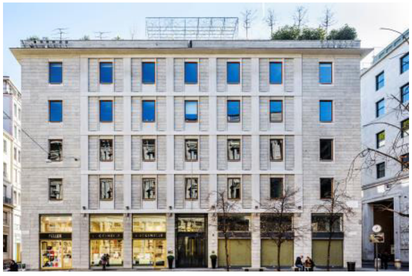
Beni Stabili Siiq




Beni Stabili: 2018 first half results

Approval of the merger plan with Covivio

Milan: July 18th, 2018

New European Group, more focused and reactive

Proposed Merger with FDR (who will change its name in Covivio) – EGM on Sep. 5th

8.5 ordinary shares of Covivio for every 1,000 ordinary shares of Beni Stabili

New European Group with ca. €23bn real estate, listed in Paris and Milan

Intensified flexibility, client centric approach, best practices among countries&products and profitability

Strong Improvement in Strategic Positioning

Increasing exposure to Milan (68%)[1]
€106m acquisitions in Milan

Agreement with TI to buy back €158m of assets
Exposure to TI reduced to ~20%

Acceleration on Development pipeline in Milan
New pre-let on Symbiosis for over 9,000sqm
Pre-let on The Sign for 9,500sqm

67% Green portfolio[1]

Operating Performance Keeps Improving

+2.0% L-f-L rental growth in Milan non-TI offices

Over 45,000 sqm of letting activity

96.5% financial occupancy[2]
95.5% offices non-TI

+1.4%[3]like-for-like value growth in Milan Non TI offices

Solid Financial Results

€46.1m Epra Earnings[4]:

46.4% LTV (group share)
1.8% cost of debt (-36bps)

€0.822/share EPRA NAV (€0.809/share NNNAV)

Guidance confirmed

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1 Group Share, Including effect of Telecom Italia buy back
2 Calculated including the positive effect of contracts signed but with effect after June 30th.
3 Offices in Milan, excluding Telecom Italia and Development assets
4 Epra Earnings: Earnings from operational activities. It is a performance indicator calculated by adjusting the IAS/IFRS net income of some non- operational components. Typically: i) the contribution margin sales (capital gains and related costs); ii) financial costs arising from the early repayment of loans and financial instruments; iii) items for valuation on real estate and financial instruments and iV) costs linked to share deal and joint venture acquisition, including the effects related to deferred taxation

FINANCIAL HIGHLIGHTS FOR 1H2018

- Gross rental income: **€104.5 million** (compared to €101.9 million in 1H2017), increase of +**2.0% on a *like-for-like*** [5] **basis** in Milan offices portfolio[6]. Rental income is €82.6 million on a group share basis
- EPRA Earnings [7]: **€46.1 million** (€0.020/share) compared to €50.0 million (€0.022/share) in 1H2017, despite ca. €15 million minority interests related to the disposal of 49% of Central Sicaf stake, allowing for material deleverage of the Group
- Real Estate Portfolio (market value): **€4,390 million** on a consolidated basis (compared to €4,233million at the end of December 2017) and **€3,631million** in group share. **+0.7% on a *like-for-like* basis in group share and +1.4%** for Milan offices portfolio[6]
- EPRA NAV per share: **€0.822** (compared with €0.837 at the end of December 2017)
- EPRA NNNAV per share: **€0.809** (compared with €0.825 at the end of December 2017)
- Net Financial Position: **-€1,788 million** on a group share basis (compared to -€1,731 million at the end of December 2017) and **-€2,154 million** on a consolidated basis
- Loan to value (LTV)[8]: **substantially stable at 46.4% on a group share basis**, (45.6% on a consolidated basis) compared to 46.1% at the end of December 2017 (46.2% consolidated) and 51.6% at December 2016 (prior to the disposal of 49% of Central Sicaf).
- Average cost of debt and debt maturity: **significantly decreased to 1.79%** at group share (compared to 2.15% at the end of December 2017) with debt **maturity increased to 6.6 years**[9] **on a group share and consolidated basis** (vs. 5.71 years at the end of December 2017 on Group share basis; 5.86 years on consolidated basis)

OPERATING HIGHLIGHTS FOR 1H2018: pursuit on the positive dynamic

Remarkable letting activity and strong acceleration of the development pipeline in Milan

Overall, during the first half Beni Stabili closed 14 new contracts for 11,372 sqm and **€7.5 million** annualized rents, **12 renewals** for 12,227 sqm and **€2.3 million** annualized rents and **5 pre-lettings** for 22,235 sqm and **€4.7** millions of annualized rents.

The occupancy rate is 96.5% group share on total portfolio and **95.5**% (+**0.2** points on 31/12/2017) on offices non-TI, and the **weighted average maturity of lease agreements to first break-option is 6.6 years** at group share.

In particular:

- Galleria del Corso 4: new lease agreement with Gruppo Percassi

  On July 2nd, Beni Stabili has successfully signed a **new lease agreement** [10] **for 5,000 sqm** (representing 98% of the building) with Hexagon, who will buy-out the main tenant COIN Excelsior.

5 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.

6 Offices in Milan, excluding Telecom Italia and Development assets.

7 Epra Earnings: Earnings from operational activities. It is a performance indicator calculated by adjusting the IAS/IFRS net income of some non- operational components. Typically: i) the contribution margin sales (capital gains and related costs); ii) financial costs arising from the early repayment of loans and financial instruments; iii) items for valuation on real estate and financial instruments and iV) costs linked to share deal and joint venture acquisition, including the effects related to deferred taxation

8 LTV is calculated by considering the hypothetical value of the assets transfer taxes (currently 4% on SIIQ and 2% on SICAF) and the current preliminary sales contracts.

9 Based on long- term debt outstanding debt and including revolving credit facilities even if undrawn.

10 Subject to certain condition precedent expected to become effective in 3Q2018

Hexagon is fully owned by the Percassi Group and is the vehicle dedicated to the development of Victoria's Secret stores franchised network. The property will host **Victoria's Secret' largest flagship store in Italy**. The lease agreement provides for a top up rent of €5.85 million (€1,200/sqm), ie an increase by ca. 35% vs previous rent, with a firm maturity of 14 years, starting on 1st February 2019. The asset will be completely refurbished with capex expected to around €16.5 million.

- "Symbiosis": a new step in the development of the area with the preletting of 9,400 sqm to Ludum Srl

In July 2018, Beni Stabili has successfully **pre-let the second building of Symbiosis** (97% with ca. 9,400 sqm of GLA) to a private school operator, **Ludum Srl** (with its brand name ICS International School), part of the NACE Schools group one of the six largest groups of private international schools in the world controlled by Providence. The lease agreement provides for an annualized rent of €1.6 million (225 €/sqm) with a firm maturity of 13 years and six months (+6 years at the option of the tenant). Considering that school's areas are not relevant in terms of SLP consumption of the project, the area let to Ludum Srl will be an extra development right accretive for the overall project thus reaching higher returns than the targets on the whole Symbiosis, despite the lower rent with respect to the office component.

The new committed building will have a total cost[11] of €20.6 million and around 8.1% target yield. The project envisages also the construction of sport facilities serving the whole Symbiosis area.

Symbiosis has already another building (building A+B) committed, for around 20,500 sqm, total cost of €94 million and a target yield in excess of 7%. The asset is already pre-let at 86% and the main tenant is **Fastweb**, the largest alternative fixed-line TLC provider in Italy part of the Swisscom Group, covering **16,000 sqm** of office areas (and 266 covered parkings). Works on the pre-let building started in summer 2016 and are well-advanced for a planned completion in July 2018 with delivery to the tenant in October 2018.

Symbiosis is an innovative business district development project in the Southern area of Milan of around 125,000sqm and around €520 million total cost overall (including building A+B and the school, which are the only portions committed as of today). The project targets the highest grades of energy efficiency and green certifications *(Leed Platinum, "A" Energy Class).*

- "The Sign": first building pre-let to AON

During the first quarter of 2018, Beni Stabili has successfully **pre-let almost the entire building A of The Sign** (96% for 9,500 sqm) **to AON**, the leading global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing services and already tenant of Covivio in Paris. The lease agreement provides for an annualized rent of €2.6 million (€285/sqm) with a maturity of 12 years (+6 years at the option of the tenant, break-option at year 9th). 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. Building A will have a total cost of €38 million and around 7% target yield.

With **building B and C (16,800sqm,** a total cost of €67 million and more than 7% target yield), added to the development pipeline in 1H2018, **The Sign** is the new landmark **development project** in Milan, in 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. The redevelopment targets the highest green certification and will cover their energy needs using both self-produced energy

11 Total cost includes the cost of land plus all capitalized capex and other capitalized costs.

and external sources, 100% green certified. The construction works have started, together with urbanization works in the neighboring areas.

Alongside the Symbiosis and The Sign projects in Milan, the complete refurbishment/repositioning projects in Beni Stabili's development pipeline as at June 2018 are:

- **Milan, Via Principe Amedeo**: this 7,000 sqm historical building, whose acquisition has been finalized during 1Q 2017, is currently under refurbishment, the works are well on track and it will be delivered by March 2019. The project includes the complete renovation of the internal and external spaces, together with the construction of an additional attic floor. During December 2017, Beni Stabili signed a pre-let binding agreement with a primary legal firm, bringing the asset pre-let occupancy to 57%;
- **Turin, Corso Ferrucci**: this 45,600 sqm office building is under complete refurbishment. Works are ongoing and in a well advanced stage. As of June 2018, Beni Stabili signed pre-let contracts for approximately the 44% of the asset areas (3,293sqm for €440k in 1H2018). The delivery of the first block of refurbished areas (100% pre-let), plus all the common areas, has been made during the last twelve months (ca 10,650 sqm). The remaining pre-let portions of the building (ca. 7,140 sqm) are currently works in progress; the works on the remaining other office premises are expected to be deployed in the future according to commercialization.
- Moreover, Beni Stabili will completely refurbish the office portion (4,800 sqm) of the asset located in Milan, via Dante, and works will start after the tenant leaves in 3Q2018.

In addition, during 1H2018, Beni Stabili has successfully delivered to the tenant two projects in Milan:

- **Milan, piazza Monte Titano for 5,800 sqm and €22 million total cost**, 100% pre-let to Meininger with 5% yield on cost;
- **Milan, via Vittoria Colonna for 3,800 sqm and €18 million total cost**, 100% multitenant pre-let with 5.1% yield on cost.

Beni Stabili can today leverage on around **€768 million development pipeline**[12], of which **88**% in Milan, encompassing **€368 million of committed projects** (vs €317 million as at 31/12/2017), as well as circa **€400 million** managed projects in Milan. **€113 million capex**[13] **are going to be spent on committed projects.**

The committed development pipeline is 57% pre-let (equal to €14 million annualized rents), it includes **6 projects** mainly in Milan and targets a **6.5% yield**.

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

Asset Rotation: reinforcement of the strategic positioning in Milan and upgrade of portfolio profile

- **New agreement on Telecom Italia portfolio for the disposal of €158 million**[14] (€81m group share) **of assets reducing exposure to 20%. The agreement,** signed by Central Sicaf, **involves 11 assets strategic to TIM telecommunication network, located in secondary cities, with a gross exit yield of**

[12] Excluding the Milan, via Dante office portion which will be added to the pipeline after the tenant leaves.

[13] Capex include hard and soft costs, capitalized interests, in-home costs and broker's fees

[14] Price gross of rents due since 1 April 2018 until the closing date

6.8%. The agreement also confirmed the 2015 agreement commitment to the targeted co-investment by Telecom Italia and Beni Stabili, partially modifying the involved core properties, in order to modernize the portfolio in line with the strategy to foster "green lease" rental options (capex still to spend € 26.8 million out of the original €37.8 million). In addition, in order to improve the assets liquidity, the agreement provides for the anticipated release of 8 assets with maturity in 2021 (6.6% of SICAF rental income and 2.9% on Beni Stabili Group-total share), after the payment of 1.5 years of rents as indemnity to the landlord, as well as a contribution of €1.6 million in favor of the SICAF for certain works to be made on the same buildings. The closing is expected in 3Q 2018.

In February 2018, Beni Stabili sold, in addition to the 40% stake sold in 2017, an additional **9% of Central SICAF** for approx. €140 million (~6.4% exit yield).

- **Disposal agreements of other non-core assets for ~€27 million with ~2.9% gross exit yield**, of which **€15** million already closed in 1H2018 (*Group share*)[15].
- **Targeted acquisitions for ~€106 million in Milan, 6.2% gross potential yield**. In particular, at the end of June Beni Stabili acquired an asset in Milan, Viale Dell'Innovazione for €78.6 million and a total GLA of around 20,000sqm plus 261 car parking spots. The gross potential rent is ca. €4.9 million (240 €/sqm) and the gross potential yield is 6.3%. The office complex, with an occupancy of 94%, is located in a well-established business district in the north part of the city of Milan. Bicocca Business District is one of the most interesting areas, experiencing the greatest expansion of the city, served by excellent transportation links.

The investment activity performed in 1H2018, in line with Beni Stabili's strategic proposition, has been instrumental to enhance cash flow visibility and **reinforce the Company's profile,** while confirming a proactive capital rotation strategy.

Extended debt maturity and further reduction of cost of debt

On 20 February 2018, Beni Stabili issued €300 million of senior unsecured notes with a maturity of 10 years and a coupon of 2.375%. The Notes have been issued below par (re-offer price 99.063), are listed on the Luxembourg Stock Exchange and are rated BBB- by S&P Global, in line with the Beni Stabili's rating.

Following the above issue, on 16 March 2018, Beni Stabili exercised the early redemption option on the outstanding bond for a nominal value of €250 million due in 2019.

These transactions fall within the diversification strategy of the Beni Stabili's sources of funding. The Company further extended the average maturity of the debt, reducing at the same time, the relating cost. As at 30 June 2018, the average debt maturity is 6.6[16]yrs and the cost of debt is 1.8%, on group share basis.

In early 2018 the Company completed the extension of €240 million of unsecured committed lines from the original 18 months to ~3 years. Thanks to this, the current average maturity of committed lines is 2.4 yrs (0.54 yrs at year-end 2016 and 1.62 yrs at year-end 2017). As of 30/06/2018 €76.5 million of committed lines are drawn. In addition Beni Stabili can count on €85 million of hot money, of which €60 million drawn as of the date.

15 €34 million on consolidated basis, of which €20 million (agreements signed before 2018) already closed in 1H2018.

16 Based on long- term debt outstanding debt and including revolving credit facilities even if undrawn.

Merger with Covivio

In April 2018, Beni Stabili received a proposal from Foncière des Régions (who will change its name in "Covivio"), its majority shareholder at 59.9%[17] regarding a potential merger of Beni Stabili into Covivio, which will provide the listing of Covivio on the Italian market, in addition to the French one. The potential merger would be made based on a share exchange ratio of 8.5 ordinary shares of Covivio for every 1,000 ordinary shares of Beni Stabili (ex-2017 dividend distribution) and would be completed by year end.

The proposed merger represents a significant step towards the simplification of the Group to which Beni Stabili belongs and would increase ties between its different divisions and activities.

On 24th May 2018, Beni Stabili Board of Directors approved the merger and the day after signed a Merger Agreement based on the following rationale:

1. A unique exposure to European real estate, and to its most growing markets:
   a. The combined entity would reach a portfolio[18] of around €23 billion (€15 billion in group share), with respect of current €4.4 billion (€3.6 billion in group share) real estate assets in Beni Stabili;
   b. Covivio group operates already in the main European metropolitan areas (such as Paris and Berlin, besides Milan), and is present in different market segments such as offices hotel and residential;
   c. In addition, the group offers the exposure to over € 5 Bn of development pipeline.

2. A strengthened capital market profile and visibility of the group, through the growth of market capitalisation to over € 7 Bn post-merger from €1.7 Bn of Beni Stabili ([19]), the increase of free float and, more generally, the liquidity of the stock;

3. A stronger credit profile, being Covivio rated BBB, positive outlook by S&P and Beni Stabili BBB- by the same agency, thus benefiting directly from Covivio wider access to financial resources and to capital markets;

4. A group with higher return: on the basis of the proposed merger terms, the contemplated transaction aims at generating overall positive economic impacts (with respect to 2017, dividend per share higher by approximately 16% than Beni Stabili 2017 dividend) ([20]).

Post completion of the contemplated merger, the combined entity would become even more active in Italy through a dedicated branch, with a view to accelerate the implementation of its portfolio rotation and real estate strategy, focusing on prime offices in Milan. The group would remain actively involved in the regeneration and development of new tertiary zones in Milan and in providing premium services to its tenants.

Today, the Board of Directors of Beni Stabili has approved, with unanimity of independent Directors, the plan (the "Merger Plan") governing the merger by incorporation of Beni Stabili into Covivio (the "Merger" or the "Transaction"). The meeting of Covivio directors to approve the same Merger Plan is scheduled to take place tomorrow, 19 July 2018.

The terms and conditions of the Merger reflected in the Merger Plan have been determined for both the merging companies on the basis of their respective financial statements as at 30 June 2018 in compliance with applicable law.

[17] Covivio owned 52.4% of Beni Stabili at 20/04/2018 and after the proposed merger announcement they increased their stake to 59.9%, buying shares on the market a
[18] As at 30/06/2018.
[19] As at the day before announcement (19 April 2018).
[20] Based on 2017 dividends of €4.50 for Covivio shares and €0.033 for Beni Stabili shares.

According to the Merger Plan and as already communicated to the market, the same Merger exchange ratio of 8.5 shares of Covivio in exchange for 1,000 shares of Beni Stabili has been confirmed[21].

The effectiveness of the Merger will be subject to the same conditions precedent already communicated on 24 May 2018. Subject to these conditions being satisfied or (to the extent permitted) waived, the effectiveness of the Merger from a legal, tax and accounting standpoint will be postponed until 11:59 pm on 31 December 2018.

The Merger Plan will be submitted for approval to the Beni Stabili shareholders at an extraordinary general meeting on 5 September 2018, in single call, at 11:00 am. A withdrawal right[22] is foreseen and the related settlement will be conditional upon the occurrence of certain conditions precedent as illustrated in the Merger Plan. The Board has also acknowledged the calculation of the withdrawal price in accordance with applicable law equal to euro 0.7281 per share. Further information and details on the terms and conditions to exercise the shareholders' withdrawal right, including the withdrawal price calculated in accordance with the Italian laws, will be included in the notices and the documentation that the Company will disseminate and publish in accordance with the applicable laws and regulations.

Covivio extraordinary shareholders' meeting to approve the Merger is expected to take place on 6 September 2018, in single call[23].

The Merger Plan and all the documentation related to the proposed Merger, which will also include the report of the Beni Stabili directors pursuant to Art. 2501-*quinquies* of the Italian Civil Code and the informative document on the merger pursuant to Art. 70, paragraph 6, of the CONSOB's regulation on issuers (no. 11971/99), will be made available, among others, on Beni Stabili's website (at www.benistabili.it, section "*Investor relations - Merger project with Covivio*") within the terms provided by the applicable laws and regulations.

Covivio informed BS that, as at 30 June 2018, it held shares of Beni Stabili representing approximately 59.9% of the Company's share capital. Furthermore, Covivio directs and coordinates Beni Stabili's activities pursuant to Art. 2497 et seq. of the Italian Civil Code. In light of the above, the proposed Merger qualifies as "material transaction with a related party" and was subject to the provisions of the "Procedure for the regulation of Related Party Transaction" adopted by the Company in accordance with the CONSOB's regulations (the "Related-Parties Procedure"). More in detail, as already announced, the execution of the Merger Agreement in May 2018 was approved with the unanimous favourable opinion of all members of the Related-Parties Committee in respect of the Company's interest in completing the Transaction and the convenience and substantial correctness of the Merger's terms and conditions. On 31 May 2018, Beni Stabili also published the "Information Document on Material Transactions with Related Parties" (available at www.benistabili.it, section "*Investor relations - Merger project with Covivio*").

Therefore, the Board of Directors approved the Merger Plan after having received and acknowledged the confirmation of the Related-Parties Committee, of the same Committee's evaluations and assessments made in May 2018, also on the basis of the financial statements as at 30 June 2018.

Beni Stabili, its Board of Directors and the Related-Parties Committee have been assisted by Lazard S.r.l. as independent advisor, who has also issued a bring-down fairness opinion on the proposed exchange ratio. Deloitte Financial Advisory S.r.l., which was appointed by the Company, following the request from the Related-

[21] Along with certain formulas to automatically adjust the ratio should certain events occur until the transaction' completion, in order to provide the holders of Beni Stabili shares with the same economic effect as contemplated by the Merger Plan prior to such event.

[22] Beni Stabili shareholders who will not contribute to the approval of the Merger Plan (*i.e.*, all absent, abstaining or dissenting shareholders) will be entitled to exercise a withdrawal right (*recesso*) pursuant to Art. 2437 *et seq*. of the Italian Civil Code.

[23] On that date, FdR shareholders shall also resolve on the change of FdR's legal name into "Covivio S.A.", irrespective of the completion of the Transaction.

Parties Committee, upon input of the director appointed from the minority slate, has also provided a confirmatory analysis of the evaluation methodologies.

2018 GUIDANCE

Given the successful activity performed in 1H2018, Beni Stabili confirms the target to achieve 2018 EPRA Earnings in the area of €0.04/share.

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ECONOMIC AND FINANCIAL RESULTS

On July 18th, 2018, the Board of Directors of Beni Stabili S.p.A. Siiq approved the consolidated results as at June 30th, 2018.

Summary of economic data	30/06/2017	30/06/2018	Δ%
Data in € million, unless otherwise state			
Gross rental income	**101.9**	**104.5**	**+2.6%**
Net rental income	85.6	88.4	+3.3%
Sales contribution margin	(0.2)	(0.6)	-244.2%
Net service revenues	2.3	2.2	-4.3%
Epra Earning	**50.0**	**46.1**	**-7.8%**
Epra Earning per share (€)	***0.022***	***0.020***	***-7.8%***
Group net results	40.7	49.1	+20.7%
Base EPS (€/share)	0.018	0.022	0.004
Diluted EPS (€/share)	0.018	0.019	0.001

Summary of financial data	31/12/2017	30/06/2018	Δ%
Data in € million, unless otherwise stated			
Book value of the real estate portfolio	4,230.5	4,386.0	+3.7%
Book value of the real estate portfolio group share	3,608.2	3,627.8	n.m.
EPRA NAV	1,899.8	1,865.5	-1.8%
EPRA NAV per share (€)	*0.837*	*0.822*	*-1.8%*
EPRA NNNAV (€m)	**1,871.3**	**1,835.5**	**-1.9%**
EPRA NNNAV per share (€)	***0.825***	***0.809***	***-1.9%***
Net accounting debt	2,033.1	2,153.6	+5.9%
Net accounting debt group share	1,730.9	1,787.9	+3,3%
Loan to value (%)	*46.2%*	*45.6%*	-0.6%
Loan to value group share (%)	***46.1%***	***46.4%***	+0.3%

Profit and loss account

The gross rental income amounts to €104.5 million in the 1H 2018 (€101.9 million in the 1H 2017). This change is primarily due to the following main events:

- ↑ **+€4.1 million** increase from acquisitions;
- ↓ **€(4.3) million** reduction due to disposals and preliminaries;
- ↑ **+€1.6 million** net impact form rental activities;
- ↑ **+€1.2 million** other impacts mainly referred to ISTAT indexation.

	Group share			100%	
€ m	**6M 2018**	**Change (%) Like-for-Like**	**Occupancy rate**	**6M 2017**	**6M 2018**
Office TI	27.3	+1.1%	100.0%	49.1	49.2
Office Non - TI	47.0	+1.7%	95.5%	43.2	47.0
Total Office	***74.3***	**+1.5%**	**97.0%**	***92.3***	***96.2***
Retail & Others	8.0	(7.8%)	92.0%	9.5	8.0
Development	0.3	+0.0%	n.a	0.0	0.3
Total portfolio	**82.6**	**+0.4%**	**96.5%**	**101.9**	**104.5**

On the **like-for-like basis**, the gross accounting rents on **total portfolio** increase by **+0.4%**[24] (**+1.7% LfL on Office Non-TI and +2.0% LfL considering Milan Non-TI Offices only**).

The net rental revenues amount to €88.4 million compared to €85.6 million of the 1H 2017. The increase is due to the gross rent dynamic previously described and to the reduction in maintenance and operating costs net of the effect of higher write-downs and losses on tenants' receivables.

Sales contribution margin moves from the -€0.2 million of the 1H 2017 to -€0.6 million of the 1H 2018, as the disposals closed during the 1H 2018 were completed in line with the book value of the properties.

Net revenues for services slightly decreased from €2.3 million in the 1H 2017 to €2.2 million in the 1H 2018.

The staff costs remains at -€5.9 million in the 1H 2018 as occurred in the 1H 2017.

Overheads costs decreased from -€13.3 million of the 1H 2017 to -€7.0 million of the 1H 2018. The change is mainly explained by the closing costs of extraordinary transactions of Central Sicaf executed last year.

Other net costs and charges decreased from -€3.3 million in the 1H 2017 to -€1.3 million in the 1H 2018, mainly due last year specific depreciation on receivables.

Net change in value of the real estate portfolio, based on appraisals carried out by Jones Lang LaSalle, Duff&Phelps REAG and CBRE on June 30th, 2018 on a total carrying amount of €4,386.0 million total share, is equal to +€14.6 million (+€42.7 million in the 1H 2017).

Net financial costs amount to -€25.7 million in the 1H 2018 versus -€64.2 million of the 1H 2017. The change is mainly due to:

[24] 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.

- changes in fair value of the convertible bonds conversion options from a negative balance of €-23.4 million in June 2017 to a positive balance of +€6.0 million in June 2018 (positive change of €29.4 million) due to the share price evolution and volatility recorded during the period;
- costs related to the anticipated repayment of loans and derivatives decrease from -€17.1 million in June 2017 to -€11.7 million in June 2018;
- lower cash financial charges on short, medium and long term borrowings for €5.7 million (-€19.8 million in June 2018 against -€25.5 million in June 2017), primarily related to the reduction in the cost of debt (decreasing from 2.14% of the first semester 2017 to 1.79% on consolidated basis in the first semester 2018); interests capitalized on development projects are € 6.5 million compared to €8.2 million of the first semester 2017
- higher fees on undrawn credit lines (from -€1.0 million in June 2018 to -€0.3 million in June 2017);
- non cash portion of financial charges which in June 2018 present an increase of upfront fees amortization for +€0.3 million (-€5.5 million in June 2018 against -€5.2 million in the first semester 2017), while the change in fair value of hedging instruments has a positive variation of +€0.7 million (-€0.2 million in June 2018 against -€0.9 million in June 2017);
- financial income essentially stable at €0.1 million.

Income from associates and other entities reported in the 1H 2018 consists of -€0.3 million (-€0.4 million in the 1H 2017).

Taxes for the period raised to -€0.2 million in the 1H 2018 from -€0.018 million of the 1H 2017.

Minority interest is equal to -€15.1 million in the 1H 2018 against -€2.6 million of the 1H 2017. The change is mainly due to the quota of Central Sicaf's result attributed to minorities.

Lastly, the consolidated **Epra Earning** amounts to €46.1 million compared to €50.0 million in the 1 H 2017 (-€3.9 million). The change is mainly due to the increase of minority interest (around €15 million) related to the disposal of 49% of Central Sicaf which allowed, among other things, to deleverage the Group, to diversify the tenants' base and to refocus on assets in Milan. The increase in minority interest has been mostly off-set by the improvement of net rental income and the reduction of net financial charges.

The **Epra Earning per share** is equal to **€0.020** (€0.022 in the 1H 2017).

Main balance sheet items

In compliance with Consob communication no. DEM/9017965 of 26 February 2009, the following information on the property portfolio is provided.

The **market value of the property portfolio** based on estimates at June 30th, 2018 carried out by Jones Lang LaSalle, Duff&Phelps REAG and CBRE amounted to **€4,390 million** (**€3,631 million** in group share). On a like-for-like basis compared to December 31st, 2017, **the value of the portfolio increased by +0.6%** (+**0.7**% in group share). This increase is mainly due to the write-ups of **Milan assets** which, including the Telecom Italia and Development portfolios, registered **a value increase of +2.9%** (+1.4% on Office excluding Telecom assets) thanks to the asset management activity carried-out by the Group and the increase of yield compression in the Milan real estate market.

The group's property portfolio is divided into the following two categories:

- **Total portfolio excluding development, amounting to €3,963 million** (approx. 90% of the total portfolio) or **€3,204 million** in group share, with a financial occupancy rate of approximately 96.5% group share. The average yield on market value is currently at approximately 5.1%, and is growing at 5.4%, if we take into account the level of rents once all incentives expire;

- **Development portfolio, amounting to €427 million** (approx. 10% of the total portfolio) and including areas in development, such as Symbiosis and Schievano, and assets to be renovated, such as Turin, C.so Ferrucci, and the asset in Milan Via Principe Amedeo.

  Milan, Piazza Monte Titano and Via Colonna, after the delivery in May and June 2018, have been moved to CORE portfolio.

Figures in € million	N° of properties	GLA ('000 sqm)	Market value (€m)	Gross yield (%) [25]	Topped-up yield (%) [26]	Financial occupancy (%)
Office Telecom Italia	141	539	789	6.4%	6.4%	100.0%
Office, Excl. Telecom Italia	76	557	2,117	4.7%	5.0%	95.5%
Retail & Others	31	97	298	5.4%	5.9%	92.0%
Total portfolio excl. Development Group Share	**248**	**1,193**	**3,204**	**5.1%**	**5.4%**	**96.5%**
Development portfolio [27]	**4**	**216**	**427**			
Total portfolio Group Share	**252**	**1,410**	**3,631**			
Total portfolio excl. Development Consolidated	**248**	**1,711**	**3,963**			
Total portfolio Consolidated	**252**	**1,927**	**4,390**			

The portfolio in Milan is €2.4 billion at group share at June 2018.

The **NAV (Net Asset Value)**, calculated as of June 30th, 2018 according to the EPRA guidelines and according to evaluations of the Group's entire real estate portfolio amounted to **€1,865.5 million (€0.822 per share)**, compared with the NAV of December 31st, 2017 amounting to €1,899.8 million (€0.837 per share).

The **NNNAV – triple NAV** (NAV net of both deferred taxes on the portfolio and the mark-to-market of interest rate derivatives and of fixed-rate debt, net of tax effects) as of June 30th, 2018 calculated according to the EPRA guidelines amounted to **€1,835.5 million (€0.809 per share)** compared to NNNAV at December 31st, 2017 amounting to €1,871.3 million (€0.825 per share).

The net accounting debt at June 30th, 2018 amounted to **€1,788 million** *group share* (**€2,154 million** total share) compared to €1,731 million as at December 31st, 2017 (€2,033 million total share).

The LTV (Loan to Value) [28] **amounted** to **46.4%** *group share* (**45.6%** on consolidated data) compared to 46.1% as at December 31st, 2017.

* * * * *

Beni Stabili announces that, in light of recent legislative changes in Italy, it 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."

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25 Calculated on the basis of gross annual rents collectible at the end of the period and the corresponding market value of the *assets*.

26 Calculated on the basis of gross annual rents collectible at the end of the period, taking into account the expiry of *rent free* periods / loans or other rental incentives *(step-up)*, and the corresponding market value of the assets.

27 The GLA of the asset of the Development portfolio is based on the current status of the existing properties before the start of the refurbishing works.

28 LTV is calculated by considering the hypothetical value of the assets transfer taxes (4%) and the current preliminary sales contracts.

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PRESENTATION OF ANNUAL RESULTS 1H2018

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

will hold a conference call for investors and analysts

Wednesday 18th July 2018 at 4.00 pm (CET)

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

To participate please dial in the following numbers:

Italia: +39 02 802 09 11; UK: +44 1 212818004; USA: +1 718 7058796

You can also attend the presentation in audio webcast clicking the following link:

http://services.choruscall.eu/links/benistabili180718.html

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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 is 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.

Income statement - Beni Stabili Group

(in thousands of Euro)

	30.06.2018	30.06.2017
Rental revenues	104.531	101.863
Property costs	(16.118)	(16.278)
Net rental revenues	**88.413**	**85.585**
Net service revenues	**2.201**	**2.288**
Staff costs	(5.916)	(5.932)
Overheads	(6.976)	(13.345)
Total operating costs	**(12.892)**	**(19.277)**
Other revenues and income	489	226
Other costs and charges	(1.808)	(3.519)
Total other revenues and income / (other costs and charges)	**(1.319)**	**(3.293)**
Trading property sales revenues	4.500	2
Cost of sales	(4.522)	(2)
Profit / (Loss) from the sale of trading properties	**(22)**	**-**
Investment properties and properties development sales revenues and sales of investments	-	-
Cost of sales	(500)	-
Profits/(Loss) from the sale of investment properties and of properties under development and investments	**(500)**	**-**
Held for sale properties sales revenues	15.682	39.150
Cost of sales	(15.752)	(39.322)
Profit / (loss) from the sale of held for sale properties	**(70)**	**(172)**
Property write-ups	78.235	74.384
Property write-downs	(63.627)	(31.652)
Properties Write-ups / (Write-downs)	**14.608**	**42.732**
Operating income	**90.419**	**107.863**
Net financial income / (charges)	(25.721)	(64.204)
Income / (charges) from associates	(19)	(242)
Income / (charges) from other companies	(253)	(123)
Earnings before taxes	**64.426**	**43.294**
Taxes	(188)	(18)
Net result for the half-year	**64.238**	**43.276**
Net result attributable to Minority Interests	(15.091)	(2.556)
Group Net result for the half-year	**49.147**	**40.720**
Earnings (loss) per share in Euro		
- Basic	0,02166	0,01795
- Diluted	0,01855	0,01795

Financial income/(expenses) - Beni Stabili Group

(thousands of euros)

	30.06.2018	30.06.2017
Financial income on bank current accounts and time deposits	19	15
Other financial income	68	71
Total financial income	**87**	**86**
Medium/long-term financial charges - cash portion	(19.600)	(25.101)
Financial charges for short-term borrowings - cash portion	(154)	(380)
Medium/long-term financial charges - non-cash portion	(5.472)	(5.164)
Non-utilisation fees (for short/medium/long-term borrowings)	(1.032)	(325)
Financial charges associated with property sales	(98)	(42)
Change in the fair value of derivatives - ineffective portion	(224)	(929)
Other financial charges	(26)	(4)
Capitalized financial charges	6.486	8.154
Total financial charges	**(20.120)**	**(23.791)**
Financial charges associated with the early repayment of loans and derivatives	(11.708)	(17.103)
Change in the fair value of the conversion option of bonds	6.020	(23.396)
Total net financial charges	**(25.721)**	**(64.204)**

Statement of financial position - Beni Stabili Group

(in thousands of Euro)

	30.06.2018	31.12.2017
ASSETS		
Investment properties	3.757.366	3.738.469
Properties under development	427.000	428.900
Operating properties and other assets	19.170	19.594
Intangible assets	2.407	2.082
Investments		
- in associates	17.197	18.392
- in other companies	227	842
Securities	5.905	6.236
Trade receivables and other receivables	35.163	37.526
Derivatives - assets	6.280	8.306
Deferred tax assets	2.297	2.215
Total non-current assets	**4.273.012**	**4.262.562**
Trading properties	18.025	22.560
Trade receivables and other receivables	22.994	27.865
Cash and cash equivalents	28.347	310.404
Total current assets	**69.366**	**360.829**
Assets held for sale	**165.892**	**22.453**
Total assets	**4.508.270**	**4.645.844**
EQUITY		
Share capital	226.959	226.959
Share premium reserve	279.042	279.042
Other reserves	1.238.101	1.282.076
Retained earnings	104.431	88.748
Group Equity	**1.848.533**	**1.876.825**
Minority interests	**391.046**	**320.176**
Total consolidated equity	**2.239.579**	**2.197.001**
LIABILITIES		
Borrowings	2.097.322	1.953.774
Derivatives - liabilities	14.469	22.761
Staff termination benefits	785	774
Deferred tax liabilities	2.810	2.669
Total non-current liabilities	**2.115.386**	**1.979.978**
Borrowings	84.582	389.696
Trade payables and other payables	60.400	70.789
Provisions for risks and charges	8.323	8.380
Total current liabilities	**153.305**	**468.865**
Liabilities connected to assets held for sale	**-**	**-**
Total liabilities	**2.268.691**	**2.448.843**
Total consolidated equity and total liabilities	**4.508.270**	**4.645.844**

Statement of cash flows - Beni Stabili Group

(in thousands of Euro)

	30.06.2018	30.06.2017
Earnings before taxes	**64.426**	**43.294**
Depreciation of intangible assets	54	67
Depreciation of operating properties and other assets	449	476
Properties (Write-ups) / w rite-dow ns	(14.608)	(42.732)
(Write-ups) / w rite-dow ns of investments and securities	294	365
Non-monetary financial charges / (income) for derivative instruments and amortised cost	1.394	40.234
Provisions (and relative releases) for doubtful debts and risks and charges	(35)	1.811
Cash flow from operating activities	**51.974**	**43.515**
Taxes (net of deferred taxes)	(129)	(312)
Cash flow from operating activities net of taxes	**51.845**	**43.203**
Changes in items of assets and liabilities		
Receivables / payables for sale / purchase of properties and investments	(1.200)	(13.086)
Other assets / other liabilities	(2.618)	12.229
Cash flow before investing and financing activities	**48.027**	**42.346**
Investing and divesting activities		
Purchases of intangible assets	(379)	(36)
Purchases of operating assets	-	(84)
Purchases and incremental costs of properties	(161.285)	(203.208)
Increase in investments	-	(55)
Sale of properties	19.967	39.104
Sales of operating and other assets	-	15
Dividends collected from investments accounted for using the equity method	1.176	643
Sale / redemption of securities	671	102
Sale of shares in Central Sicaf S.p.A.	71.283	273.308
Financing activity		
Dividends distribution	(74.865)	(74.865)
Contributions / redemptions and allocation of reserves from / to minority shareholders	(16.133)	(441)
Early closing of derivative instruments	(3.630)	-
Increase / (decrease) of borrow ings	(166.889)	(49.076)
Cash generated during the half-year	**(282.057)**	**27.753**
Initial cash and cash equivalents	**310.404**	**28.785**
Final cash and cash equivalents	**28.347**	**56.538**

Net financial position (accounting values) - Beni Stabili Group

(thousands of euros)	30.06.2018		31.12.2017	
Borrow ings from banks and financial institutions		1,263,886		1,108,496
of w hich:				
- short-term portion	73,157		11,862	
- medium/long-term portion	1,190,729		1,096,634	
Bonds in issue		727,728		1,046,599
of w hich:				
- short-term portion	10,684		377,100	
- medium/long-term portion	717,044		669,499	
Convertible bonds in issue		190,290		188,375
of w hich:				
- short-term portion	741		734	
- medium/long-term portion	189,549		187,641	
Gross debt		**2,181,904**		**2,343,470**
Financial credits				
Cash and cash equivalents		(28,347)		(310,404)
Net debt		**2,153,557**		**2,033,066**

EPRA Earnings - Beni Stabili Group

€/000	30.06.2018	30.06.2017
NET GROUP INCOME	**49.147**	**40.720**
Change in value in Real Estate Portolio	(14.608)	(42.732)
Profit/(Loss) on disposal of properties (included financial charges related to disposal)	592	259
Change in fair value of financial instruments	(2.520)	26.189
Costs for early redemption of loans and related derivative instruments ended during the period	11.708	17.103
Financial charges on property sales	98	42
Costs on share deals and non-controlling Joint venture interests	1.514	6.887
Deferred Tax	59	(276)
Effects of adjustments on minorities (profit)/loss	116	1.822
EPRA Earnings	**46.106**	**50.013**
Epra Earnings per share (€)	***0,0203***	***0,0220***