di mercato condurrebbe a restituire una fotografia anacronistica del portafoglio immobiliare e non riflettere gli effetti che le restrizioni imposte dai Governi nazionali e le dinamiche macroeconomiche hanno avuto sui beni immobiliari.

Per tale ragione in sede di valutazione semestrale al 31/12/2021 chi scrive ha fatto ricorso a metodologie basate su un'analisi delle ripercussioni che le crisi economiche passate hanno avuto sul settore immobiliare. Utilizzando come base di partenza le valutazioni al 31/12/2019, si è proceduto ad una raccolta delle informazioni fornite dai data provider relativamente al I semestre 2021 e, laddove applicabile, ad una field analysis puntuale sul territorio. A partire da tali dati che non possono essere rappresentativi di una dinamica di mercato stabile post-COVID ma che rimangono ancora legati a dati di mercato precrisi, è stato svolto applicato un ragionamento ad hoc per ciascuna destinazione d'uso nel tentativo di riflettere in maniera differenziata l'effetto della pandemia globale per ciascuna asset class (si rimanda all'Allegato 2 per un maggiore approfondimento). Tale processo ha portato ad identificare le variazioni immobiliari da applicare per ciascuna delle variabili sensibili identificate. Nello specifico, ferma restando un'analisi puntuale per ciascun immobile, le variabili prese a riferimento come potenzialmente soggette a oscillazioni sono state:





- Variabile suscettibile di modifiche
- Variabile non suscettibile di modifiche

	H1 2022	H2 2022	H1 2023 +
Immobili esistenti			
Canoni di locazione contrattualizzati*			
Inesigibilità di contratti in essere			
Canone di locazione nuovi contratti			
Periodo di vacancy prima di rilocazione			
Tasso di attualizzazione			
Tasso di capitalizzazione			
Immobili in corso di costruzione/ristrutturazione			
Dilazione tempistiche			
Tasso di attualizzazione			
Prezzi di vendita			

** nel caso in cui non vengano fornite specifiche indicazioni da parte della Proprietà circa interlocuzioni già avviate con i conduttori*

Coerentemente con i principali studi di settore analizzati, il lasso temporale che si stima possa essere condizionato dagli effetti della pandemia è stato stimato pari a 12 mesi a partire dal 31/12/2021.



6. Riepilogo dei valori del portafoglio immobiliare

Valore di mercato

ID	COMUNE	INDIRIZZO	Dest. d'uso	Metodologia di valutazione	Sup. ponderata (mq)	VALORE IMMOBILIARE AL	VALORE LICENZE AL
						31.12.2021	31.12.2021
1	AGRATE BRIANZA	Via Parcebo 2/4/6	Direzionale	DCF	11.540	14.130.000	
2	BOLOGNA	Via Mattei 102	Direzionale	DCF	10.712	6.850.000	
3	GALLARATE	Via Lario 31	Commerciale	DCF	4.973	19.160.000	
4	GAZZOLA	Strada Il Poggio 1	Logistico/produttivo	DCF	17.492	8.521.000	
5	GENOVA	Via Fleschi 17	Posti auto	Comparativo	518	941.400	
6	ORTONA SC	Loc. Santa Liberata snc	Commerciale	DCF	4.239	7.530.000	740.000
7	ORTONA MSU	Loc. Santa Liberata snc	Commerciale	DCF	5.688	4.997.000	437.000
8	POZZUOLI	Via Campana 233	Commerciale	DCF	14.261	17.270.000	
9	RAVENNA	Via Pacinotti 20	Commerciale	DCF	5.544	5.950.000	
10	RIVOLI	Corso Francia 175	Commerciale	DCF	8.838	10.510.000	
11	ROMA	Via Bianchini 60	Direzionale	DCF	3.809	9.370.000	
12	ROZZANO	Milano/lori Palazzo L e G	Direzionale	DCF	9.855	20.280.000	
TOTALE					97.469	125.509.400	
TOTALE VALORE DI MERCATO						126.686.400	

Conclusioni

Attraverso il processo di valutazione sopra esposto e nel rispetto delle limitazioni e delle assunzioni enunciate, si è giunti alla determinazione del valore di mercato degli immobili costituenti il portafoglio immobiliare del Fondo Tarvos alla data del 31/12/2021. A parere di chi scrive, dunque, il valore di complessivo degli immobili al 31/12/2021 risulta pari a:

- Euro 125.509.400 per il portafoglio immobiliare detenuto direttamente dal Fondo;
- Euro 126.686.400 per il portafoglio immobiliare comprensivo delle licenze detenute dalla società Euclide.

CON I MIGLIORI SALUTI

Avalon Real Estate S.p.A.

Dott. Luigi Rabuini⁴

⁴ Partner e Amministratore Delegato di Avalon Real Estate S.p.a.





Valutazione della società non quotata Euclide S.r.l.

Sede Legale: Milano, via Giacomo Puccini 3
Iscritta al Registro Imprese di: Milano
C.F. e numero iscrizione: 04735940969
Iscritta al R.E.A. di MI n° 1767881
Capitale Sociale sottoscritto €: 10.000,00 Interamente versato
Partita IVA: 04735940969

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PREMESSA

Oggetto e finalità dell'incarico

Avalon Real Estate Spa, ha ricevuto incarico, da Castello SGR s.p.a. (il "Committente"), di stimare il valore economico della Società EUCLIDE S.r.l. (la "Società"), con sede legale in Milano via Giacomo Puccini 3 nell'ambito della valutazione semestrale del 31.12.2021 del Fondo di investimento immobiliare chiuso Tarvos (il "Fondo").

L'incarico non prevede il processo di revisione e controllo contabile dei dati forniti dalla Società ad Avalon Real Estate Spa.

La data di riferimento della presente valutazione è il 31 dicembre 2021.

Documentazione utilizzata

Per lo svolgimento dell'incarico ci siamo avvalsi della seguente documentazione:

- Situazione Patrimoniale al 31-12-2021 della società Euclide Srl;
- Notizie fornite dai responsabili della Società.

Assunzioni ed avvertenze

I risultati espressi nel capitolo delle conclusioni devono essere interpretati considerando le assunzioni di seguito esposte concordate con il Committente all'atto dell'incarico:

- la valutazione della Società è stata effettuata in ipotesi di continuità aziendale;
- non sono stati considerati eventi futuri straordinari;
- la valutazione della Società è avvenuta sulla base di dati consuntivi forniti dal Committente che non sono stati oggetto di due diligence e di revisione contabile da parte di Avalon Real Estate Spa;
- i dati patrimoniali sono stati ricavati dalla Situazione Patrimoniale di cui al paragrafo precedente;
- non sono state svolte ricerche o ricevute informazioni circa eventi modificativi intervenuti sul Patrimonio Netto aziendale fra la data della situazione patrimoniale utilizzata e la data di riferimento della valutazione;
- non sono state condotte analisi o verifiche sulla sussistenza di passività non registrate o potenziali di qualsiasi natura;
- con la definizione di "valore economico" si intende il valore di riferimento al quale un'azienda può essere liberamente negoziata fra parti aventi il medesimo potere contrattuale e libere da coercizioni contingenti di carattere finanziario o altro;
- il presente parere valutativo non può essere utilizzato per finalità diverse da quelle indicate in

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premessa;

- la presente valutazione si basa sull'assunzione che la proprietà delle quote della EUCLIDE s.r.l. e degli immobili siti in Ortona, località Santa Liberata snc facciano capo allo stesso soggetto;
- affidabilità delle informazioni utilizzate e dei dati consuntivi e prospettici.

È stata esaminata la documentazione indicata in premessa, interpellando un amministratore ed i consulenti amministrativi della Società e non sono emersi elementi di criticità tali da destituire di fondatezza il sistema amministrativo-contabile, nonché l'affidabilità dello stesso a rappresentare in modo corretto i fatti di gestione.

Sulla scorta delle considerazioni anzi svolte riteniamo di potere fare affidamento sui dati contabili consuntivi e prospettici, nei limiti e per le finalità che essi rivestono nell'ambito del presente parere valutativo.

Questa conclusione comunque non deve in alcun modo essere considerata quale giudizio professionale di revisione contabile dei suddetti dati.

1. OGGETTO DELLA VALUTAZIONE

Cenni storici e generali

Il presente parere ha come oggetto la determinazione del valore economico della società EUCLIDE S.r.l. alla data del 31 dicembre 2021.

Dal bilancio di esercizio 2021.5 (bilancio di verifica BDV al 31.12.2021) risultano i seguenti dati di carattere storico e generale:

La Società esercita l'attività di locazione di beni immobili propri;

Soci e modello amministrativo

Il Capitale sociale ad oggi è pari ad Euro 10.000,00 interamente posseduto dal Fondo.

Lo statuto della Società in oggetto prevede un sistema di amministrazione unipersonale.

2. LA SOCIETÀ

2.1 Attività d'impresa

La società EUCLIDE S.r.l. esercita attualmente l'attività di affitto di rami d'azienda collegati alla licenza commerciale.

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3. I METODI DI VALUTAZIONE

3.1 I metodi di valutazione universalmente accettati

È noto che le metodologie per valutare un'azienda sono molteplici, potendosi basare su criteri che tengono conto sia dei flussi finanziari, sia del reddito, sia del patrimonio ovvero su altri criteri, cosiddetti misti, che danno rilevanza a un'opportuna combinazione di carattere patrimoniale - reddituale.

Nell'ambito dei criteri applicabili in regime di continuità nella pratica vengono generalmente utilizzati i seguenti:

3.2 Il metodo patrimoniale

Il metodo patrimoniale consente di giungere alla valutazione del capitale economico della società tramite la ri-espressione a valori correnti dei cespiti e di tutti gli elementi attivi e passivi del patrimonio aziendale. Il valore dell'azienda (W) corrisponde, pertanto, al valore del patrimonio netto rettificato (K) a valori correnti, in base alla seguente formula:

$$W = K$$

Tale metodo, che ha il pregio di consentire una stima del patrimonio aziendale oggettiva e riscontrabile, si caratterizza per la stima analitica a valori correnti di sostituzione:

- analitica, perché effettuata distintamente per ciascun elemento del patrimonio;
- a valori correnti, perché basata sui prezzi di mercato del momento;
- di sostituzione, perché l'ipotesi di base è quella del riacquisto (o della riproduzione) per elementi attivi e della ri-negoziazione per quelli passivi.

Nell'ambito dei metodi di valutazione patrimoniali, si distingue tra metodi patrimoniali semplici e metodi patrimoniali complessi:

nei primi, non sono considerati ai fini della valutazione, i beni immateriali (salvo, eventualmente, valori immateriali per cifre modeste o trascurabili, quali ad esempio disagi su obbligazioni, costi di aumento di capitale, ecc.); nei secondi si considerano, viceversa, anche i beni immateriali.

I valori che si ottengono con questo metodo di valutazione sono rappresentabili dalle seguenti formule:

metodo patrimoniale semplice

$$W = K = P_n + (R_t - I)$$

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metodo patrimoniale complesso

$$W = K = Pn + (Rt - I) + B$$

dove

W	=	valore del capitale economico
Pn	=	patrimonio netto contabile
Rt	=	rettifiche al patrimonio netto contabile
I	=	effetto fiscale delle rettifiche
B	=	valore dei beni immateriali

A proposito della valutazione di K dal punto di vista generale si può osservare quanto segue: in linea di principio nessun tipo di valutazione viene in genere effettuato per i beni di natura finanziaria (cassa, banche, clienti, fornitori, altri crediti e debiti), salvo rettifiche per realizzi o esborsi in misura diversa da quella contabilizzata; questi valori saranno normalmente assunti in base ai dati contabili; la valutazione degli altri beni, con particolare riferimento a quelli materiali, viene basata su dei criteri di realizzo in regime di continuità aziendale, oppure attraverso una stima analitica a valori correnti di sostituzione.

Le spese pluriennali, quali spese di costituzione e impianto o manutenzioni incrementative, è opportuno che siano soppresse ove non cedibili separatamente e considerando che, per le prime, si può ritenere siano comprese nel valore dell'avviamento, per le seconde, se ne sia tenuto conto nella valutazione delle immobilizzazioni cui ineriscono.

Dopo avere concluso tali operazioni, il patrimonio netto è rideterminato in base ai valori sostitutivi di quelli contabili, generando la cosiddetta grandezza del patrimonio netto rettificato.

Resta a questo punto da determinare l'effetto fiscale relativo alle plusvalenze potenziali, se espresse. Considerando che il realizzo di dette plusvalenze è meramente ipotetico, e la probabilità è tanto più ridotta quanto più detti maggiori valori sono relativi a beni difficilmente smobilizzabili, in considerazione della loro natura e funzione all'interno dell'azienda (immobili strumentali e altri beni produttivi), il calcolo del carico fiscale potenziale non dovrà essere effettuato considerando le ordinarie aliquote, ma potrà essere effettuato utilizzando aliquote ridotte che tengano conto:

- della potenzialità del realizzo di dette plusvalenze;
- del fatto che le plusvalenze e le conseguenti imposte sono comunque differite nel tempo.

3.3 Il metodo reddituale

Il metodo reddituale fonda il proprio presupposto sulla capacità dell'azienda di generare un flusso reddituale riproducibile nel futuro.

Il valore del capitale economico (W) viene dunque stimato, sul piano quantitativo, come funzione del reddito atteso (R).

Per ciò che riguarda l'orizzonte temporale di riferimento, entro il quale si stima che l'azienda sia in grado di produrre reddito, è anche possibile ricorrere alla durata indefinita.

In questo caso, il valore dell'azienda (W) equivale al valore attuale di una rendita perpetua di rata costante (R), calcolata al tasso (i), determinato in base alla seguente formula:

$$W = R / i$$

La configurazione del reddito (R) rilevante ai fini dell'applicazione del metodo in questione è quello:

- prospettico, idoneo a riflettere le condizioni di redditività attesa dell'azienda;
- medio, vale a dire quello che l'impresa è stabilmente in grado di produrre,
- normalizzato, depurato cioè dei fattori anomali rispetto all'andamento ordinario, in base a criteri razionali e comunemente accettati dal punto di vista tecnico.

La determinazione del reddito medio prospettico deve partire necessariamente dai redditi prodotti in un passato più o meno prossimo, depurati sia da eventuali componenti straordinari sia da altri componenti non direttamente collegati alla gestione caratteristica, in modo da ottenere una sua normalizzazione. Una volta ottenuta la serie storica dei redditi normalizzati e calcolato un valore medio si dovrà valutare, prospetticamente, se essa sarà mantenuta o subirà aumenti o diminuzioni. Si tratterebbe, in sostanza, di costruire dei conti economici prospettici, in modo da individuare un reddito normalizzato attribuibile agli esercizi futuri.

Secondo parte della dottrina, che ritiene di utilizzare un approccio particolarmente prudente, in considerazione dell'incertezza del risultato cui si può pervenire mediante una siffatta analisi prospettica, è ritenuto opportuno considerare come reddito medio prospettico il valore medio del reddito normalizzato ottenuto in base all'analisi della serie storica, senza quindi effettuare alcuna proiezione sul futuro.

Altri, pur riconoscendo la difficoltà di ottenere risultati incontrovertibili, suggeriscono di utilizzare un metodo empirico, che porti a configurare il reddito prospettico in base ai dati desumibili dalla programmazione aziendale ovvero utilizzando criteri di proiezione che tengano conto anche della realtà aziendale dei periodi più recenti. Così facendo, si potrebbe costruire il reddito medio prospettico prendendo a base, ad esempio, il reddito normalizzato degli ultimi tre esercizi e i redditi normalizzati prospettici dei due esercizi immediatamente futuri.

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Il tasso di attualizzazione (i) utilizzato incorpora il compenso derivante dal semplice trascorrere del tempo (sostanzialmente pari al rendimento riconosciuto ad attività prive di rischio), ed altresì l'adeguata remunerazione del rischio sopportato.

In particolare, il tasso di puro interesse, relativo agli impieghi di capitale a rischio nullo, è determinato sostanzialmente in riferimento a titoli di debito pubblico a scadenza non breve; peraltro, in periodi di inflazione, il medesimo deve essere depurato dall'erosione monetaria creata dalla componente inflazionistica e, pertanto, assunto nella sua configurazione di tasso reale.

La maggiorazione del tasso di puro interesse a titolo di premio per il rischio di impresa è commisurata all'intensità del rischio generale d'impresa gravante sul capitale proprio, la cui stima dipende dalla valutazione dei seguenti fattori:

- condizioni generali: congiuntura economica, inflazione, situazione politico-sociale del paese ecc.
- condizioni settoriali: struttura del mercato di appartenenza, condizioni varie di instabilità del settore, ecc.
- condizioni aziendali: solidità patrimoniale, livello e composizione dell'indebitamento, situazione di liquidità con annesse condizioni di pagamento e di incasso, variabilità dei risultati operativi della gestione, parco clienti, ecc.

La migliore dottrina suggerisce, per il settore dell'industria, di applicare un tasso variabile da un minimo del 8% al 9% in cui i valori dipendono sia dal settore di attività che dalla rischiosità dell'investimento. In altre parole, a settori a basso rischio corrisponderebbe il tasso all'estremo inferiore dell'intervallo, mentre a settori a rischio elevato corrisponde il tasso posizionato all'estremo superiore¹.

Il metodo reddituale, pur trovando un limite nell'aleatorietà delle stime sulle capacità reddituali dell'impresa che non sono altrettanto riscontrabili quanto le verifiche di valore corrente dei cespiti che compongono il patrimonio sociale, è indispensabile ad integrazione e confronto di stime effettuate con altri metodi, che spesso attribuiscono, ingiustificatamente, maggior rilievo al capitale investito piuttosto che alle capacità reddituali future di quel medesimo capitale.

3.4 Il metodo misto patrimoniale reddituale con attualizzazione del sovrareddito

Questo metodo, che attua una sorta di mediazione tra i pregi e i difetti dei criteri patrimoniali e reddituali, consente di considerare, nel processo valutativo, tanto le prospettive di reddito dell'azienda, quanto la sua effettiva consistenza patrimoniale: la stima sarà idonea, pertanto, a riflettere gli elementi

¹ Si fa rinvio a L. Guatri, M. Bini, La valutazione delle aziende, ed. EGEA, Milano, 2011, pag. 169 tabella 7.10

di obiettività e verificabilità propri dell'analisi patrimoniale (valutazione dell'attivo, ivi compresi i beni e i diritti, al netto dei capitali dei terzi investiti in azienda), senza tuttavia trascurare le attese reddituali, concettualmente più rappresentative del valore economico dell'azienda.

Il medesimo prevede, in concreto, la determinazione del valore del patrimonio netto della società, mediante la verifica della consistenza delle attività investite in azienda, al netto delle corrispondenti passività, a cui si aggiunge l'avviamento che rettificcherà in aumento (goodwill) o in diminuzione (badwill), il predetto valore patrimoniale.

L'avviamento rappresenta, in sostanza, la capacità che viene riconosciuta all'azienda di generare redditi futuri in grado di remunerare il capitale investito in misura maggiore (o minore) rispetto al rendimento offerto da investimenti alternativi. L'avviamento secondo questa accezione è dato dalla capitalizzazione a valore attuale del sovrareddito.

Un'azienda ha raggiunto la condizione di sovrareddito quando essa è in grado di produrre stabilmente nel tempo un utile tale da remunerare convenientemente il capitale investito, coprire il salario direzionale lasciando ancora una frazione di utile disponibile. Il salario direzionale deve essere considerato solo se, per i proprietari dell'azienda che vi lavorano stabilmente, non si è già provveduto a spendere direttamente a conto economico un compenso per tale attività. In pratica, si dovrà determinare un salario direzionale sempre nelle imprese individuali e, nelle società, quando non siano stati deliberati compensi agli amministratori, ovvero quando si ritiene che questi, pur deliberati, non coprano adeguatamente l'impegno profuso ma solamente, ad esempio, l'impegno meramente amministrativo. Un buon punto di riferimento potrebbero essere i valori determinati dai contratti collettivi per livelli dirigenziali non elevati, aumentati di tutti gli accessori a carico dell'azienda, in modo da ottenere un costo lordo.

La formula utilizzata per la valutazione è la seguente:

$$W = K + A$$

W = valore del capitale economico dell'azienda;

K = valore patrimoniale (patrimonio netto rettificato come definito al punto 3.1);

A = avviamento, espresso dalla seguente formula:

$$A = a \frac{(R - i K)}{i}$$

dove

i = tasso di remunerazione normale del capitale;

R = reddito medio normalizzato prospettico (determinato come indicato al punto precedente);

a _____

n / i' = fattore di attualizzazione per il calcolo di una rendita della durata di n anni al tasso i' ;

n = numero di anni per i quali viene stimato il sovrareddito;

i' = tasso di attualizzazione.

L'avviamento viene quindi considerato come il valore attuale di una rendita avente per rata il sovrareddito come sopra definito. Si fa cioè l'ipotesi che il sovrareddito rappresenti la rata annuale posticipata di una rendita periodica limitata e della durata di n anni, da costituire al tasso di attualizzazione i' .

L'attribuzione di un corretto valore al tasso di attualizzazione i' rappresenta probabilmente il momento centrale del problema in esame. I criteri cui ispirarsi per operare la scelta possono essere molteplici:

- alcuni autori suggeriscono di considerare i tassi relativi a finanziamenti nel periodo medio - lungo, eventualmente maggiorati opportunamente per considerare i rischi di impresa;
- altri suggeriscono di considerare i tassi di rendimento dei titoli pubblici;
- ancora non è infrequente l'uso del tasso di sconto in vigore al momento della valutazione o, ancora, il prime/rate ABI ("ABI" - "Associazione Bancaria Italiana").

In sintesi quindi i ragionamenti più convincenti per operare la scelta sono:

"il tasso i' va inteso come puro compenso finanziario per il trascorrere del tempo. È dunque un mezzo per trasferire i valori dal tempo t_n al tempo t_0 : come tale è indipendente da problemi di rischio specifico dell'impresa e si collega a parametri finanziari <<senza rischio>> (ad esempio, al tasso di rendimento dei titoli dello Stato per corrispondenti durate); è dunque un tasso particolarmente contenuto;

il tasso i' , rispetto alla precedente soluzione, va almeno aumentato della componente <<maggiorazione per l'investimento azionario>>².

Di conseguenza, avendo creato un ipotetico intervallo di tassi minimi e massimi in base ai criteri di cui ai due punti precedenti, dal punto di vista operativo si può affermare quanto segue:

la scelta del valore massimo di i' , conseguente al criterio di cui al punto 2, sta a significare che l'investimento nell'azienda oggetto di valutazione è reputato a rischio relativamente elevato; infatti il significato finanziario dell'operazione può essere così sintetizzato: il valore attuale della rendita è tanto più basso quanto più alto è il valore del tasso di attualizzazione; questo, in termini aziendalistici, vuole dire che, tanto più elevato è il rischio di impresa (tanto più elevato deve essere il tasso di attualizzazione)

² Si rinvia a L. Guatri, M. Bini, La valutazione delle aziende, ed. EGEA, Milano, 2011, pag. 338 paragrafo "Il modello misto con stima autonoma del Goodwill"

tanto più basso è il valore dell'avviamento (tanto più basso è il valore attuale della rendita); a considerazioni progressivamente opposte si perviene se si giudica l'investimento sempre meno caratterizzato da elevato rischio d'impresa.

Per temperare i possibili scompensi che l'adozione dell'una o dell'altra soluzione potrebbero generare, la scelta di un valore intermedio tra quelli determinati in base alle due soluzioni che precedono può sembrare particolarmente soddisfacente.

Un metodo che attua una mediazione tra i criteri patrimoniali e reddituali che consente nel processo valutativo di considerare tanto le prospettive di reddito dell'azienda quanto la sua effettiva consistenza patrimoniale consiste nella media aritmetica del capitale netto rettificato (K) e del valore di rendimento (i) del reddito atteso (R), la formula utilizzata è la seguente:

$$W = (K + R / i) / 2$$

3.5 I metodi finanziari

I metodi finanziari, di matrice tipicamente anglosassone, si basano sull'attualizzazione del valore dei flussi monetari attesi della gestione aziendale. Tali metodi riposano sull'assunto che il valore di un'azienda sia strettamente correlato alla sua capacità di generare flussi di liquidità.

Secondo tale impostazione l'azienda viene vista come una entità propria che dispone di capitali provenienti da finanziatori esterni. I finanziatori sono accomunati dal desiderio di una remunerazione sui valori investiti che soddisfi il profilo di rischio che hanno stimato essere correlato all'attività dell'impresa e al tipo di investimento realizzato. I finanziatori sono quindi interessati ai flussi finanziari che la gestione rende disponibile.

La teoria aziendalistica ha elaborato due diverse impostazioni teoriche per la determinazione del "valore economico" di una entità complessa come l'azienda:

- "levered analysis" che prevede la stima dei flussi di cassa disponibili per gli azionisti (al netto della remunerazione per i capitali di terzi) e la successiva attualizzazione mediante un tasso che rappresenti l'equa remunerazione per un investimento in capitale di rischio;
- "unlevered analysis" che prevede la stima dei flussi di cassa disponibili per tutti gli investitori aziendali (soci e creditori) e la loro successiva attualizzazione ad un tasso definito "costo medio ponderato del capitale"³ che è costruito come media ponderata dei tassi sui debiti finanziari e del

³ Il costo medio ponderato del capitale, o WACC (Weighted Average Cost of Capital), è inteso come il costo che l'azienda deve

tasso che rappresenta la remunerazione del capitale proprio (in tal caso è necessaria la stima di un numero inferiore di variabili). Per determinare il valore economico del capitale di rischio è necessario sottrarre dal valore globale l'importo complessivo dei finanziamenti "onerati" aziendali

($W = \text{Valore azienda} - \text{Valore della posizione finanziaria netta}$).

L'applicazione del metodo finanziario prevede la determinazione di un valore complessivo d'azienda dato dalla somma dei valori attuali dei flussi di cassa operativi (unlevered) o netti (levered), generati dalla gestione nel periodo prospettico successivo alla data di valutazione, e di un valore finale dell'azienda che dovrebbe rappresentare il possibile incasso, attualizzato ad oggi, realizzabile cedendo l'azienda al termine del periodo prospettico considerato.

sostenere per raccogliere risorse finanziarie presso soci e terzi finanziatori. Si tratta di una media ponderata tra il costo del capitale proprio ed il costo del debito, con "pesi" rappresentati dai mezzi propri e dai debiti finanziari complessivi.

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3.6 Moltiplicatore dell'EBITDA/EBIT

Una metodologia largamente utilizzata nella prassi valutativa per esprimere un valore in caso di cessione risulta essere quello del "moltiplicatore dell'EBITDA/EBIT".

In particolare, il criterio empirico denominato "moltiplicatore dell'EBITDA/EBIT", secondo cui il valore di un'azienda è funzione del flusso che essa è in grado di generare in chiave prospettica.

Nella fattispecie l'applicazione di tale metodologia ha comportato l'utilizzo della seguente formula:

$$W = (\text{EBITDA} \times c) - D$$

dove:

W = valore del capitale economico dell'azienda oggetto di valutazione;

EBITDA = flusso di EBITDA prospettico medio producibile;

c = moltiplicatore, estrapolato dalla media delle transazioni effettuate sul mercato mondiale nel settore di appartenenza delle società oggetto di valutazione (prezzi fatti sul mercato);

D = posizione finanziaria netta.

4. LA VALUTAZIONE DEL VALORE ECONOMICO DELLA SOCIETA'

4.1 Il criterio di valutazione adottato

Sulla base delle indicazioni metodologiche sopra esposte, ricavate dalla più autorevole dottrina e considerando le caratteristiche della società oggetto della presente perizia, dato il peso degli elementi patrimoniali e la possibilità di tenere in considerazione anche l'aspetto reddituale, si è ritenuto opportuno fare uso del "Metodo Patrimoniale semplice".

Riteniamo tale metodo particolarmente adatto alla fattispecie aziendale in esame, trattandosi di un Spv che ha come unico scopo la gestione commerciale di licenze direttamente collegate all'immobile "Ortona Shopping Center" e "Ortona MSU medie strutture di vendita". L'attività svolta è quindi molto semplice e la patrimonialità della Società è in larga parte ascrivibile al valore espresso dalla titolarità delle licenze.

4.2 La determinazione del patrimonio netto rettificato (K)

La Situazione Patrimoniale al 31/12/2021 fornita dalla Società è quella sotto rappresentata in sintesi (voci in Euro):

ATTIVO		483.453
Immobilizzazioni immateriali (avviamento)		12.700
Immobilizzazioni materiali		460
Crediti		306.570
Disponibilità liquide		142.312
Ratei e risconti attivi		21.411
PASSIVO		483.453
Patrimonio netto		189.286
<i>di cui Utile (perdita) dell'esercizio</i>		<i>61.863</i>
Debiti		293.850
Ratei e risconti passivi		317

Facendo riferimento alle assunzioni e alle informazioni esposte in premessa (sottolineando che il presente incarico non comprende la revisione contabile), non vi sono i presupposti per la rilevazione di eventuali rettifiche alle voci dell'attivo e del passivo suscettibili di generare modifiche al valore del Patrimonio Netto contabile, fatto salvo l'avviamento.

La voce "avviamento" è compresa nelle Immobilizzazioni Immateriali per un importo di 12.700 euro. L'avviamento iscritto deve essere rappresentativo del valore delle licenze commerciali alla data di valutazione. Tale valore deve essere pertanto oggetto di determinazione autonoma mirata a determinarne il suo Valore Attuale Netto attraverso l'attualizzazione dei futuri flussi di cassa netti generati dalle licenze.

Il valore dell'avviamento è stato pertanto valutato tramite DCF in sede di valutazione del Fondo al 31.12.2021 (si rimanda alla sezione 6. "Riepilogo dei valori del portafoglio immobiliare"). Da tale valutazione emerge un valore pari ad euro 1.177.000 (740.000,00 € per Ortona SC e 437.000,00 € per Ortona MSU); l'importo è stato determinato tramite metodologia finanziaria considerando i canoni di locazione in essere nell'immobile.

Richiamando a questo punto la formula del metodo patrimoniale semplice esposta nel paragrafo 3.2:

+

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$$W = K = Pn + (Rt - I)$$

Abbiamo che il patrimonio netto rettificato (K) è quindi quello derivante dal patrimonio netto contabile (ricavato dalla sommatoria delle relative voci indicate nella situazione patrimoniale allegata integrate dal versamento in conto capitale) rettificato dalla rivalutazione del valore della licenza al netto del relativo effetto fiscale. Il calcolo è rappresentato nelle tabelle che seguono:

Calcolo della rivalutazione dell'avviamento (Rt)	€
Valore mkt licenza -	1.177.000
Valore netto di carico (contabile)	12.700
Rivalutazione lorda licenza	1.164.300

Pertanto si ha:

Determinazione del capitale economico (W) = (K)	€
Patrimonio netto contabile (Pn)	189.286
Rivalutazione lorda della licenza (Rt)	1.164.300
Effetto fiscale (I) (27,9%)	324.840
Rivalutazione netta	839.460
Capitale economico	1.028.746

CONCLUSIONI

5.1 La valutazione

Avalon Real Estate S.p.A., in persona del legale rappresentante e amministratore delegato Luigi Rabuini, in esecuzione del mandato conferitogli, afferma che la valutazione del valore economico della Società EUCLIDE S.r.l., è stato eseguito con imparzialità, con riferimento alla data del 31 dicembre 2021.

In seguito ai calcoli esposti nel paragrafo precedente, coi dovuti arrotondamenti, si attesta, quindi, che il valore economico della società Società EUCLIDE S.r.l. alla data del 31 dicembre 2021, ammonta (a valori arrotondati), ad Euro 1.029.000

Milano, 22 gennaio 2022

AVALON REAL ESTATE SPA

Dott. Luigi Rabuini⁴



⁴ Partner e Amministratore Delegato di Avalon Real Estate S.p.a.

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Independent auditor's report

in accordance with articles 14 and 19 bis of Legislative Decree No. 39 of 27 January 2010 and article 9 of Legislative Decree No. 58 of 24 February 1998

To the investor in Fondo di investimento alternativo immobiliare di tipo chiuso riservato "Tarvos"

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fondo di investimento alternativo immobiliare di tipo chiuso riservato "Tarvos", an Italian real estate investment fund (the "Fund"), which comprise the statement of financial position as of 31 December 2021, the statement of comprehensive income for the year then ended and related notes.

In our opinion, the financial statements give a true and fair view of the Fund's financial position as of 31 December 2021 and of its financial performance for the year then ended in accordance with the Regulation issued by Banca d'Italia on 19 January 2015 (hereinafter also the "Regulation") that governs the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report. We are independent of the Fund and of Castello SGR SpA, the Fund's manager, pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to paragraph "Covid-19 emergency - Analysis of impact on funds managed by Castello SGR" within the Directors' Report, which states that the Fund's independent expert, in its appraisal of the Fund's properties as of 31 December 2021, highlighted the effects of the Coronavirus pandemic as an uncertainty in the estimation process. In the same paragraph the Directors state that they adopted measures to verify the reasonableness of the values calculated by the expert.

Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers SpA

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Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors of the Fund's manager are responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with the Regulation governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors of the Fund's manager are responsible for assessing the Fund's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors of the Fund's manager is responsible for overseeing, in the terms prescribed by law, the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Fund or of the Fund's manager;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

- required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance of the Funds' manager, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Castello SGR SpA are responsible for preparing a report on operations of the Fund "Tarvos" as of 31 December 2021, including its consistency with the financial statements and its compliance with the Regulation.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Fund "Tarvos" as of 31 December 2021 and on its compliance with the Regulation, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of the Fund "Tarvos" as of 31 December 2021 and is prepared in compliance with the Regulation.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have nothing to report.

Milan, 3 February 2022

PricewaterhouseCoopers SpA

Signed by

Lia Lucilla Turri
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers