



## Beni Stabili Siq: 3-Month 2018 Rents Acceleration of Development Pipeline

Milan: 12 April, 2018

### Acceleration of Development Pipeline

“The Sign” - Milan

Pre-let to AON of Building A

€ 2.6 million annual rents - 9,500 sqm (98% pre-let)

Commitment of Building B - C ~16,800 sqm GLA

*Development pipeline committed increased to €384m (vs €317m Dec 2017)*

### Good operating performance supported by Milan's portfolio

2.2% L-f-L rental growth in Milan non-TI offices

96.3% financial occupancy<sup>1</sup>

95.3% offices non-TI<sup>1</sup>

### Reinforcement of financial profile

New €300m 10 yrs 2.375%  
senior unsecured rated Bond  
*Issued in February 2018*

Redemption of €250 million Bond 3.50% due 2019  
*Exercise of early redemption option in March 2018*

<sup>1</sup> Group share data

## OPERATING HIGHLIGHTS FOR 3-MONTH 2018 ACTIVITY

### Successful rental activity and significant pre-letting

- **5 new contracts** for **€0.5 million** annualized rents (1,700 sqm); **6 renewals** for **€1.2 million** annualized rents (5,200 sqm); **2 pre-lettings<sup>2</sup>** for **€2.8 million** annualized rents;
- **Occupancy rate is 96.3% group share** on total portfolio and 95.3% on office non-TI (+0.2 points on Dec 2017);
- Weighted **average maturity of lease agreements** to first break-option of **6.8 years in group share**;
- **Committed development pipeline increased at €384m, 59% pre-let** (approx. **€14 million** annualized rents);
- **Full commitment of “The Sign” project in Milan.**

### Tenant diversification through the disposal of 9% of Central SICAF

- **Disposal of a 9% stake in the SICAF (Central SICAF)** completed in 1Q 2018, with 6.4% gross exit yield equivalent to approx. **€140 million of assets sale.**

### Dynamic financial activity for a stronger debt profile

- Redemption of €350 million 4.125% senior unsecured bond due 22 January 2018;
- Successful issue of a new €300 million unsecured rated bond with 10 years maturity and 2.375% coupon (133bps margin above swap rate) in February 2018;
- Exercise of early redemption option of €250 million 3.50% bond due 2019, duly repaid in March 2018.

\* \* \* \* \*

### 3M2018 Rental Income: €52.0 million<sup>3</sup>

The **gross rental income** amounts to €52.0 million in 1Q 2018 (vs €50.9 million in 1Q 2017). This change is primarily due to the following main events:

- ↑ **+€2.1 million** increase due to acquisition of properties, mainly the Creval portfolio;
- ↓ **-€2.1 million** reduction due to 2017 assets sold or under preliminary agreements;
- ↑ **+€0.7 million** net impact from rental activities, where the positive impact of new leases from development assets delivered and new contracts on the stabilized portfolio has more than compensated the negative impact from few specific releases, renegotiations or lease extension of non-core assets;
- ↑ **+€0.4 million** from indexation.

On the **like-for-like basis**, the gross accounting rents on **total portfolio** increase by **+0.6%<sup>4</sup>** (**+1.8% LfL on Office Non-TI and +2.2% LfL considering Milan Non-TI Offices only**).

2 Included Head of Terms with AON (€2.6m top up Rent ~ 9,500sqm on Schievano The Sign – Building A).

3 Group share: €42.2 million as at 31/03/2018. GS rents include the impact of minority related to the disposal of TI SICAF stake (-€9.9m).

4 The like-for-like rental growth is calculated on the stabilized portfolio as the growth rate coming from i) the effect of indexation to inflation; ii) the effect of an increase or reduction in the vacancy rate of the stabilized portfolio and iii) the effect of renegotiating expiring rents or of new rents. The stabilized portfolio is the portfolio adjusted by sales, acquisitions and development.



€ m	Group share			100%	
	3M 2018	Change (%) Like-for-Like	Occupancy rate	3M 2017	3M 2018
Office TI	14.8	+1.1%	100.0%	24.6	24.6
Office Non - TI	23.2	+1.8%	95.3%	21.5	23.2
<b>Total Office</b>	<b>38.0</b>	<b>+1.5%</b>	<b>96.9%</b>	<b>46.1</b>	<b>47.8</b>
Retail & Others	4.0	(7.0%)	91.7%	4.8	4.0
Development	0.2	+0.0%	n.a	0.0	0.2
<b>Total portfolio</b>	<b>42.2</b>	<b>+0.6%</b>	<b>96.3%</b>	<b>50.9</b>	<b>52.0</b>

The **financial occupancy rate** on group share portfolio (excluding Development) moved to **96.3%** (from 96.6% at December 31, 2017). The occupancy rate of Non-TI office portfolio stands at **95.3%** compared to 95.1% at the end of 2017, 91.0% at the end of 2016 and 87.5% at the end of 2015.

The **average maturity** of lease agreements considering break options moved to **6.8 years group share**.

## ACCELERATION OF DEVELOPMENT PIPELINE IN MILAN

Following the communicated strategic targets revised upwards for 2022, Beni Stabili is focusing on the development of its Milan projects to improve its operating performance, increase tenant diversification and focus on high-quality Milan offices.

### “The Sign” in Milan: first building pre-let to AON and commitment of the whole project with two additional buildings

During the first quarter of 2018, Beni Stabili has successfully **pre-let almost the entire building A of The Sign** (98% for 9,500 sqm) **to AON**, the leading global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing services. The lease agreement provides for an annualized rent of €2.6 million (€285/sqm) with a firm maturity of 12 years (+6 years at the option of the tenant). AON has also been granted with the option to lease an additional 1,500 sqm in the other assets to be built in the same The Sign project.

**The Sign, building A**, added to the development pipeline in Fall 2017, is the new landmark **development project** in Milan, which envisages the construction of a **9,700 sqm (GLA) office building for a total cost<sup>5</sup> of around €38 million**, first step of a bigger redevelopment of a strategically positioned area of 17,000 sqm that will allow the development approx. **26,500 sqm (GLA)** of innovative offices distributed in three buildings surrounding a green plaza.

<sup>5</sup> Total cost includes the cost of land plus all capitalized capex and other capitalized costs.



Following the successful pre-let to AON, also the additional portion of the project, **Buildings B and C, have been committed** (GLA of **16,800 sqm** and total cost<sup>5</sup> of approx. **€67 million**). The **target yield on cost is above 7%**.

The assets, which are located in **Milan, Via Schievano**, south west of the city center, target the highest green certification and will cover their energy needs using both self-produced energy and external sources, 100% green certified. The start of the works is expected in the second quarter of 2018, together with urbanization works in the neighboring areas.

Beni Stabili can today leverage on a **€779 million** development pipeline, of which 90% in Milan, encompassing **€384 million of committed projects** (vs €317 million as at 31/12/2017), as well as circa **€395 million** managed projects in Milan. **€100.3 million capex<sup>6</sup> are going to be spent on committed projects.**

**The committed development pipeline is 59% pre-let, includes 7 projects** mainly in Milan and targets a **6.4% yield.**

Beni Stabili targets to increase its committed pipeline up to **€400 million by 2018/2019.**

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*As previously announced, Beni Stabili, in light of recent legislative changes in Italy, will no longer publish its third quarter interim management report. The Company will publish rental revenues for the three-month periods ended March 31, along with the continued publication of full year results for the twelve-month periods ended December 31 and half year results for the six-month periods ended June 30.*

*"The director responsible for preparing corporate accounting documents, Barbara Pivetta declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance that the accounting information contained in this statement corresponds to the documented results, books and accounting records."*

## PRESENTATION OF 1Q 2018 RESULTS

Alexei Dal Pastro (General Manager) and Barbara Pivetta (CFO)

will hold a conference call for investors and analysts

**Thursday 12 April 2018 at 6.00 pm (CET)**

Slide presentation will be available in advance on Beni Stabili website.

**To participate please dial in the following numbers:**

**Italia: +39 02 8020911; UK: +44 121 2818004; USA: +1 718 7058796; toll-free number +1 855 2656958**

<sup>6</sup> Includes construction costs, technical costs, urbanization fees, capitalised financial costs, home technical costs and various fees.



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**For more information:**

**Beni Stabili Siiq**

Investor Relations – Barbara Pivetta - +39.02.3666.4630 – [barbara.pivetta@benistabili.it](mailto:barbara.pivetta@benistabili.it)

Media Contact - Barbara Ciocca - + 39.02.3666.4695 - [barbara.ciocca@benistabili.it](mailto:barbara.ciocca@benistabili.it)

**SEC and partners Srl**

Matteo Steinbach - +39.346.1063989 – [steinbach@segrp.com](mailto:steinbach@segrp.com)

Michele Calcaterra - + 39. 335.461985 – [calcaterra@segrp.com](mailto:calcaterra@segrp.com)

**Beni Stabili Siiq, a leading property company in the Italian real estate sector**

*Beni Stabili is the leading property player in the Italian real estate market with total assets of over 4bn euro. Our assets portfolio is sited in key locations of North and Central Italy's major cities and consist mainly of offices. We pursue the appreciation of our assets to increase profitability and create value for our clients, partners and shareholders.*

*As a major player in office investment and development, we foster pioneering solutions to improve the environmental performance of our buildings for the well-being of our clients' employees. With this in mind we are developing in Milan a new business area dedicated to smart working: Symbiosis.*

*Beni Stabili is listed on the Milan and Paris Stock Exchanges and operates through its main offices of Milan and Rome. Beni Stabili belongs to the Foncière des Régions group, a leading real estate player in Europe who owns and manage an 21bn euro portfolio located in the most attractive metropolitan cities of France, Germany and Italy.*

