Beni Stabili S.p.A. SIIQ

PLAN OF MERGER BY INCORPORATION

of

IMSER 60 SIINQ S.p.A. and B.S. Immobiliare 8 S.p.A. SIINQ

in

Beni Stabili S.p.A. SIIQ

19 December 2014

PLAN OF MERGER BY INCORPORATION OF:

IMSER 60 SIINQ S.p.A. and B.S. Immobiliare 8 S.p.A. SIINQ

in Beni Stabili S.p.A. SIIQ

1. INTRODUCTION

The Board of Directors of Beni Stabili S.p.A. SIIQ (hereinafter referred to as "Beni Stabili" or "Merging Company"), the Sole Director of IMSER 60 SIINQ S.p.A. (hereinafter referred to as "IMSER 60") and the Sole Director of B.S. Immobiliare 8 S.p.A. SIINQ (hereinafter referred to as "BS8" and together with IMSER 60 the "Merged Companies") prepared, pursuant to art. 2501-*ter* of the Italian Civil Code, the following plan of merger by incorporation of the Merged Companies in Beni Stabili (the "Merger Plan").

Since this is a merger by incorporation of wholly owned companies, this Merger Plan will be subject to the simplified procedure provided by art. 2505 of the Italian Civil Code. Therefore, the indication of data concerning the merger ratio, methods of allocation of shares, date from when the shares participate in the profits (2501-*ter*, first paragraph numbers 3, 4 and 5 of the Italian Civil Code), as well as the report of the directors and of the experts will not be required (articles 2501-*quinquies* and 2501-*sexies* of the Italian Civil Code).

Pursuant to art. 2501-*quater*, first paragraph, of the Italian Civil Code, the financial positions of Beni Stabili, attached to Merge Plan, has been prepared as at 30 September 2014.

Otherwise, pursuant to art. 2501-*quater*, third paragraph, of the Italian Civil Code, the financial positions of IMSER 60 and BS8 have not been prepared, as well known by the sole Shareholder Beni Stabili.

For a better understanding and transparency, it was nevertheless prepared a statement, attached to Merger Plan, containing the main financial and economic data of the Merged

Companies as at 30 September 2014.

This merger is part of a program leading to the rationalisation and simplification of the company structure of the group under the control of Beni Stabili, following its transformation into a SIIQ (*Listed Property Investment Company*), deliberated by the Extraordinary Shareholdings' Meeting of the Company on 20 December 2010 and, therefore, the exercise of the option for the low-tax system, on 22 December 2010, set forth in art. 1, paragraph 141, of Law no. 296 of 27 December 2006, established for listed property investment companies.

The aim of the process of rationalisation and simplification is to group together strategically and operationally similar realities in order to ensure that Beni Stabili increases the financial and income requirements established by the regulations concerning the mentioned low-tax system on listed property investment companies.

2. COMPANIES TAKING PART IN THE MERGER

Merging Company

Beni Stabili S.p.A. SIIQ, with registered office in Rome, via Piemonte no. 38, tax code and registration number at the Companies Registry of Rome 00380210302, VAT registration number 04962831006, Company subject to the management and control of Foncière des Régions S.A.

The approved share capital, on the date of this Merger Plan, amounts to 331,687,651.50 Euro, 226,942,588.60 Euro of which subscribed and paid-in, represented by 2,269,425,886 ordinary shares of 0.10 Euro nominal value each.

Merged Companies

IMSER 60 SIINQ S.p.A., with registered office in Milan, via Carlo Ottavio Cornaggia no. 10, tax code, VAT and registration number at the Companies Registry of Milan 08462070015, Single-member Company subject to the management and control of Beni

Stabili S.p.A. SIIQ.

The share capital, on the date of this Merger Plan, amounts to 2,000,000.00 Euro fully paid-in, represented by 2,000,000 ordinary shares of 1.00 Euro nominal value each, all owned by the Merging Company.

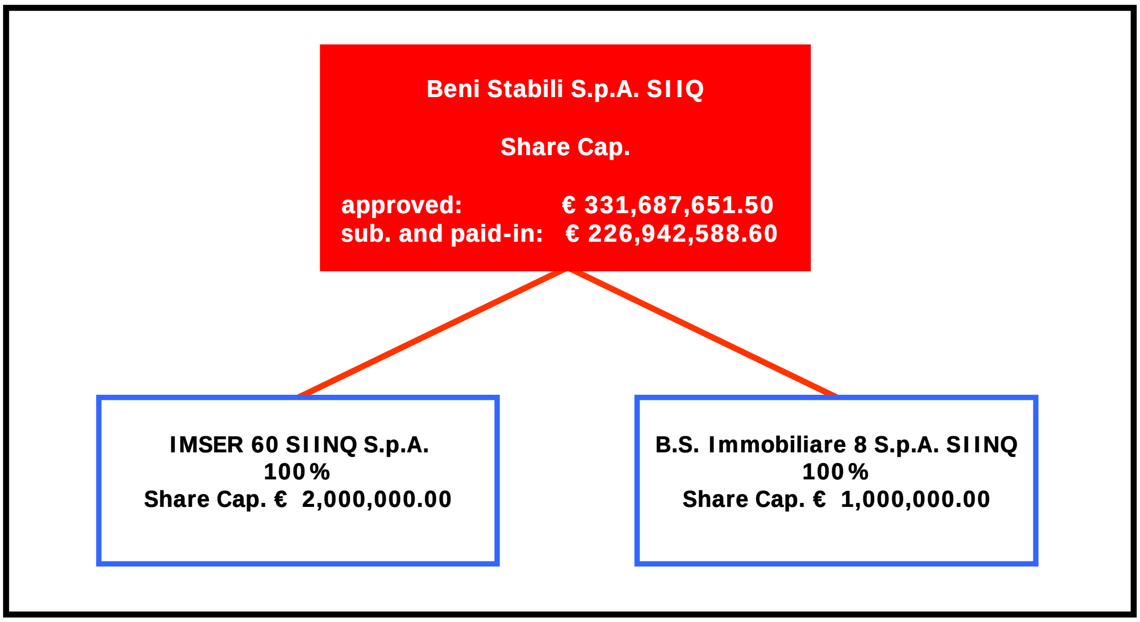
B.S. Immobiliare 8 S.p.A. SIINQ, with registered office in Milan, via Carlo Ottavio Cornaggia no. 10, tax code, VAT and registration number at the Companies Registry of Milan 07834040961, Single-member Company subject to the management and control of Beni Stabili S.p.A. SIIQ.

The share capital, on the date of this Merger Plan, amounts to 1,000,000.00 Euro fully paid-in, represented by 1,000,000 ordinary shares of 1.00 Euro nominal value each, all owned by the Merging Company.

3. CONTROL CHAIN OF THE COMPANIES TAKING PART IN THE MERGER

With reference to the control chain, the following is pointed out:

IMSER 60 and BS8 are wholly owned direct subsidiaries of Beni Stabili, as can be seen from the diagram set forth below.



4. ARTICLES OF ASSOCIATION OF THE MERGING COMPANY

The merger will not involve amendments to the Articles of Association, as resulting from the Companies Registry of Rome, and hereto enclosed.

5. MERGER RATIO

IMSER 60 and BS8 will be merged without allocation of new shares since the Merging Company is the sole Shareholder of all the Merged Companies. The Merging Company will cancel the shares held in the latters without share exchange, in accordance with the provisions of art. 2504-*ter*, second paragraph, of the Italian Civil Code. The merger ratio is not contemplated in view of the relationships that join the Merging Company with the Merged Companies.

6. RESOLUTIONS OF THE BOARD OF DIRECTORS.

On 12 November 2014, the Board of Directors of Beni Stabili approved the process relating to the merger and the Merger Plan, by authorising at the same time the fulfilment of law obligations with a special reference to what is provided by art. 2503-*bis*, second paragraph, of the Italian Civil Code.

Please note that the Board of Directors of Beni Stabili of 10 February 2015 is called to approve the decision concerning the merger by incorporation of IMSER 60 and BS8 in Beni Stabili, pursuant to the article 2505 of the Italian Civil Code and taking into account the provisions of the Beni Stabili’s Articles of Association, granting the power to the Chief Executive Officer to finalize documents.

7. ALLOCATION AND STARTING DATE OF THE NEW SHARES

The Merging Company will not allocate shares in place of those of the Merged Companies owned by it, which shall be cancelled depending on the merger (see point 5 above).

Consequently, the point on the starting date of the new shares will not be covered.

8. STARTING DATE OF THE EFFECTS OF THE MERGER

Pursuant to art. 2504-*bis* of the Italian Civil Code, the effects of the Merger will come into force, for civil purposes, as from the last registration of the merger deed with the relevant Companies Registries whereas, for tax purposes, as from 1st January 2015, or from the dates that will be indicated in the deed itself.

The accounting operations of the Merged Companies will be charged to the financial statements of the Merging Company as from 1st January 2015, or from the date that will be indicated in the deed of merger.

9. TREATMENT RESERVED TO SPECIAL CATEGORIES OF SHAREHOLDERS OR HOLDERS OF SECURITIES OTHER THAN SHARES

Beni Stabili has issued the following five bonded loans:

- during the 2010 fiscal year, it has issued a bonded loan, convertible, called "*225,000,000 3.875% Convertible Bonds due 2015*", with a maturity of 23 April 2015, for a total amount of 225 million of Euro, listed on the Luxembourg Stock Exchange;

- during the 2013 fiscal year, it has issued a bonded loan, convertible, called "*225,000,000 3.375% Convertible Bonds due 2018*", with a maturity of 17 January 2018, for a total amount of 225 million of Euro, listed on the Luxembourg Stock Exchange;
- always during the 2013 fiscal year, it has issued a further bonded loan, convertible, called "*270,000,000 2.625% Convertible Bonds due 2019*", with a maturity of 17 April 2019, for a total amount of 270 million of Euro, listed on the Luxembourg Stock Exchange;
- during the 2014 fiscal year, it has issued a bonded loan, not convertible, called "*350,000,000 4.125% Notes due 2018*", with a maturity of 22 January 2018, for a total amount of 350 million of Euro, listed on the Luxembourg Stock Exchange;
- always during the 2014 fiscal year, it has issued a further bonded loan, not convertible, called "*250,000,000 3.5% Notes due 2019*", with a maturity of 1st April 2019, for a total amount of 250 million of Euro, listed on the Irish Stock Exchange.

Pursuant to the law and regulations of the bonded loans mentioned above, the Merging Company carried out all the activities required for the protection of the bondholders.

The Companies taking part in the merger have not issued specific classes of shares, since the share capital is represented entirely by ordinary shares, and also that they have not issued securities other than shares, a part for what above indicated.

10. EMPLOYEES

On the date this Merger Plan was filed, only Beni Stabili has employer-employee relationships with more than 15 employees, differently from IMSER 60 and BS8, which have none.

11. OTHER INDICATIONS

There are no special advantages in favour of the Directors of the Companies taking part in the merger.

Annexes:

- *Financial position of Beni Stabili S.p.A. SIIQ as at 30 September 2014 (annex "1");*
- *Statement containing the main financial and economic data of IMSER 60 SIINQ S.p.A. as at 30 September 2014 (annex "2");*
- *Statement containing the main financial and economic data of B.S. Immobiliare 8 S.p.A. SIINQ as at 30 September 2014 (annex "3");*
- *Articles of Association of Beni Stabili S.p.A. SIIQ (annex "4").*

Rome, 19 December 2014

Beni Stabili S.p.A. SIIQ	IMSER 60 SIINQ S.p.A.
Signed by	Signed by
Chief Executive Officer	Sole Director
(Aldo Mazzocco)	(Luca Lucaroni)

B.S. Immobiliare 8 S.p.A. SIINQ

Signed by

Sole Director

(Barbara Pivetta)

BENI STABILI S.p.A. SIIQ

FINANCIAL STATEMENTS ART. 2501-QUATER CIVIL CODE

TABLE OF CONTENTS

CORPORATE OFFICERS AND CONTROL BODIES

Board of Directors

Enrico Laghi	Chairman - Independent
Aldo Mazzocco	Chief Executive Officer
Isabella Bruno Tolomei Frigerio	Director - Independent
Françoise Pascale Jacqueline Debrus	Director - Independent
Leonardo Del Vecchio	Director
Christophe Joseph Kullmann	Director
Jean Gaston Laurent	Director
Giacomo Marazzi	Director - Independent
Clara Pierfranca Vitalini	Director - Independent
Massimo Cavallo	Secretary

Executive and Investment Committee

Enrico Laghi	Chairman - Independent
Aldo Mazzocco	Member
Leonardo Del Vecchio	Member
Christophe Joseph Kullmann	Member
Giacomo Marazzi	Member - Independent

Remuneration Committee

Enrico Laghi	Chairman - Independent
Giacomo Marazzi	Member - Independent
Clara Pierfranca Vitalini	Member - Independent

Appointment Committee

Enrico Laghi	Chairman - Independent
Françoise Pascale Jacqueline Debrus	Member - Independent
Giacomo Marazzi	Member - Independent

Audit and Risk Committee

Giacomo Marazzi	Chairman - Independent
Enrico Laghi	Member - Independent
Clara Pierfranca Vitalini	Member - Independent

Supervisory Body pursuant to Italian Legislative Decree 231/01

Carlo Longari	Chairman
Sabrina Petrucci	Member/ Internal Audit

Board of Statutory Auditors

Marcellino Bortolomiol	Chairman
Luciano Acciari	Auditor
Fabio Venegoni	Auditor
Gianluca Pivato	Substitute Auditor
Francesco Freschi	Substitute Auditor

Independent Auditors'
Mazars S.p.A.

Beni Stabili S.p.A. SIIQ

Management Report

MAIN EVENTS DURING THE YEAR

Refinancing of the Imser borrowing

In compliance with what was decided in June by the Board of Directors of Beni Stabili, on 18 September 2014, taking advantage of the positive financial market conditions, the debt securities of Imser 60 securitisation were repaid in advance. This transaction was conducted in 2002 for financing the real estate portfolio leased to Telecom Italia, belonging to Imser 60 and maturing in 2021.

The financial resources required for the early repayment and the refinancing of the above-mentioned transaction of approximately 655,800 thousand of Euro (including the costs of capital increase completed in October 2014), were found as follows:

- 300,000 thousand of Euro, by taking out a six-year mortgage loan, disbursed by a group of no. 7 Italian and international banks;
- 200,000 thousand of Euro, by taking out a two-year corporate loan, disbursed by a group of no. 3 Italian and international banks;
- approximately 150,000 thousand of Euro, through a bridge loan, maturing as at 31 December 2014, disbursed by a group of three Italian and international banks. This loan was repaid with the amounts deriving from the capital increase of Beni Stabili S.p.A. SIIQ, completed in October 2014;
- the residual amount, through cash at the disposal of the Group.

The transaction allowed the Beni Stabili Group to further optimise its financial structure. In particular, cash financial charges will decrease on an annual basis by more than 30,000 thousand of Euro, significantly increasing the cash generation profile of the Group, without generating a significant impact on the *loan to value*, thanks to the capital strengthening carried out with the capital increase.

The early repayment of the Imser 60 securitisation resulted in the recognition in the Income Statement of the quarter of settlement expenses of 148,778 thousand of Euro, mostly deriving from the early closing of contracts to hedge the interest-rate and inflation risks related to the securitisation and the payment of the fees due to the holders of fixed rate securities due by contract in case of early repayment. Part of the above-mentioned expenses amounting to 74,671 thousand of Euro was already recognised in equity pursuant to the "*hedge accounting*" principles and was transferred to the Income Statement, as envisaged by the reference accounting standards, without any effect on the final value of equity itself. No charges has been recorded in the Separate Financial Statement of the Company.

Share capital increase of Beni Stabili S.p.A. SIIQ

On 25 September, the Board of Directors of Beni Stabili fixed the final conditions of the capital increase, resolved by the Shareholders' Meeting of 31 July 2014, deciding to issue up to 353,122,982 ordinary shares (of a nominal value of 0.10 Euro each and having the same characteristics of the shares of the Company in issue), to be offered under option to the shareholders and to the holders of the convertible bonds issued by the Company (at the ratio of 1 share to 8 option rights owned), at a price totalling 0.4240 Euro, of which 0.3240 Euro as share premium, for a total equivalent value of 149,724,144.36 Euro.

The subscription price of the shares corresponds to a discount of approximately 27.5% on the theoretical *Ex Right Price (TERP = 0.5850)* of the shares of the Company, calculated on the basis of the price at the close of the session of 25 September, of 0.6050 Euro.

One option right was credited for each share of the Company in issue, whereas the option rights were credited to convertible bonds in the following ratio:

- 1,179 option rights for each bond of the loan called "€225,000,000 3.875 per cent. Convertible Bonds due 2015";
- 166,917 option rights for each bond of the loan called "€225,000,000 3.375 per cent. Convertible Bonds due 2018";
- 151,722 option rights for each bond of the loan called "€270,000,000 2.625 per cent. Convertible Bonds due 2019".

During the exercise period of the option rights, started on 29 September and ended on 17 October, option rights were exercised for subscribing 350,876,733 new shares (99.36% of the new shares offered), for an equivalent value of 148,771,734.79 Euro.

All the option rights not exercised, corresponding to 2,246,246 new shares for an equivalent value of 952,409.57 Euro, were sold at the stock exchange on 22 October 2014 (first trading session of the offer) and then exercised, without requiring the intervention of the underwriting syndicate formed by the banks, which assisted the Company in the transaction.

The majority shareholder Foncière des Regions fully exercised the option rights pertaining to it, in full support of the capital strengthening operation.

As indicated previously, the financial resources deriving from the capital increase were fully used for paying off the bridge loan of 150,000 thousand of Euro, raised temporarily in September to find the resources required for the early repayment of the Imser 60 securitisation.

Financing and refinancing activities

On 22 January 2014, Beni Stabili S.p.A. SIIQ issued, through a public placement procedure, unsecured senior bonds for a nominal amount totalling 350,000 thousand of Euro and a unit value of 100 thousand of Euro.

The bond, maturing in 4 years, had a deferred annual coupon of 4.125% and was issued at par.

The bonds were listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

On 31 March 2014, Beni Stabili S.p.A. SIIQ issued, through a private placement procedure, unsecured senior bonds for a nominal amount totalling 250,000 thousand of Euro and a unit value of 100 thousand of Euro.

The bond, maturing in 5 years, has a deferred annual coupon of 3.5% and was issued at the price of 99.540 compared to the nominal price, with an initial yield of 3.602%.

The bonds were listed on the official list of the Irish Stock Exchange and admitted to trading on the regulated market (Main Securities Market) of the Irish Stock Exchange.

Proceeds from the above-mentioned issue was used for the early redemption of loans maturing in the current financial year and in the following financial years, as well as for the closing of the related hedging instruments, also with a view to optimising the financial structure of the Group.

Moreover, in April, a new loan was raised of a nominal 60,000 thousand of Euro, maturing in April 2019, secured by mortgage on 3 properties.

Property purchases and sales

During 2014, no properties were acquired.

However, property sales concerned 2 properties (located in Milan and Rome) and some parking spaces of a property in Rome.
The sales were at a price totalling 62,426 thousand of Euro, against a carrying amount totalling 61,322 thousand of Euro and marketing costs totalling 19 thousand of Euro.
Moreover, during the year, damages amounting to 54 thousand of Euro were awarded to the Company, for an expropriation of a land in Rome (measured at zero in the financial statements).

As at 30 September 2014, there is a preliminary sale agreement, corresponding to the commitment undertaken with regard to the Municipality of Milan, as part of the agreements signed in 2011 in relation to the payment of urban development costs of the complex located in Piazza Freud, Milan (Garibaldi complex), of disposal to the Municipality of the area in via Elio Vittorini, Milan (the so-called area Monluè) for a value of 9,119 thousand of Euro, corresponding to its carrying amount.

Development activities

The property development of the period concerned: i) the substantial completion of the improvement of the property in via San Nicolao, Milan, used as offices (total GLA of 11,700 sq.m), with the subsequent delivery to the tenant Luxottica S.p.A. This initiative concerned the replacement of the basic construction and the reconstruction of the finishes and plants, all this with a “green building” approach, to optimise the energy efficiency of the property, which will fall under the A energy class. Some personalisation works requested by the tenant are being completed, which should be completed by the end of 2014; ii) the completion of the renovation of the property used as offices located in via dell’Arte, Rome (total GLA of ca. 6,400 sq.m) and the delivery to Intesa SanPaolo and to Dentus Aegis Network Italia, with which lease contracts were signed of approximately 1,800 thousand of Euro of approximately 91% of a total GLA. The intervention contemplated the reconstruction of the plants and finishes and the improvement of the energy performance of the building. Some smaller personalisation interventions are being completed today on a number of portions rented to Intesa.

Amendments made to the law on SIIQs

On 12 September 2014, Italian Law Decree no. 133/2014 was published on the Official Gazette (the so-called "Decreto Sblocca Italia", definitively approved on 5 November 2014), whose Article 20 amends the 2007 Finance Act in the part that governs the system applicable to Listed Real Estate Investment Companies (SIIQ), adapting its most important aspects to the legislation in place in other European countries, such as France, where over the last ten years, this type of instrument was largely successful, both among investors and among operators.

This Law Decree also requires:

(i) with reference to the ownership requirements in the SIIQs, that no shareholder must have a direct or indirect holding of more than 60% of voting rights at the ordinary shareholders meeting and more than 60% of profit-sharing rights, compared to a previous percentage limit of 51%; it was also specified that, should the 60% ownership requirement be exceeded, as a result of extraordinary company transactions or on the capital market, the special SIIQ regime will only be suspended until this ownership requirement is restored;

(ii) the inclusion among relevant activities in order to make sure that the capital requirement has been maintained for preserving the special regime (the so-called *Asset test*), of the quotas in real estate funds that invest mainly in activities related to property renting;

(iii) the inclusion in the Tax-Exempt operations (and therefore also for the purposes of the so-called *Profit test*) of capital gains or losses deriving from the sales of property held for leasing or from the sale of investments in SIIQ/SIINQ, as well as income from the above mentioned real estate funds and the related capital gains and losses on disposal;

(iv) the decrease from 85% to 70% of the percentage of profit of Tax-exempt operations whose distribution is mandatory. Moreover, the income coming from net capital gains realised on properties held for leasing as well as deriving from the disposal of investments in SIIQ or SIINQ or of investments held in real estate funds, included in the Tax-exempt operations, are expected to be distributed on a mandatory basis by 50% in the two financial years following the year of disposal;

(v) the confirmation of the applicability to dividends distributed by the SIIQs of the bilateral treaties against double taxation, with subsequent reduction of the rates applied in the calculation of the withholding tax;

(vi) the exemption from two to three consecutive financial years of the period of non-compliance with one of the two prevailing conditions (*Asset Test* or *Profit Test*) that determined the final termination of the special regime.

The lower requirements to distribute and the possibility of investing in instruments such as real estate funds under a facility system are important incentive factors for the development of activities of the SIIQs. In particular, the possibility of investing in quotas in real estate funds under a facility system makes it now possible to co-invest on specific projects with third-party subjects, a solution that was previously precluded to the SIIQs that should have possessed at least 95% of the vehicles in order to enjoy the facility.

Moreover, the increase from 51 to 60% of the maximum equity investment for a single shareholder and the extension from 2 to 3 years of the so-called *grace period* for failure to comply with the parameters make the instrument more stable, especially in case of extraordinary transactions or in the presence of significant non-recurring events.

The extension of the tax exemption also to the margins deriving from the sale of properties held for leasing, which was, in the opinion of the investors, the main weak point of the Italian regulation compared to the similar European regulations, finally represents an important element of attractiveness of the instrument, especially in view of a recovery of the Italian property market in the coming years.

Therefore, it is reasonable to expect that the above changes, making it easier and more attractive to use this instrument, help increase the number of SIIQs present on the market, giving more liquidity to the sector, both in terms of individual investments and in terms of stock market.

RESULTS FOR THE YEAR

	Thousand of Euro	
	30.09.2014	30.09.2013
Net rental revenues	60,940	59,219
Profit/(loss) on disposal of properties	520	(65)
Net service revenues	1,123	1,226
Staff costs	*(4,701)*	*(4,596)*
Overheads	*(7,886)*	*(8,292)*
Total operating costs	(12,587)	(12,888)
Other revenues and income/(other costs and charges)	(7,033)	(2,012)
EBIT before property write-ups/(write-downs)	**42,963**	**45,480**
Property write-ups/(write-downs)	(3,171)	(12,247)
EBIT	**39,792**	**33,233**
Net financial incme/(charges)	*(62,318)*	*(59,327)*
Valuation of the conversion option of the 2018 and 2019 Bonds	*(11,321)*	*(10,225)*
Costs for early redemption of loans and related derivative instruments ended	*(16,226)*	*(680)*
Financial charges on property sales	-	-
Total net financial income/(charges)	(89,865)	(70,232)
Income/(charges) from investments	42,405	36,352
EBT	**(7,668)**	**(647)**
Taxes	(45,048)	1,175
Net Income	**(52,716)**	**528**
Basic earnings per share (*)	(0.02752)	0.00028
Diluted earnings per share (*)	(0.02752)	0.00028

(*) For further details on the earnings per share calculation method, see paragraph 7.6.9 in the Notes to the financial statements.

The Financial Statements as at 30 September 2014 recorded a loss of 52,716 thousand of Euro, compared to a profit as at 30 September 2013 of 528 thousand of Euro.

The two compared results were particularly affected by the valuation of the real estate portfolio that, net of the correlated tax effect, affected negatively the 2014 result of 3,092 thousand of Euro and the 2013 result of 8,849 thousand of Euro.

The 2014 financial year was also heavily affected by the costs for early repayment of loans and related derivative instruments of 16,226 thousand of Euro (against 680 thousand of Euro in 2013) and by the release to the income statement of net deferred tax assets (45,496 thousand of Euro) recognised on hidden tax margins of properties belonging to the SIIQ portfolio, for which the Italian Law Decree 133/2014 introduced the tax exemption system.

After removal of the above-mentioned extraordinary effects, the two results amounted to 12,098 thousand of Euro and 10,057 thousand of Euro for 2014 and 2013, respectively.

With reference to the residual change of 2,041 thousand of Euro, note that, as better described below, against a decrease in operating result of 2,517 thousand of Euro, a decrease in tax of 2,592 thousand of Euro was recognised, in addition to the improvement of net financial charges and from investments of 1,966 thousand of Euro.

Each item of the financial statements is broken down below.

Net rental revenues

Description	Thousand of Euro 30.09.2014	30.09.2013
Rental revenues and guaranteed rentals	75,516	77,870
Revenues from penalties charged to tenants	1,262	7
Write-down/loss on receivables from tenants	(1,524)	(3,010)
Net property costs	(14,314)	(15,648)
Net rental revenues	**60,940**	**59,219**

Net rental revenues increased by 1,721 thousand of Euro compared to the previous year.

In particular, gross rental revenues (including guaranteed annuities and income from closing of lease contracts) decreased from 77,877 thousand of Euro in 2013 to 76,778 thousand of Euro in 2014, with a decrease of 1,099 thousand of Euro attributable:

- to disposals of properties of -2,888 thousand of Euro;
- expiry/closing of lease contracts of -13,603 thousand of Euro;
- renegotiations and new contracts of +13,804 thousand of Euro;
- income from termination of lease contracts of +1,255 thousand of Euro;
- ISTAT adjustments and other minor impacts of +333 thousand of Euro.

The incidence of the net rental margin on gross rental revenues went from 76.04% of the 2013 financial year to 79.37% of the 2014 financial year. This change is attributable to lower losses and write-downs (a higher impact of +1.88%), to lower property management costs (ordinary maintenance and operating expenses - a higher impact of +2.04%), to lower registration tax on lease contracts (a higher impact of +0.14%), net of the increase in IMU/TASI taxes (a lower cost of -0.73%).

Profit/(Loss) on disposal of properties

Profit/(Loss) on disposal of properties are positive and total 520 thousand of Euro (-65 thousand of Euro in 2013). With regard to the sales of the year, reference is made to the comments in the previous paragraph "Main events during the year – Property purchases and sales", specifying that the sales margin of the year also included 619 thousand of Euro of costs related to sales completed in 2013.

Net service revenues

They amount to 1,123 thousand of Euro (1,226 thousand of Euro in 2013) and refer to revenues for property, legal, administrative and financial services carried out mainly in favour of Group companies.

Staff costs increased from 4,596 thousand of Euro of 2013 to 4,701 thousand of Euro of 2014. In fact, the recognition of early retirement incentives of 216 thousand of Euro has more than offset the positive effect of the recent careful cost containment policies.

Overheads decreased by 8,292 thousand of Euro of 2013, to 7,886 thousand of Euro of 2014, due to a reduction in costs of sundry consultancy services, net of the increase in costs related to company bodies and to rentals payable.

Other revenues and income and other costs and charges

The item other revenues and income and other costs and charges passed from a negative balance of 2,012 thousand of Euro in 2013 to a negative balance of 7,033 thousand of Euro in 2014. The change recorded in the two compared periods is mainly attributable to extraordinary write-downs of receivables.

Property write-ups/(write-downs)

The effect of the adjustment of the property value at their market value weighed negatively on both comparison periods, amounting to 3,171 thousand of Euro for 2014 and 12,247 thousand of Euro for 2013.

Net financial income/(charges)

Description	Thousand of Euro 30.09.2014	Thousand of Euro 30.09.2013
Financial income on bank current accounts and term deposits	1,468	196
Other financial income	91	816
Total financial income	**1,559**	**1,012**
Financial charges on medium to long term borrowings - cash portion	(44,903)	(41,245)
Financial charges on shert term borrowings - cash portion	(500)	(1,664)
Medium to long term financial charges - non-cash portion	(9,761)	(11,758)
Non-utilisation commissions and on sureties	(3,967)	(4,389)
Financial charges on property sales	-	-
Fair value change in ineffective derivative instruments	(4,585)	(960)
Sundry financial charges	(161)	(323)
Total financial charges	**(63,877)**	**(60,339)**
Financial charges related to early settlement of borrowings and derivatives	(16,226)	(680)
Change in fair value of the conversion option of the 2018 and 2019 bonds	(11,321)	(10,225)
Total	**(89,865)**	**(70,232)**

The net financial charges, excluding the measurement effect of the conversion options of the convertible bonds issued in 2013 and the costs related to the early repayment of loans and derivative instruments completed in the period, totalled 62,318 thousand of Euro compared to a balance of 59,327 thousand of Euro in the same period of 2013.

In particular:

- the increase in financial income is attributable to higher interests from banks (1,272 thousand of Euro) due to higher average cash deposits, net of the decrease in interests on other receivables (725 thousand of Euro), mostly due to the collection of tax receivables;
- cash financial charges decreased by 2,494 thousand of Euro, mainly due to the reduction in the average cost of debt in the short, medium and long-term, which decreased from 4.61% of the first nine months of 2013 to 4.11% in the first nine months of 2014. This reduction is determined by the reduction in the average base rate of 40 bps and by the decrease in the average spread of 10 bps;
- the surety commissions and non-utilisation commissions of credit lines decreased by 422 thousand of Euro;
- sundry financial charges decreased by 162 thousand of Euro;
- for what concerns the non-cash portion of financial charges, it shows a decrease of 1,997 thousand of Euro in charges for the amortisation of upfront costs of borrowings in application of the amortised cost method more than offset by the increase of 3,625 thousand of Euro in charges represented by the ineffective portions during the period of fair value changes in hedging instruments;
- charges related to early settlement totalled 16,226 thousand of Euro, against 680 thousand of Euro of 2013;

- for what concerns the conversion options included in the convertible bonds maturing in 2018 and 2019, the negative change of the year of 11,321 thousand of Euro (compared to a negative change of 2013 of 10,225 thousand of Euro).

  However, on the basis of the regulations of these loans, the Company has the right to fully or partially meet the conversion requests of the bondholders, through the delivery of newly issued shares, limiting them from becoming ready cash.

Income/(charges) from investments

Income/(charges) from investments increased from a positive balance of 36,352 thousand of Euro in 2013 to a positive balance of 42,405 thousand of Euro in 2014. The change of 6,053 thousand of Euro is attributable to increased dividends of 1,748 thousand of Euro, increased net interest income from Group companies of 4,218 thousand of Euro and lower write-downs of 87 thousand of Euro.

Income tax

In accordance with the regulations for companies that have opted for the special SIIQ regime, taxes for the year refer exclusively to the results of activities other than leasing and they are broken down as described in the following table:

	Thousand of Euro	
Description	**30.09.2014**	**30.09.2013**
Current taxes	21	(1,315)
Deferred tax liabilities	1,790	(2,404)
Deferred tax assets	(1,259)	6,586
Total taxes for the year (current and deferred)	**552**	**2,867**
Recalculation of current taxes relating to previous years	(15)	(370)
Recalculation of deferred tax liabilities and deferred tax assets relating to previous years	(45,585)	(1,322)
Total net income and charges for recalculating tax for previous financial years	**(45,600)**	**(1,692)**
Total taxes	**(45,048)**	**1,175**

In particular, current and deferred taxes include taxation on services, property sales in the third quarter of 2014 and in previous financial years (due to the application of deferred taxation for IRES purposes over five years) and property rents associated with trading properties.

The 2014 financial year was significantly affected by the recalculation of the deferred tax (assets and liabilities) of previous years by the effect of the law provisions introduced with Italian Law Decree 133/2014 (the so-called "Decreto Sblocca Italia") that envisaged the exemption from the payment of taxes (IRES and IRAP) for the margins achieved with the sale of properties included in the SIIQ/SIINQ regime. Consequently, net deferred tax assets on hidden tax margins attributable to the same properties, allocated in previous financial years, were released to the income statement (45,496 thousand of Euro).

NET DEBT

An analysis of net debt is provided below:

	Thousand of Euro			
	30.09.2014		31.12.2014	
Borrowings from banks and financial institutions		1,289,564		1,098,303
of which:				
- short term portion	269,813		185,364	
- medium/long term portion	1,019,751		912,939	
Bonds in issue		609,018		-
of which:				
- short term portion	14,391		-	
- medium/long term portion	594,627		-	
Convertible bonds		572,965		565,184
of which:				
- short term portion	110,871		5,690	
- medium/long term portion	462,094		559,494	
Gross debt		**2,471,547**		**1,663,487**
Cash and cash equivalents		(89,820)		(104,575)
Net debt		**2,381,727**		**1,558,912**

Note that net debt does not include receivables and payables from/to subsidiaries.

Net debt as at 30 September 2014 amounts to 2,381,727 thousand of Euro compared to 1,558,912 thousand of Euro of 31 December 2013.

The change in cash and cash equivalents during the period is broken down as follow:

	Thousand of Euro
	30.09.2014
Cash flow from operating activities after taxes	**30,588**
Changes in payables and receivables	(156,297)
Investing activity	(643,135)
Financing activity	754,089
Changes in cash and cash equivalents	**(14,755)**

For further information on changes in receivables and payables, investing and financing activities, please refer to the Statement of Cash Flow.

Borrowings increased by 808,060 thousand of Euro reaching 2,471,547 thousand of Euro. The main changes are shown in the following table:

	Thousand of Euro	
	Carrying amount	Nominal value
Total borrowings as at 31.12.2013	1,663,487	1,710,707
Change in overdraft facilities	(80,102)	(80,102)
New borrowings	703,279	710,000
Repayment of maturing borrowings and ordinary repayments (including accrued interest)	(2,946)	(2,946)
Early settlement of loans	(430,226)	(432,960)
Amortisation of up-fron costs	1,256	-
Change in borrowings from banks and financial institutions	191,261	193,992
Nbond issues	593,881	600,000
Change in acrruing nominal interest and amortisation of up-front costs	15,137	14,391
Change in bonds in issue	609,018	614,391
Interest accrued in the period (at the amortised costs)	7,781	896
Change in convertible bonds	7,781	896
Total borrowings as at 30.09.2014	2,471,547	2,519,986

Borrowings from banks and financial institutions increased by 191,261 thousand of Euro due to:

- new borrowings of 703,279 thousand of Euro (corresponding to a nominal value of 710 thousand of Euro), of which 644,303 thousand of Euro relating to three new borrowings related to the raising of the financial resources required for the early repayment of the Imser securitisation (644,303 thousand of Euro – for a nominal value of 650,000 thousand of Euro);
- amortisation of up-front costs in application of the amortised cost method (1,256 thousand of Euro);

net:

- of the early redemption of medium/long term loans (430,226 thousand of Euro) and of the repayments of short-term credit facilities (80,102 thousand of Euro), made with the liquidity arising from the issue in the period of convertible bonds and by raising a new mortgage loan (from a nominal value of 60,000 thousand of Euro);
- of the payment of the instalments falling due on medium/long-term loans as envisaged by the repayment plans, net of the change in nominal interest accruing (2,946 thousand of Euro).

The actual cost of borrowings for 2014, calculated using the amortised cost method and without taking into account interest rate swaps, was 2.57% (3.22% for 2013).

Bonds in issue increased in total by 609,018 thousand of Euro. This increase is due to the issue in the period of two unsecured bonds of an initial carrying amount of 593,881 thousand of Euro (the first one of a nominal value of 350,000 thousand of Euro maturing in January 2018 and the second one of a nominal value of 250,000 thousand of Euro maturing in April 2019), to which is added the change in the accruing nominal interest coupons and the amortisation of the upfront costs for the period totalling 15,137 thousand of Euro (calculated at the effective interest rate). The annual nominal rate is 4.125% (4.35% effective interest rate) for the loan maturing in 2018 and 3.50% (3.79% effective interest rate) for the loan maturing in 2019.

Convertible bonds increased from 565,184 thousand of Euro of 31 December 2013 to 572,965 thousand of Euro as at 30 September 2014, due to interests for the period, net of the coupons paid during the year. The annual nominal rate of the three existing convertible bonds is 3.875% (6.17% effective interest rate) for the loan maturing in 2015; 3.375% (4.70% effective interest rate) for the loan maturing in 2018 and 2.625% (4.91% effective interest rate) for the loan maturing in 2019.

Reference should be made to the Notes to the financial statements (note 3) for an in-depth analysis of the risk factors to which the Company is exposed and the related hedging policies.

STOCK OPTIONS

Currently, there are no Stock Option plans launched by the Parent Company Beni Stabili S.p.A. SIIQ, or by other companies of the Group.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE PURSUANT TO REGULATIONS ON RELATED PARTY TRANSACTIONS

The report on corporate governance and the ownership structure of Beni Stabili S.p.A. SIIQ for 2012, drawn up in compliance with art. 123-*bis*, paragraph 3, of the FCA (Italian Legislative Decree No. 58/98 and subsequent amendments and additions), is published on the company website www.benistabili.it, in the "Corporate Governance – Report on Corporate Governance" section.
Also note that, in compliance with the provisions of Art. 2391-*bis* of the Italian Civil Code and in enactment of the Consob Regulation on related party transactions (adopted by Resolution no. 17221 of 12 March 2010, and subsequent amendments and additions), the Company has adopted its own "Procedure governing Related Party Transactions". This Procedure was published in accordance with law on the Company website (www.benistabili.it), in the "Corporate Governance - Codes and Procedures" section on 1 December 2010 and entering into force on 1 January 2011.

ORGANISATIONAL MODEL AND CODE OF ETHICS

Beni Stabili S.p.A. SIIQ has adopted an "*Organisation, management and control model*" since 2003, in compliance with Italian Legislative Decree No. 231/2001 (the "Model"), updated and supplemented in 2014 also in the light of the recent regulatory developments, which provides a set of rules, measures and preventive procedures aimed at reducing the risk of committing crimes within the corporate organisation.
The Company has also adopted its own Code of Ethics and Conduct (the "Code of Ethics"), also updated and supplemented in 2014, aimed at identifying the principles and values that the Company and the companies of the Beni Stabili Group aspire to in the running of the business. This code is an essential component of the Model in terms of its actual implementation in that it aims at recommending, promoting or prohibiting certain behaviours, also beyond and regardless of what is provided by the regulations.
Adoption of the Code of Ethics is also one of the assumptions behind the efficient operation of the internal control system. The Code of Ethics is published in the "Corporate Governance - Codes and Procedures" of the company web site *www.benistabili.it*.

The compliance with the Model is guaranteed by a collective body with independent powers of initiative and control, specially set up by the Company, called Supervisory Body.
The functions of the Supervisory Body also include the task of guaranteeing the adequacy of the Model, monitoring the effectiveness of the Model and ensuring, also, (as guarantor) compliance with the Code of Ethics.

RESEARCH AND DEVELOPMENT

Beni Stabili S.p.A. SIIQ and the other Group companies do not carry out research activities.

THE COMPANY'S TREASURY SHARES AND SHARES OR UNITS OF PARENT COMPANIES

As at 30 September 2014, Beni Stabili S.p.A. SIIQ held 961,000 treasury shares, for a value equal to the purchase cost of 655 thousand of Euro.

RELATIONS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANY

With reference to the type of relationships between the Group companies and the parent company, please refer to the Notes to the financial statements (par. 10).

MAIN EVENTS SUBSEQUENT TO 30 SEPTEMBER 2014

Property disposal

In October 2014, the disposal of the land in Via Elio Vittorini, Milan (the so-called Monluè area) was completed in favour of the Municipality of Milan, for 9,119 thousand of Euro, corresponding to the carrying amount of the area in the financial statements.
The above-mentioned disposal is part of the agreements signed in 2011 with the Municipality of Milan, as a partial discount of the urban development costs due with reference to the development of the Garibaldi property complex in Milan, Piazza Freud.

CURRENT-YEAR OUTLOOK

The general optimism established in relation to the improvement of the world economy and the liquidity of the capital markets in the first part of 2014 was gradually replaced, over the last few months, by a sentiment of renewed uncertainty, linked to the geopolitical instability of many areas of the world and to a recovery of economic growth slower than expected in many countries, in the Eurozone, in particular.

The commercial real estate sector shows in turn strong elements of weakness, due both to the low demand for space and to the difficult economic and financial conditions of many tenants, especially medium and small. Nevertheless, foreign investors continued to show signs of interest and they also confirmed a strong focus on the Italian market over the last few months. The recovery of real estate transactions was also favoured by low interest rates and by the renewed - albeit very selective - availability of financial resources.

In this context, the Beni Stabili Group, during the first nine months of 2014, substantially completed the process of optimisation and redesigning of its financial structure started in 2013. After the issue in the first half of unsecured bonds of 600 million of Euro, albeit without an official rating, the Imser 60 securitisation was refinanced in the third quarter, by taking out new loans that are significantly less expensive and by the release from encumbrances of properties amounting to approximately 1.1 billion of Euro. Finally, in October, a capital increase of 150 million of Euro was completed, intended to further strengthen the financial structure of the Group.

All these activities will significantly improve the average cost of debt, by increasing cash flow generation of the Group that, currently, has nothing to worry about from the point of view of financial maturities and stability of the related economic conditions, rationalised at least until 2015.

In operational terms, despite the difficult economic framework, the results of the first nine months of 2014 were generally positive and are expected to be stable also during the last quarter of the year, thanks to the continuous effort made by the Group to keep the rents constant and limit property and structure management costs.

The human and financial resources of the Group remain therefore focused on the defence of the core real estate portfolio, already stabilised over the years, through an active portfolio management, in the strongest positions of the Italian market.

Therefore, despite the result for the whole 2014 financial year is expected to be significantly negative, due to the non-recurring expenses for closing the early repaid loans in the first nine months of 2014 and to the extraordinary effects of the recent reform of the SIIQ regulations described in this report, the prospects for future profitability are extremely positive already as from the last quarter of 2014, mainly due to the sharp reduction in financial charges as a result of the repayment of the Imser 60 securitisation, which will fully show its effects as from the 2015 financial year.

Moreover, the completion by the end of the year of the merger of Beni Stabili Gestioni SGR into Investire Immobiliare SGR will allow the staff of the Group to further focus on the core activities, giving additional flexibility and efficiency to the operating structure.

Therefore, all the initiatives of rationalisation of the operating activities and of the financial structure carried out in 2014 will allow the Beni Stabili Group to significantly increase as from the 2015 financial year the cash flow generation, while continuing to safeguard at the same time the soundness of the real estate portfolio.

Beni Stabili S.p.A. SIIQ

Financial Statements

Statement of Financial Position

Income Statement

Statement of Comprehensive Income

Statement of Changes in Equity

Statement of Cash Flow

FINANCIAL STATEMENT OF BENI STABILI S.P.A. SIIQ

1 STATEMENT OF FINANCIAL POSITION

(Euro)

	Notes	30.09.2014	31.12.2013
ASSETS			
Investment properties	7.1.1	1.846.411.070	1.771.924.900
Properties under development	7.1.2	-	117.720.002
Operating properties and other assets	7.1.3	1.207.212	1.331.217
Intangible assets	7.1.4	181.515	172.192
Investments in:			
- subsidiaries	7.1.5	1.110.845.637	429.247.640
- associetes	7.1.5	3.000	3.000
- other companies	7.1.5	1.538.197	1.561.766
Securities	7.1.6	6.798.392	6.801.300
Trade and trade receivables	7.1.7	34.864.789	41.392.253
Receivables due from subsidiaries and associates	7.1.8	5.319.141	26.583.984
Derivatives	7.1.9	1.131.090	-
Deferred tax assets	7.1.10	15.162.268	66.283.906
Total non - current assets		**3.023.462.311**	**2.463.022.160**
Trading properties	7.2.1	72.657.123	72.646.730
Trade and trade receivables	7.2.2	87.353.006	25.902.271
Receivables due from subsidiaries and associates	7.2.3	288.873.048	126.001.285
Cash and cash equivalents	7.2.4	89.820.119	104.575.003
Total current assets		**538.703.296**	**329.125.289**
Asset held for sale	7.2.5	39.720.000	39.820.000
Total assets		**3.601.885.607**	**2.831.967.449**
EQUITY			
Share capital		191.630.290	191.630.290
Share premium reserve		230.210.446	230.210.446
Other reserve		572.788.414	613.770.993
Retained earnings		(52.716.442)	(8.523.354)
Total Equity	7.3	**941.912.708**	**1.027.088.375**
LIABILITIES			
Borrowings	7.4.1	2.076.472.237	1.472.433.250
Trade and other payables	7.4.2	-	10.050.289
Derivatives	7.4.3	69.064.653	57.778.966
Staff termination benefits	7.4.4	294.177	288.950
Deferred tax liabilities	7.4.5	5.421.985	11.531.321
Total non - current liabilities		**2.151.253.052**	**1.552.082.776**
Borrowings	7.5.1	395.074.387	191.054.277
Payables due to subsidiaries and associates	7.5.2	51.418.366	1.800.184
Trade and other payables	7.5.3	56.480.079	54.863.350
Provisiones for risks and charges	7.5.4	5.747.015	5.078.487
Total current liabilities		**508.719.847**	**252.796.298**
Total liabilities		**2.659.972.899**	**1.804.879.074**
Total Equity and liabilities		**3.601.885.607**	**2.831.967.449**

2 INCOME STATEMENT

(Euro)

	Notes	30.09.2014	30.09.2013
Rental revenues		76.778.379	77.876.704
Property costs		(15.838.399)	(18.657.998)
Net rental revenues	7.6.1	**60.939.980**	**59.218.706**
Net service revenues	7.6.2	**1.122.499**	**1.225.650**
Staff costs		(4.701.421)	(4.596.227)
Overheads		(7.885.454)	(8.291.897)
Total operating costs	7.6.3	**(12.586.875)**	**(12.888.124)**
Other revenues and income	7.6.4	703.664	807.228
Other costs and charges	7.6.4	(7.735.839)	(2.819.418)
Total other revenues and income/(other costs and charges)	7.6.3	**(7.032.175)**	**(2.012.190)**
Trading properties sales		179.590	-
Costs of sales		(112.233)	-
Profit/(loss) on disposale of trading properties	7.6.5	**67.357**	**-**
Investment and development properties sales		61.500.000	-
Cost of sales		(61.039.584)	-
Profit/(loss) on disposal of investment and developments properties	7.6.5	**460.416**	**-**
Held for sale properties sales		800.000	450.000
Cost of sales		(808.000)	(514.500)
Profit/(loss) on disposal of held for sale properties	7.6.5	**(8.000)**	**(64.500)**
Property write- ups	7.1.1/7.1.2	9.298.747	12.984.051
Property write- downs	7.2.1/7.2.5	(12.469.458)	(25.230.954)
Property write- ups / property write-downs		**(3.170.711)**	**(12.246.903)**
EBIT		**39.792.491**	**33.232.639**
Net financial income/(charges)	7.6.6	(89.865.681)	(70.231.897)
Income/(charges) from associates	7.6.7	42.428.694	36.485.824
Income/(charges) from other companies	7.6.7	(23.569)	(133.650)
EBT		**(7.668.065)**	**(647.084)**
Tax	7.6.8	(45.048.377)	1.175.268
Net Income		**(52.716.442)**	**528.184**
Earnings per share (€)			
- Basic	7.6.9	(0,02752)	0,00028
- Diluted	7.6.9	(0,02752)	0,00028

FINANCIAL STATEMENT OF BENI STABILI S.P.A. SIIQ

3 STATEMENT OF COMPREHENSIVE INCOME

(Euro)

	30.09.2014	30.09.2013
Net income	**(52.716.442)**	**528.184**
Other components of the statement of comprehensive income (that will be subsequently reclassified to the income statement)	-	-
Gross changes in the Cash Flow Hedge reserve	9.598.659	20.497.798
Income tax relating to the change described above	49.947	(287.694)
Total other components of the statement of comprehensive income (that will be subsequently reclassified to the income statement)	**9.648.606**	**20.210.104**
Other components of the statement of comprehensive income (that will not be subsequently reclassified to the income statement)	**-**	**-**
Comprehensive income	**(43.067.836)**	**20.738.288**

4 STATEMENT OF CHANGES IN EQUITY

(Euro)

	Share capital	Share premium reserve	Other reserves	Retained earnings	Total Equity
Balance as at 01.01.2013	**191.630.290**	**230.210.446**	**654.687.458**	**(22.731.389)**	**1.053.796.805**
Valuation of free shares			74.624		74.624
Distribution of dividends and reserves			(13.629.286)	(28.508.235)	(42.137.521)
Cover loss 2012			(25.655.919)	25.655.919	-
Internal changes in Equity due to reserve reallocation			(28.441.049)	28.441.049	-
Comprehensive income of the first half of 2013			16.798.725	7.069.343	23.868.068
Balance as at 30.06.2013	**191.630.290**	**230.210.446**	**603.834.553**	**9.926.687**	**1.035.601.976**
Valuation of free shares			39.820		39.820
Comprehensive income of the third quarter 2013			3.411.379	(6.541.159)	(3.129.780)
Balance as at 30.09.2013	**191.630.290**	**230.210.446**	**607.285.752**	**3.385.528**	**1.032.512.016**
Valuation of free shares			(238.366)	270.592	32.226
Merger surplus			1.420.486		1.420.486
Comprehensive income of the fourth quarter 2013			5.303.121	(12.179.474)	(6.876.353)
Balance as at 31.12.2013	**191.630.290**	**230.210.446**	**613.770.993**	**(8.523.354)**	**1.027.088.375**
Valuation of free shares			44.820		44.820
Distribution of dividends and reserves			(26.845.619)	(15.291.903)	(42.137.522)
Cover loss 2013			(11.651.290)	11.651.290	-
Internal changes in Equity due to reserve reallocation			(12.163.967)	12.163.967	-
Comprehensive income of the first half of 2014			11.692.619	(45.998.904)	(34.306.285)
Balance as at 30.06.2014	**191.630.290**	**230.210.446**	**574.847.556**	**(45.998.904)**	**950.689.388**
Valuation of free shares			(15.129)		(15.129)
Comprehensive income of the third quarter 2014			(2.044.013)	(6.717.538)	(8.761.551)
Balance as at 30.09.2014	**191.630.290**	**230.210.446**	**572.788.414**	**(52.716.442)**	**941.912.708**

FINANCIAL STATEMENTS OF BENI STABILI S.P.A. SIIQ

5 STATEMENT OF CASH FLOWS

(Euro)

	30.09.2014	31.12.2013
EBT	**(7.668.066)**	**(23.264.370)**
Amortisation of intangible fixed assets	46.555	68.263
Depreciation of operating and other assets	179.369	251.284
Unrealised property (write-ups)/write-downs unrealized	3.170.711	45.174.706
(Write-ups)/write-downs of investments	1.605.048	1.714.366
Non-cash financial charges/(income) on derivatives and amortised cost	32.437.441	13.504.633
Fair value of stock options and free shares	29.691	146.671
Provisions for risks and charges and receivables	812.250	3.281.852
Use of provisions for risks and charges and receivables	(31.160)	(197.000)
Cash flow from operating activities	**30.581.839**	**40.680.405**
Taxes (net of the portion related to the deferred tax)	6.198	163.987
Cash flow from operating activities after taxes	**30.588.037**	**40.844.392**
Movements in assets and liabilities		
Receivables/payables for property sale/purchase	(56.768.561)	(1.710.000)
Exit tax	(9.963.369)	(9.602.059)
Other assets/other liabilities	(89.565.620)	(58.891.553)
Cash flow before investing and financing activities	**(125.709.513)**	**(29.359.220)**
Investing activity		
Increase in intangible assets	(55.878)	(15.194)
Increase in operating and other assets	(55.364)	(74.870)
Increase in properties	(21.169.505)	(39.844.397)
Purchase/other increases in investments and securities	(683.176.568)	(29.887.040)
Disposal of properties	61.322.234	51.910.810
Disposal/other reductions in investments and securities	-	18.573.043
Financing activity		
Dividends distribution	(42.137.522)	(42.137.522)
Increase/(decrease) in borrowings	796.227.232	159.341.192
Increase/(decrease) in cash flow due to merger/transfer	-	80.976
Net increase/(decrease) in cash and cash equivalents	**(14.754.884)**	**88.587.778**
Cash and cash equivalents at beginning of period	**104.575.003**	**15.987.225**
Cash and cash equivalents at end of period	**89.820.119**	**104.575.003**

Beni Stabili S.p.A. SIIQ

Notes to the financial statements

1 GENERAL INFORMATION

Beni Stabili S.p.A. SIIQ (the "Company"), which also operates through a number of subsidiaries, is one of Italy’s leading property investment and management companies. It invests primarily, directly and via its subsidiaries or joint ventures, in office properties, mainly located in Italy and leased to major industrial and financial companies under medium/long-term lease contracts. While not its main business, the company also provides services primarily to Group companies, and property improvement and development activities directly or through its subsidiaries.

The company is a joint-stock company established and domiciled in Italy, with its registered office in Rome, at Via Piemonte 38, and branch office in Milan, at Via Carlo Ottavio Cornaggia 10, and is listed on the Italian Stock Exchange and the Euronext market in Paris.
With effect from 2011, the Company adopted the special regime for Listed Real Estate Investment Companies (SIIQ) and has: i) a 97.8% investment in the share capital of Imser 60 SIINQ S.p.A., which adopted the special regime for Unlisted Real Estate Investment Companies (SIINQ) as from the 2011 financial year; ii) a 100% investment in the share capital of B.S. Immobiliare 8 S.p.A. SIINQ and B.S. Immobiliare 9 S.p.A: SIINQ, which adopted the special regime for Unlisted Real Estate Investment Companies (SIINQ) as from the 2013 financial year.

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1 Basis of presentation

This interim Financial Report prepared under the article 2501-quater of the Italian Civil Code (here after also simply “Financial report”) has been prepared under International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), integrated by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in compliance with the procedure referred to in art. 6 of the Regulations (EC) no. 1606/2002.

Cost represents the general criterion adopted for all assets and liabilities, except for investment properties, properties held for sale, properties under development and certain financial assets and liabilities for which the fair value was recognised to the Income Statement and/or in Equity.

The basis of presentation adopted in the preparation of these financial statements was in line with that adopted in drawing up the 2013 financial statements.

Preparation of the financial statements requires the use of estimates and judgements reflected in the value of assets and liabilities. Critical estimates, judgements and accounting policies used by the Company are described in Note 4.

Based on the classification adopted for the Statement of Financial Position, assets and liabilities are broken down between "current" and "non-current", while the classification adopted for the Income Statement classifies costs and revenue by kind. In fact, it is believed that such classifications, compared with the classifications by liquidity level, as regards the Statement of Financial Position, and by allocation, as regards the Income statement, allow a better description of the operations and financial position of the Company.
The adopted Statement of Cash Flows gives separate indication of cash flows generated by operations, investing activity and financing activity. Note that, as permitted under paragraph 18(b) of IAS 7 "Statement of Cash Flows", the Statement of Cash Flows is prepared according to the "indirect method".

The financial statements are presented with comparative data in accordance with requirements of the above-mentioned standards. In order to facilitate comparison of the data, certain immaterial figures from 2013 were reclassified, wherever deemed suited. Where applicable, the financial statements and related notes also include additional information on financial statements formats and disclosures required under Consob Resolution no. 15519 of 27 July 2006 and Consob Communication no. 6064293 of 28 July 2006.

All the figures presented in these financial statements are, unless otherwise indicated, stated in thousands of Euros. The statement of financial position, income statement, statement of comprehensive income, statement of changes in Equity and the statement of cash flows are instead expressed in Euros.

2.2 Segment reporting

An operating segment is a group of assets and operations generating costs and revenues, for which separate accounting information is available, and for which the related results are periodically reviewed by the executive management in order to adopt measures as to resources to be allocated to the segment and assessment of the related results.
Segment reporting by the company is defined according to the breakdown by operating segment, making a distinction between property-related activities and services. Property-related activities are then further broken down on the basis of the accounting categories into which the property assets are divided. Secondarily, information is also provided by geographical segment, defined according to property location.

2.3 Foreign currency transactions

(a) Functional and presentation currency

The financial statements are presented in Euros, whilst the Notes are presented in thousands of Euros. The Euro is the Company’s functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of cash assets and liabilities denominated in foreign currencies are recognised in the Income Statement.
Differences resulting from the translation of non-cash assets or liabilities are recognised in Equity in the period in which they occur, if profits and losses resulting from the measurement of such items are recognised directly in Equity. If, instead, profits or losses related to the valuation of non-cash assets are accounted for in the Income Statement, any exchange difference will be recognised on the same basis, except for any profit or loss generated by application of the fair value principle. In this case, any exchange differences are accounted for in Equity.

2.4 Investment properties

Investment properties are those held to earn rental revenues and for capital appreciation.
Investment properties are initially stated at cost, inclusive of transaction costs, and are subsequently measured at their fair value, and any change of such fair value is recorded in the Income Statement.
The real estate portfolio is valued semi-annually, on 30 June and 31 December, by an external independent valuation company, duly recognised and qualified and in possession of up-to-date knowledge of the locations and features of the properties being valued. The valuation is entrusted to two or more independent experts, who will be rotated every three years within the range of the property assets, though reserving the option to defer the three-yearly rotation (for a further three years) if deemed necessary.

The fair value of the properties is based on the market value, represented (in compliance with the provision of IFRS 13 “Fair value measurement”) by the estimate of the price at which the property would be traded on the measurement date and under current market conditions, as part of an ordinary transaction between market operators acting in the best manner to meet their economic interest (reference is made to Note 4.1 for the description of the fair value measurement methods).

When a property classed as an operating property is transferred to investment property following a change in use, any difference between the carrying amount and the fair value of the property at the date of transfer is recognised, in case of profits, directly in Equity. Where instead the difference represents a loss, this is recognised immediately in the Income Statement.

2.5 Properties under development

Properties under renovation, conversion, construction and development (hereinafter generically referred to as "development activities") for which a future use as investment properties is expected, are classified in this category.
These properties are individually recognised using the cost principle (initially at the purchase cost or the last carrying amount if reclassified to this category from another property category), remaining as such until the related fair value proves to be reliably calculable on an ongoing basis. From that moment the fair value

measurement principle is adopted (reference is made to Note 4.1 for the description of the fair value measurement methods).
The carrying amount of the property is incremented by all costs incurred for development activities, financial charges and any cost for staff employed in such activities.
The capitalization of financial charges is performed for the period between the start of such activities up to the moment the properties are essentially ready for their intended use, considering, in addition to costs on borrowings specifically for property purchase and development, also costs related to loans not directly guaranteed by them.

2.6 Leases

Leases are classified as finance leases or operating leases. Under the terms of a finance lease, the risks and rewards of ownership of an asset are substantially transferred to the tenant, whilst under the terms of an operating lease the risks and rewards of ownership substantially pertain to the lessor.

(a) Finance leases

(i) Beni Stabili S.p.A. SIIQ as lessee in finance leases
On initial recognition, the lessee company records the asset as a fixed asset and a borrowing as a reverse entry for an amount equal to the lower of the fair value of the asset being leased and the current value of the minimum payments due when the contract starts, using the contract interest rate. At each reporting date, the financial charges for the period are recognised in the Income Statement, after breaking down the rentals in accordance with the interest rate implicit in the lease. The capital element of the rental paid is instead recognised as a decrease in the borrowing.

(ii) Beni Stabili S.p.A. SIIQ as lessor in finance leases
On initial recognition, regardless of legal title, the value of the asset is derecognised from assets and a receivable is recognised corresponding to the present value of the sum of minimum lease payments due at inception of the lease and the remaining unsecured value. The discount rate used is the interest rate implicit in the lease. At each reporting date, the financial income for the period is recognised in the Income Statement, calculated on the basis of the rate of return implicit in the lease applied on a straight-line basis throughout the lease term. The estimated remaining unsecured value is periodically subject to impairment testing.

(b) Operating leases

Lease payments under operating leases are recognised as revenues or costs in the Income Statement on a straight-line basis over the lease term.

Lease contracts for properties are classified and accounted for on the same basis as operating leases. Please refer also to Note 2.19(i) below.

2.7 Operating properties and other assets

Operating properties and other assets are accounted for at purchase or construction cost, based on the fair value of the consideration paid in order to acquire the asset and any other directly attributable costs of making the asset ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other repair and maintenance costs are recognised as costs in the Income Statement in the period in which they are incurred.

After initial recognition, operating properties and other assets are carried at cost, reduced by any accumulated depreciation or impairment.

Depreciation of the assets is calculated using the straight-line method over the estimated useful life of the asset. Assets with unlimited useful lives are not depreciated. In the case of operating properties, the value of land included in the purchase or construction cost is treated separately and not depreciated.

The useful lives of the various asset classes are shown below:

- Operating properties — 33.33 years
- Land — unlimited
- Other assets — 4-12 years

Major renovations are depreciated over the remaining useful life of the related asset.

An asset's remaining useful life is reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down if lower than the asset's estimated recoverable amount.

Profit and loss on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

2.8 Intangible assets

An intangible asset is an identifiable non-cash asset without physical substance and from which future economic benefits are expected to flow to the company.

Intangible assets are recognised at their purchase cost. After initial recognition, intangible assets are carried at cost, net of any accumulated amortisation or impairment.

The intangible assets refer only to software represented by the cost of licences purchased from third parties and of proprietary software (limited to costs incurred in the actual development stage). These costs are amortised over their estimated useful lives, which is no more than 5 years. Costs associated with maintaining existing software programs are recognised in the Income Statement in the period in which they are incurred.

Costs attributable to new medium to long-term borrowings are recognised as direct adjustments to the nominal value of the borrowings, in application of the amortised cost method.

2.9 Financial assets

In accordance with IFRS 10, we have control over an entity (subsidiary) if and only if, at the same time:

- we have power over the investee entity, qualifying as having valid rights for addressing its relevant activities, i.e. those activities impacting significantly on its profitability;
- we have the ability to exercise this power over the investee entity so as to affect its profitability;
- the profitability (positive and negative) of our investment varies depending on the profitability of the investee entity.

Unser IFRS 11 an entity under a joint control (joint venture) is an entity over which the Group has the control in joint with third parties. In particular, the joint control is the contractually agreed sharing of control of an entity, and exist only when decisions about the relevant activities require the unanimous consent of the parties that control the arrangement collectively.

Unser IAS 28 an associates is an entity over which the investor has a significant influence, that means the power to participate in the financial and operating policy decision of this entity even there is not a control over it.

Investments in subsidiaries, joint ventures and associates are initially recognised at purchase or incorporation cost, represented by the fair value at the exchange date and any other directly attributable acquisition costs.
The initial cost of investments continues to be recognised in the financial statements in future years, with the exception of the following cases:

- following capital transactions;
- if there is impairment, in order to bring the carrying amount into line with the recoverable amount of the investment.

Dividends paid by subsidiaries, joint ventures and associates are recognised on an accrual basis in the Income Statement, when the right to receive payment is established (which generally coincides with the resolution to distribute dividends adopted by the companies' Shareholders Meetings). Dividends paid from earnings accumulated prior to acquisition of the investment represent an adjustment to the value of the investment, and are therefore deducted from the carrying amount.

For measurement purposes, financial assets are allocated to the following categories: financial assets measured at fair value through the Income Statement; loans and receivables; held-to-maturity financial assets; and available-for-sale financial assets. Directors classify each financial asset at the time of initial recognition and review the initial classification at the end of each reporting period.

(a) Financial assets measured at fair value in the Income Statement

This category includes financial assets held for trading. Investments in this category are classified as current assets if their disposal is expected in the twelve months after the end of the reporting period.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable maturities that are not traded on an active market. They are included in current assets, except for maturities of more than twelve months after the end of the reporting period, which are classified as non-current assets.

(c) *Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets that the Company intends to hold to maturity and has the ability to do so. Their classification as current or non-current assets depends on whether their projected realisation is within or after 12 months from the reporting date.

(d) *Available-for-sale financial assets*

Available-for-sale financial assets are a residual category consisting of non-derivative financial instruments that are either designated to this category by Management or cannot be attributed to any of the other financial investment categories described above. They are included in non-current assets unless Management intends to dispose of the investment within twelve months of the reporting date.

Regardless of their classification, financial assets are initially recognised at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has substantially transferred all risks and rewards of ownership of these assets.

After initial recognition, financial assets measured at fair value through the Income Statement and available-for-sale financial assets are accounted for at fair value. In the first case, changes in fair value are recognised in the Income Statement in the period in which they arise, whilst in the second case changes are recognised in Equity (the reserve for available-for-sale financial assets). This reserve is only recorded in the Income Statement when the financial asset is effectively disposed of or, in the event of a loss, when there is evidence that the impairment recognised in Equity cannot be recovered.

The fair value of financial assets traded on active markets is based on current bid prices. If there is no active market for a financial asset (and securities not traded on a regulated market), the company establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis adapted to reflect the issuer’s specific circumstances. Financial assets whose fair value cannot be reliably measured are stated at cost less any impairment charges.

The treatment of derivatives is described below in Note 2.18.

After initial recognition, loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Any impairment is recognised in the Income Statement as a balancing entry to the value of the asset. Impairment recognised for an asset in prior years is reversed if the circumstances that resulted in the impairment no longer apply.

2.10 Trading properties

Trading properties, even when subject to preliminary renovation and development activities, are classified under current assets and accounted for at the lower between purchase or construction cost and the net realisable value (IAS 2). The purchase cost is the fair value of the price paid, including any directly attributable transaction costs. The production cost is the fair value of all the costs directly attributable to the property, borrowing costs directly attributable to construction and any costs for the staff used in such activities (if any; financial charges are only recognised from the start of the loan period and until the property is substantially ready for use.
The net realisable value is determined on the basis of the fair value, less any estimated sales costs.

2.11 Trade and other receivables

Trade and other receivables are initially recognised at fair value and then on the basis of amortised cost using the effective interest rate method, less provisions for impairment.

Provisions for impairment of trade or other receivables are established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provisions is the difference between the carrying amount of the receivable and the present value of estimated future cash flows, using the effective interest rate. Provisions are recognised in the Income Statement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash assets, current account balances and bank deposits and other highly liquid short-term financial investments.

2.13 Assets and liabilities held for sale

This item is comprised, respectively, of assets (other than trading properties) or groups of discontinued assets, together with the related liabilities, the carrying amount of which will be recovered mainly through a sale transaction rather than through its continuous use. Such reclassification occurs only when the assets are available for immediate sale, in their current condition and the likelihood of their sale is high. In order for the sale to be highly likely, the assets should be included in a divestment program, the activities for the identification of a purchaser and for the completion of the divestment program must be initiated, the sale must be performed at a reasonable price compared with the fair value of the transferred assets and it should be expected to take place within one year, or longer, provided that any delay is due to events or

circumstances beyond the Group's control and that sufficient evidence exists that the Group continues to be committed to the planned divestment.
Assets or groups of discontinued assets that are different from the properties previously classified as "investment properties" and measured at fair value, are recognised at the lower of their carrying amount and their fair value net of any sales cost at the time of their initial recognition as held for sale. When a newly acquired asset or group of discontinued assets satisfies the criteria for their classification under this category, and its acquisition is part of a business combination, their initial recognition is at fair value net of sales costs.
After their initial recognition, any loss due to decreases in fair value, net of sales costs, are recorded in the Income Statement. On the other hand, revaluations for any increase in fair value net of sales costs are recognised in the Income Statement only to the extent of their previous write-down.
Otherwise, the properties previously classified as "Investment Properties" and measured at fair value, as provided by the applicable standards (IFRS 5, Note 5d), continue to be measured at their fair value (reference is made to Note 4.1 for the description of the fair value measurement methods).
Assets coming under this category are not depreciated.
Properties for which a preliminary sale contract was signed, the sale price less selling charges, represents the benchmark value of the fair value.

2.14 Borrowings

Borrowings are initially recognised at fair value, less transaction costs incurred. Subsequently, they are recognised at their amortised cost; any difference between the proceeds (net of transaction costs) and the aggregate redemption value is recognised in the Income Statement based on the duration of the borrowing, using the effective interest rate method. Transaction costs are included in the determination of related borrowings, in application of the amortised cost method.

Borrowings are classified as current liabilities, unless the company has an unconditional right to defer settlement of the liability for twelve months after the end of the reporting period. In this case, only the portion falling due within twelve months after the end of the reporting period is classified as a current liability.

2.15 Deferred tax

Deferred tax is calculated on all the temporary differences existing between the tax value of assets and liabilities and their carrying amounts.

Deferred tax is determined using the rates and tax regulations that are reasonably expected to apply when the related deferred tax assets are realised or the deferred tax liabilities are settled.
Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Staff termination benefits

(a) Post-employment benefits

The only form of post-employment benefit provided to staff by the company is represented by staff termination benefits.
In the light of amendments made to regulations by the "2007 Finance Act" (Law no. 296 of 27 December 2006), staff termination benefits are accounted for by the company in accordance with the following rules:

i) for "defined benefit plans", as regards the portion of staff termination benefits accrued as at 31 December 2006, through actuarial calculations which do not include the item related to future salary increases;

ii) for "defined contribution plans", as regards the portion of staff termination benefits accrued from 1 January 2007, both in case of election of a supplementary pension scheme and in the event of allocation to the INPS treasury fund.

(b) Termination benefits and incentive schemes

Termination benefits are recognised in the Income Statement and in liabilities when the company is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date, and to providing termination benefits to the employee or group of employees as a result of an offer through a voluntary redundancy incentive. The company recognises its commitment on signing an agreement with the employee governing termination of employment and the recognition of incentives.
The above benefits are recognised immediately in the Income Statement, as they are not capable of generating future economic benefits.

(c) Share-based plans

The Company awards bonuses to certain employees in the form of Stock Option plans and free shares. The estimated benefit attributed to the beneficiaries of such plans is charged to the Income Statement over the vesting period, with a corresponding increase in Equity reserves or in a debit item in favour of the beneficiaries, depending on whether the stock option plan is settled in shares or cash. The benefit is calculated by determining the fair value of the options assigned, using pricing models and taking account of arm's length conditions. The number of options assigned is updated at each reporting date if necessary.
The proceeds received, less any directly attributable transaction costs, are credited to share capital (nominal value) and the share premium reserve when the options are exercised.

2.17 Provisions for risks and charges

Provisions for risks and charges are recognised when:

- the company has a present (legal or constructive) obligation as a result of a past event;
- it is highly probable that an outflow of resources will be required to settle the obligation;
- the amount of the obligation can be reliably estimated.

Provisions are measured on the basis of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the costs of money, taking into account the time existing between the date of the Financial Statement and the date on which the obligation will be settled, and the risks specific to the type of liability concerned.

2.18 Derivative and hedge accounting

Derivatives are initially recognised and subsequently measured at their fair value. The derivatives entered into by the company are classified as highly probable cash flow hedges.
When signing the contract, Beni Stabili S.p.A. SIIQ documents the relationship between the hedging instruments and the hedged items, and its objectives and strategies for managing the risk. It also documents its assessment of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items on an ongoing basis.
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Equity. However, the gain or loss relating to the ineffective portion is recognised in the Income Statement.
Amounts accumulated in Equity are reversed to the Income Statement in periods when the hedged item will affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in Equity at that time will be recorded in the Income Statement when the expected transaction is definitively recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in Equity is transferred to the Income Statement.

2.19 Revenues

Revenues are recognised as follows:

(i) *Rental revenues*

Rental revenues generated by lease contracts similar to operating leases are recognised over the lease term on a straight-line basis, unless another systematic criterion is available to better represent time frames over which the rewards deriving from the use of the leased asset are reduced.

Rental revenues also include amounts paid by the sellers of properties by way of guaranteed annuity.

Rental revenues generated by lease contracts similar to finance leases are recognised according to methods that reflect the constant rate of return on the net investment, by dividing their amount into the refund of income from tenants recorded originally, and the related financial income.

(ii) *Revenues from property sales*

Revenues from property sales are recognised in the Income Statement when the risks and benefits of ownership have been transferred to the buyer. This normally coincides with contract closing.

(iii) *Revenues for services*

Service revenues are recognised in the accounting period in which the services are provided with reference to conclusion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided under contract.

(iv) *Dividends* are recorded when arise the right to their payment.

2.20 Financial income and charges and profit/(loss) on investments in subsidiaries, associates and other companies

Financial income and charges are recognised on an accruals basis, using the effective interest method (where applicable).

Financial income and charges include the effects of discounting receivables and payables and from the measurement of derivatives in accordance with IAS 39.

Dividends are recognised when the right to receive payment arises.

2.21 Seasonality of business

The company’s business operations are not generally affected by seasonal phenomena.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The company’s activities expose it to a variety of financial risks: market risks, credit risks and liquidity risks. The company’s operating and financial policies seek, among other things, to minimise the potential adverse effects of such risks on the company’s financial performance. The company uses derivatives to hedge certain risk exposures.

(a) Market risk

(i) Property value risk

Investment properties, properties held for sale and, where applicable, properties under development are measured at fair value and changes are recognised in the Income Statement. Fluctuations in property prices can therefore have a significant effect on the company's results. Furthermore, part of the results derives from property trading, albeit marginal, which is also significantly influenced by property value trends and the volume of potential transactions over time.

The property market is affected by the cyclical nature of rents and property prices; the duration of cycles is variable, but is generally long-term. Different national markets have different cycles that are often not in step with each other due to the specific economic and business environments. Within each national market, moreover, price trends track the cycle in differing ways and with different degrees of intensity, depending on the location and features of the properties.

The macroeconomic factors that have most influence on property values and therefore determine the various cyclical trends are the following:

- interest rates;
- market liquidity and availability of profitable alternative investments;
- economic growth.

Low interest rates, high market liquidity and a lack of profitable alternative investments generally accompany an increase in property values.
Economic growth generally drives demand for rented space and pushes up rents, above all in the office segment, which is the company's primary area of operation. This in turn has a positive effect on property prices. It should be noted, however, that in the mid-term, economic growth normally generates a rise in inflation and thus in interest rates, thereby increasing availability of profitable alternative investments. All such factors exert downward pressure on property prices.

The company's investment policy aims to minimise the impact of different stages of the cycle, by selecting investments, either directly or via its subsidiaries or joint ventures:

– with long-term leases entered into with quality tenants, enabling it to mitigate the impact of falling market rents and the resulting decline in property prices;
– located primarily in the centres of major Italian cities (above all Rome and Milan) that have a structural shortage of good quality office space;
– with low "vacancy rates", so as to avoid the risk of having to re-let space in times of limited demand.

(ii) Interest rate risk

The company's borrowings are normally subject to floating rates plus a spread. Interest rate movements therefore have a significant effect on results. Beni Stabili S.p.A. SIIQ's policy is to hedge exposure to interest rate risk as far as possible, so as to limit substantial exposure to property-related risks. In any event, the company does not perform purely speculative transactions, or any transactions not directly connected to its debt exposure.

Beni Stabili S.p.A. SIIQ manages interest rate risk by using derivative contracts: swaps, caps and collars.

Interest rate swaps have the effect of converting borrowings from floating rate to fixed rate over part or all of the borrowing term, and regard a portion or the entire amount.

Caps and collars have the effect of establishing an upper limit, and in the case of a collar a lower limit, on fluctuations in the interest rates of the various borrowings over part of or all the borrowing term.

The company constantly monitors the rate risk, through quarterly testing of the effectiveness of hedging derivatives, accompanied by a summary report.

As at 30 September 2014, taking into account the outstanding hedging transactions on floating and fixed rate borrowings, 79.27% (93.29% as at 31 December 2013) of the financial exposure of Beni Stabili S.p.A. SIIQ is paid at fixed rate.

The following table instead summarises the aggregate effects on the fair values of existing derivatives if the interest rates at each year end were 100 basis points higher or lower than the actual interest rates. The same table also shows the portion of effects, net of related tax, which would be recognised directly to Equity.

	Change in fair value		Net effect on Equity of changes in fair value (*)	
30.09.2014	**+ 100 bp**	**- 100 bp**	**+ 100 bp**	**- 100 bp**
Derivatives - Assets and Liabilities	40,396	(29,653)	40,396	(29,653)
Tax effect	-	-	(222)	79
Total	**40,396**	**(29,653)**	**40,174**	**(29,574)**

	Change in fair value		Net effect on Equity of changes in fair value (*)	
31.12.2013	**+ 100 bp**	**- 100 bp**	**+ 100 bp**	**- 100 bp**
Derivatives - Assets and Liabilities	18,977	(14,084)	18,977	(14,084)
Tax effect	-	-	(123)	90
Total	**18,977**	**(14,084)**	**18,854**	**(13,994)**

(*) With reference to the figures as at 30 September 2014, note that in the event that interest rates increased or decreased by 100 basis points, 198 thousand of Euro and (- 13) thousand of Euro, respectively, would have been recognised in the Income Statement as changes relating to over-hedging shares.

(iii) Foreign exchange risk

As at 30 September 2014, the company was operating in the Euro Area only, and was therefore not exposed to foreign exchange risk.

(b) Credit risk

The following table summarises the company's maximum exposure to credit risk:

Description	Balance 30.09.2014	Balance 31.12.2013
Net trade and other receivables (current and non-current)	122,218	67,294
Receivables from subsidiaries and associates (current and non-current)	294,192	152,585
Cash and cash equivalents (net of cash in hand)	89,816	104,572
Total	**506,226**	**324,451**

All the financial assets listed above refer to relations in Italy. The carrying amounts of the aforementioned financial assets correspond to the relevant fair values.

As regards trade and other receivables, both current and non-current, the table below details their relevant gross amount, amounts past due, related amortisation and the amount not yet due, together with an indication of maturity within or beyond twelve months.

Description	Gross receivables 30.09.2014	Gross receivables past due	Write-down of past due receivables	Receivables not yet due	Receivables maturing	
					within 12 months	over 12 months
Receivables form property sales and investment disposals	60,847	5,847	(1,107)	55,000	55,000	-
Tenants	52,411	32,878	(17,144)	19,533	4,970	14,563
Customers for services provided	38	-	-	38	38	-
Receivables from the Municipality of Rome	8,775	8,775	-	-	-	-
Guarantee deposits	368	17	(17)	351	279	72
Tax receivables	9,473	18	(18)	9,456	9,186	270
Other receivables (including accruals and deferrals)	9,835	1,501	(1,243)	8,334	8,334	-
Total	**141,747**	**49,036**	**(19,529)**	**92,712**	**77,807**	**14,905**

The table below, on the other hand, presents gross receivables past due with percentage breakdown by maturity.

Description	Gross receivables past due 30.09.2014	Past due by		
		less than 6 months	6 months - 1 year	more than 1 year
Receivables from property sales and investment disposals	5,847	-	-	5,847
Tenants	32,878	11,407	4,278	17,193
Receivables from the Municipality of Rome	8,775	-	-	8,775
Receivables for guarantee deposits	17	-	-	17
Tax receivables	18	-	-	18
Other receivalbes (including accruals and deferrals)	1,501	6	68	1,427
Total	**49,036**	**11,413**	**4,346**	**33,277**

Credit recovery expectations are assessed on a position-by-position basis, taking into account the existing guarantees validly enforceable and the opinion of external legal advisors who follow the related recovery actions (if any). All receivables for which a loss is probable were written down accordingly at year end. With reference to changes in provisions for write-downs, please see Notes 7.1.7 and 7.2.2 below.

As shown in the tables above, receivables as at 30 September 2014 mainly include:

- “Receivables from property sales and investment disposals” related to: i) the credit spread for the sale (in 2014) of the property in Milan via Fogazzaro, of 55,000 thousand of Euro, the collection of which, backed by a bank guarantee at first demand, is expected by the end of May 2015; ii) a receivable from the Municipality of Rome of 4,240 thousand of Euro with respect to the sale of a residence called Fabianella, subject of a dispute, more details of which can be found under Note 8 below; iii) other receivables of 1,607 thousand of Euro (see next Note 7.2.2), the collection of which was backed for 1,400 thousand of Euro by a pledge on company shares sold.
- “Tenants" and "other receivables": these credit categories are constantly monitored to assess their recovery prospects. Specifically, with regard to amounts due from tenants, the company believes it is not exposed to significant credit risks, given that tenants are selected on the basis of their credit

rating and on the economic prospects for their business. The operating and financial performances of the most important tenants are, moreover, monitored on an ongoing basis.

Investments in properties leased to tenants whose credit rating may be at risk or is highly subject to change are made only if the quality of the property offers an adequate guarantee that the property can be rapidly re-let should the tenant become insolvent. Furthermore, as at 30 September 2014 the Company holds guarantees, mostly bank sureties and guarantee deposits, which cover more than one quarter of the aggregate amount of annual rentals at that date.

Amounts due from tenants past due as at 30 September 2014 include an amount of approximately 11,167 thousand of Euro relating to the position subject to dispute with the tenant "Darsena City" shopping mall in Ferrara, whose recoverability was assessed in determining the specific provision for write-downs. Please refer to Note 8 below for more details.

- “Receivables from the Municipality of Rome”: these are positions that are subject to civil law disputes, details of which can be found in Notes 7.1.7, 7.2.2 and 8 below.
- “Tax receivables”: these are mainly taxes paid in settlement of tax litigations, details of which can be found in Note 8 below and direct tax receivables to be used to offset.

With reference to bank deposits and derivatives, it should be noted that the company operates on a continuing and permanent basis with primary counterparties that have an acceptable credit rating, thus limiting the related credit risk.

The following table summarises the exposure of Beni Stabili S.p.A. SIIQ as regards bank deposits and derivatives, with breakdown by counterparty rating (according to Fitch and if not available Standard & Poor’s).

Banks ans postal current accounts	Balance 30.09.2014	Balance 31.12.2013
A+	707	-
A	3,291	2,492
A-	1,715	59
BBB+	9,371	16,365
BBB	57,101	66,837
BBB-	-	-
BB+	30	17,196
BB	12,265	-
n.c. (*)	5,336	1,623
Total	**89,816**	**104,572**

(*) Banks that not have a public rating.

In view of the rating brackets of the counterparties, the management believes that, as regards these investments, Beni Stabili S.p.A. SIIQ is not exposed to significant credit risk.

(c) Liquidity risk

Borrowings used to finance the purchase of investment properties are structured on the basis of cash flows generated by the lease contracts, taking account of the operating costs to be borne by the owner under the terms of the contract.

The Company aims at not expanding financial leverage beyond 60% of the value of the consolidated property assets. Liquidity risk is thus considered to be low.

The tables below show the breakdown by maturity of the nominal value of financial liabilities other than hedging instruments, net of any accruing interest.

	Balance as at 30.09.2014					
	Carrying amount	Nominal value	within 1 year	1 to 2 years	2 to 5 years	over 5 years
Borrowings other than hedging instruments (current and non-current portions)						
Mortgage loans	940,661	948,245	121,579	442,317	121,475	262,874
Other loans	348,903	350,226	150,226	200,000		
Other borrowings	-	-	-	-	-	-
Bonds	609,018	618,369	18,369	-	-	600,000
Convertible bonds	572,965	607,124	112,124	-	495,000	-
Total	**2,471,547**	**2,523,964**	**402,298**	**642,317**	**616,475**	**862,874**

	Balance as at 31.12.2013					
	Carrying amount	Nominal value	within 1 year	1 to 2 years	2 to 5 years	over 5 years
Borrowings other than hedging instruments (current and non-current portions)						
Loans and other short term borrowings	80,102	80,102	80,102	-	-	-
Mortgage loans	1,018,201	1,024,377	106,180	676,073	242,124	
Convertible bonds	565,184	606,228	5,690	105,538	225,000	270,000
Total	**1,663,487**	**1,710,707**	**191,972**	**781,611**	**467,124**	**270,000**

The tables below instead report the breakdown of the fair value of financial assets and liabilities for derivatives by the periods when the underlying cash flows are expected to affect the Income Statement.

	Fair value (*)		within 1 year		1 to 2 years		2 to 5 years		over 5 years	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Derivatives - Assets										
CAP	1,138	-	5	-	66	-	1,067	-	-	-
Total	**1,138**	**-**	**5**	**-**	**66**	**-**	**1,067**	**-**	**-**	**-**

	Fair value (*)		within 1 year		1 to 2 years		2 to 5 years		over 5 years	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Derivatives - Liabilities										
IRS	(30,460)	(30,702)	(14,214)	(14,397)	(8,430)	(10,809)	(12,335)	(5,450)	4,519	(46)
Total	**(30,460)**	**(30,702)**	**(14,214)**	**(14,397)**	**(8,430)**	**(10,809)**	**(12,335)**	**(5,450)**	**4,519**	**(46)**

(*) Since this is the breakdown by periods of expected cash flows, the fair value shown here does not include the positive effect (603 thousand of Euro as at 30 September 2014 and 821 thousand of Euro as at 31 December 2013) deriving from the inclusion in the measurement of the "creditworthiness" variable as provided by IFRS 13.

Conversely, the following table describes the breakdown by maturity of non-discounted cash flows of derivatives as at 30 September 2014:

	Balance as at 30.09.2014				
	Total non-discounted cash flow (*)	within 1 year	1-2 years	3-5 years	over 5 years
Derivarives - Assets and Liabilities					
IRS	56,309	11,701	4,515	17,143	22,950
Total	**56,309**	**11,701**	**4,515**	**17,143**	**22,950**

(*) It does not include the positive effect of "creditworthiness".

As at 30 September 2013, the average financial maturity of borrowings, other than hedging instruments, is equal to 2.98 years (2.63 years as at 31 December 2013), while as at 30 September 2013 the average financial maturity of interest rate hedges is equal to 5.65 years (2.95 years as at 31 December 2013).

3.2 Capital management

The policy of the company, focused on protecting an optimal capital structure, is achieved by maintaining:

– a net debt/equity ratio no higher than 1.5;
- a net debt/property assets ratio lower than 60%.

4. CRITICAL ESTIMATES, JUDGEMENTS AND ACCOUNTING POLICIES

4.1 Valuation of the real estate portfolio

Properties are valued on a semi-annual basis, on 30 June and 31 December, through specific estimates carried out by independent experts. For June 2014, in particular, the valuation is entrusted to CBRE Valuation S.p.A..

The Company has a specific company procedure that defines the rules of selection and appointment of the independent expert, providing that only subjects who meet previously set requirements of professionalism, independence and good repute can be nominated. The tasks assigned to the expert last three years.

Valuations are carried out for each property, using different criteria for each valuation (compatible with the provisions of IFRS 13):

- *comparative or market method*, based on a comparison between the asset in question and other assets recently exchanged or currently on offer on the same market or on competing markets;
- *income method:* takes two different methodological approaches into consideration:
  - *direct capitalisation approach*, based on the current value of potential future income from a property, obtained by capitalising income at an appropriate market rate;
  - *discounted cash flow approach,* based on discounting future net rental revenues (over a period that varies according to the existing lease terms). At the end of this period, it is assumed that the property will be sold at a value obtained by capitalising income for the last year at a market rate for investments similar to those being valued;
- *conversion method,* developed through a forecast of economic feasibility of both revenues and development costs required to complete the real estate enterprise. The market value obtained is the difference between the market value of the optimised property, including the value of the area on which it stands, and its cost of development (renovation and conversion).

Each property is valued using one of the above methods or combined, depending on the specific nature of each property. The valuations were carried out on the assumption of the higher and best use of the properties being valued, that is to say, considering among all legally permitted and financially feasible possible technical uses, only the uses that can potentially confer the maximum value to each Property. The higher and best use is determined on the basis of the specific considerations depending on specific characteristics (type/location) of the property and of the local real estate market.

In determining the capitalisation and discount rates used in the valuation of individual properties, the following is taken into account:

- the type of tenant currently occupying the property or responsible for meeting the lease obligations and the potential future occupants of vacant properties, in addition to the general market perception of their credit standing;
- the allocation of responsibility for insurance and maintenance between the lessor and the tenant;
- the remaining useful economic life of the property.

As regards trading properties, sales costs are estimated based on the sale mandates granted to intermediaries at the reporting date, assuming that the properties not included in these mandates will be sold directly by the Group without incurring brokers' fees.

The operating methods for a periodic valuation of properties are regulated by a Group internal procedure that regulates all the activities of the process: from the selection and appointment of the experts to the documents sent to them, to the valuation methods, to the inspection of the properties being valued, to the operating and coordination rules with the experts, to the monitoring of the entire process.

The information and data used for the valuations include:

- information provided to the expert by the Company, such as current rents, terms and conditions of the existing lease contracts, property taxes, property management costs, including any capital expenditure contemplated. This information is drawn from the management systems used, under the monitoring of the internal control system;
- assumptions and valuation models defined directly by the experts (usually related to the market of reference, such as the discount rate, the capitalisation rate, the inflation curve, etc.). The definition of these valuation elements is based on their professional opinion, considered a careful observation of the market of reference.

The information sent to the experts, the assumptions and the models used by them are revised by the asset managers and by the COO (Chief Operating Officer), who is entrusted with the responsibility for the organisation, coordination, monitoring and verification of the valuations.

The following table classifies (separately by property category) the values resulting from the estimates drawn up by the independent experts as at 30 June December 2014 depending on the used valuation techniques.

	VALUATION METHOD			
	COMPARATIVE OR MARKET METHOD	INCOME METHOD (DIRECT CAPITALISATION - DCF: DISCOUNTED CASH FLOW)	CONVERSION METHOD	Total
Accounting category				
Investment properties	46,680	1,789,671	10,060	1,846,411
Properties under development	-	-	-	-
Trading properties	39,798	23,892	-	63,690
Properties included among assets held for sale	14,420	25,300	-	39,720
Total fair value resulting from independent expert estimates (*)	**100,898**	**1,838,863**	**10,060**	**1,949,821**

(*) For the reconciliation between the market value resulting from independent expert estimates and the market value of the consolidated real estate portfolio, refer to Note 5.3. It should be noted that in the above table the market value of the Shopping Mall in Ferrara is including for its 50% as owned by the Company. The capex of the 3Q have been added to June appraisal value.

Conversely, the following table shows the classification of property valuations as at 30 September 2014 (separately by property category), according to the three hierarchy levels of the fair value provided by IFRS 13 "Fair value measurement":

	HIERARCHICAL LEVELS OF FAIR VALUE (*)			
	Level 1	Level 2	Level 3	Total
Accounting category				
Investment properties	-	431,972	1,414,439	1,846,411
Properties under development	-	-	-	-
Trading properties	-	-	63,690	63,690
Properties included among assets held for sale	-	-	39,720	39,720
Total fair value resulting from independent expert estimates (**)	**-**	**431,972**	**1,517,849**	**1,949,821**

(*) The hierarchical values to which the fair value measurements of the properties are assigned, are defined on the basis of input data used in the measurement, in compliance with what is defined in paragraphs 72-90 of IFRS 13 "Fair value measurement".

(**) For the reconciliation between the market value resulting from independent expert estimates and the market value of the consolidated real estate portfolio, refer to Note 5.2. It should be noted that in the above table the market value of the Shopping Mall in Ferrara is including for its 50% as owned by the Company.

For property valuations falling under Level 3 of the hierarchical levels of fair value, quantitative information on unobservable inputs deemed most significant are shown below:

Accounting category	Fair value (level 3) as at 30.09.2014	Valuation technique	Unobservable inputs	Range (weighted average) (*)
Investment properties	1,357,699	**Income Method**	Annual rent by sq.m	€100-€1.600 (€267)
			Discount rate	5,50%-8,10% (6,3%)
			Capitalization rate by terminal value	4,8%-7,25% (5,85%)
	46,680	**Comparative or market method**	Average price by sm.q	€1.350-€25.000 (€3.008)
	10,060	**Conversion method**	Costs for the completion of the initiative	(**)
			Annual rents upon completion of the initiative	€/000 1.550
			Discount rate	8.7%
			Capitalization rate by terminal value	6.6%
Trading properties	23,892	**Income Method**	Annual rent by sq.m	€110-€210 (€198)
			Discount rate	7.5%
			Capitalization rate by terminal value	6,5-6,6% (6,53%)
	39,798	**Comparative or market method**	Average price by sm.q	€1.000-€8.000 (€2955)
Properties included among assets held for sale	25,300	**Income Method**	Annual rent by sq.m	€90-€140(€98,68)
			Discount rate	6,00%-6,40% (6,08%)
			Capitalization rate by terminal value	6,50%-7,25% (6,95%)
	14,420	**Comparative or market method**	Average price by sm.q	€1.300-€4.800 (€3.976)
Total level 3 "fair value"	**1,517,849**			

(*) The average of the annual rent per square meters was obtained by weighting the figure of each property by its GLA. The weighted average of the Discount rate and of the Capitalisation rate was obtained by weighting the figure of each property by the rent by sq.m.

(**) The Cost for the completion of the initiatives measured with the conversion method was defined on the basis of the estimates of the expenses contained in the business plan of each initiative.

With reference to the sensitivity of fair value measurements to the changes in the main unobservable inputs, note that there would be fair value reductions in the following cases:

- decreases in current rents and/or in the estimate of annual rents by sq.m.;

- an increase in discount rates and /or in capitalisation rates;
- the occurrence of capex on properties not contemplated;
- for properties on which future capital expenses are contemplated, an increase in the estimate of these expenses, and/or an extension of their timing ;
- problems related to the collection of rents from the current tenants.

Opposite changes in the aforesaid phenomena would imply an increase in fair value.

4.2 Measurement of derivatives

Derivatives are measured using the *Discounted Cash Flow method*. According to this method, the fair value of a derivative is calculated by determining the expected cash flows and then discounting them. This measurement is carried out on a quarterly basis.
The valuation methods are in compliance with the provisions of IFRS 13 “Fair value measurement”.

4.2.1 Interest rate derivatives

Expected floating interest flows related to interest rate derivatives, net of any optional item, are determined according to the Euribor forward curve. For the purpose of calculating the fair value, these expected flows are discounted using the implicit spot rates in the Euribor curve, determined using Euribor rates fixing and listed prices for swaps as at the measurement date.
As regards interest rate derivatives with optionals, the fair value is instead determined using the Black standard market model, or by adapting the Black-Scholes model to the interest rates. The Euribor curve used in determining the forward rates to be included in the model is similar to that used for derivatives without optional items. The volatilities used are, instead, the implicit volatilities quoted at the time of measurement.

4.2.2 Conversion option related to the convertible bonds

The measurement model used is the one developed by Tsiveriotis and Fernandes (Tsiveriotis - Fernandes - “Valuing convertible bonds with credit risk” - The Journal of fixed income -1998) which is mainly based on the Black-Scholes model for what concerns the “share component” and introduces the credit risk in the measurement of the “bond component”. The input parameters of the model are calibrated so as to align the valuation of the convertible bond at market prices at the measurement date.

4.2.3 Hierarchical level of fair value measurements of derivative instruments

The following table classifies the fair value measurement of derivative instruments, separately by type of derivative instrument, in the three levels of hierarchy of the fair value contemplated by IFRS 13 ”Fair value measurement”:

	Hierarchical levels of fair value (*)			
	Level 1	Level 2	Level 3	Total
Derivatives - Asset and Liabilities				
Interest rate derivatives		28,714		28,714
Conversion option related to the convertible bond maturing in 2018 and 2018		39,220		39,220
Total derivatives	**-**	**67,934**	**-**	**67,934**

(*) *The hierarchical values to which the fair value measurements of the derivative instruments are assigned, are defined on the basis of input data used in the measurement, in compliance with what is defined in paragraphs 72-90 of IFRS 13 "Fair value measurement".*

As can be seen from the table above, fair value measurements of the derivative instruments, carried out in accordance with the measurement models mentioned in the paragraphs above, are included in "level 2" of the fair value measurement hierarchy identified by IFRS 7 "Financial instruments: Disclosures" and by IFRS 13 "Fair value measurement". In fact, input data directly or indirectly observable on the market is used to measure the fair value (other than listed prices – unadjusted -), adjusted, where necessary, depending on specific factors related to the measured instrument.

5 SEGMENT REPORTING

5.1 Breakdown by operating segments

STATEMENT OF FINANCIAL POSITION AS AT 30.09.2014

Description	REAL ESTATE PORTFOLIO											OTHER	Total
	Investment properties			Held for sale properties			Properties under development	Trading properties				Assets/Liabilities not specifically attributable	
	Offices	Comm./Hotels	Total	Offices	Comm./Hotels	Total		Offices	Comm./Hotels	Other	Total		
Investment properties	1,565,283	281,128	1,846,411	-	-	-	-	-	-	-	-	-	1,846,411
Operating properties and other assets	-	-	-	-	-	-	-	-	-	-	-	1,207	1,207
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	182	182
Investments and securities	-	-	-	-	-	-	-	-	-	-	-	1,119,185	1,119,185
Trade and other receivables	13,337	578	13,915	558	12	570	-		4,317	2	4,319	16,061	34,865
Receivables due from subsidiaries and associates	-	-	-	-	-	-	-	-			-	5,319	5,319
Derivatives	509	-	509	-	-	-	-	-			-	622	1,131
Deferred tax assets		2,470	2,470			-		2,836	1,929	2,639	7,404	5,288	15,162
Total non current assets	**1,579,129**	**284,176**	**1,863,305**	**558**	**12**	**570**	**-**	**2,836**	**6,246**	**2,641**	**11,723**	**1,147,864**	**3,023,462**
Trading properties	-	-	-	-	-	-	-	28,160	23,413	21,084	72,657	-	72,657
Trade and other receivables	71,291	1,784	73,075	2,425	187	2,612	-			17	17	11,649	87,353
Receivables due from subsidiaries and associates	-	-	-	-	-	-	-			-	-	288,873	288,873
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	89,820	89,820
Total current assets	**71,291**	**1,784**	**73,075**	**2,425**	**187**	**2,612**	**-**	**28,160**	**23,413**	**21,101**	**72,674**	**390,342**	**538,703**
Assets held for sale	-	-	-	31,070	8,650	39,720	-	-	-	-	-	-	39,720
Total assets	**1,650,420**	**285,960**	**1,936,380**	**34,053**	**8,849**	**42,902**	**-**	**30,996**	**29,659**	**23,742**	**84,397**	**1,538,206**	**3,601,885**
Borrowings	576,306	50,777	627,083	4,150		4,150		12,426	14,860	-	27,286	1,417,953	2,076,472
Derivatives	22,781	2,528	25,309	115	12	127		344	3,115	-	3,459	40,170	69,065
Trade and other payables			-			-					-	294	294
Deferred tax liabilities	2,019	1,763	3,782	37	1,610	1,647	-	-	-	-	-	(7)	5,422
Total non current liabilities	**601,106**	**55,068**	**656,174**	**4,302**	**1,622**	**5,924**	**-**	**12,770**	**17,975**	**-**	**30,745**	**1,458,410**	**2,151,253**
Borrowings	72,458	46,713	119,171	49		49		147	-	-	147	275,707	395,074
Payables to parent company	-	-	-	-	-	-	-	-	-	-	-	1,542	1,542
Payables due to subsidiaries and associates			-			-			-	-	-	51,418	51,418
Trade and other payables	35,045	8,397	43,442	979	814	1,793	733	217	560	249	1,026	7,945	54,939
Provisions for risks and charges	-	-	-	-	-	-	-	-	-	-	-	5,747	5,747
Total current liabilities	**107,503**	**55,110**	**162,613**	**1,028**	**814**	**1,842**	**733**	**364**	**560**	**249**	**1,173**	**342,359**	**508,720**
Total liabilities	**708,609**	**110,178**	**818,787**	**5,330**	**2,436**	**7,766**	**733**	**13,134**	**18,535**	**249**	**31,918**	**1,800,769**	**2,659,973**

STATEMENT OF FINANCIAL POSITION AS AT 31.12.2013

Description	REAL ESTATE PORTFOLIO											OTHER	Total
	Investment properties			Properties held for sale			Properties under development	Trading properties				Assets/Liabilities not specifically attributable	
	Offices	Comm./ Hotels	Total	Offices	Comm./ Hotels	Total		Offices	Comm./ Hotels	Other	Total		
Investment properties	1,392,610	379,315	1,771,925	-	-	-	-	-	-	-	-	-	1,771,925
Properties under development	-	-	-	-	-	-	117,720	-	-	-	-	-	117,720
Operating properties and other assets	-	-	-	-	-	-	-	-	-	-	-	1,331	1,331
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	172	172
Investments and securities	-	-	-	-	-	-	-	-	-	-	-	437,614	437,614
Trade and other receivables	12,540	1,543	14,083	7	209	216	-		4,258	10	4,268	22,825	41,392
Receivables due from subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	-	26,584	26,584
Deferred tax assets	36,462	10,808	47,270	425	201	626	4,854	2,782	1,968	2,657	7,407	6,127	66,284
Total non-current assets	**1,441,612**	**391,666**	**1,833,278**	**432**	**410**	**842**	**122,574**	**2,782**	**6,226**	**2,667**	**11,675**	**494,653**	**2,463,022**
Trading properties	-	-	-	-	-	-	-	28,370	23,190	21,087	72,647	-	72,647
Trade and other receivables	13,708	1,983	15,691	253	167	420	-	26	378	-	404	9,387	25,902
Receivables due from subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	-	126,001	126,001
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	104,575	104,575
Total current assets	**13,708**	**1,983**	**15,691**	**253**	**167**	**420**	**-**	**28,396**	**23,568**	**21,087**	**73,051**	**239,963**	**329,125**
Assets held for sale	-	-	-	30,940	8,880	39,820	-	-	-	-	-	-	39,820
Total assets	**1,455,320**	**393,649**	**1,848,969**	**31,625**	**9,457**	**41,082**	**122,574**	**31,178**	**29,794**	**23,754**	**84,726**	**734,616**	**2,831,967**
Borrowings	663,605	163,627	827,232	8,469	3,945	12,414	46,036	12,386	14,871	-	27,257	559,494	1,472,433
Derivatives	22,251	4,987	27,238	366	95	461	958	640	584	-	1,224	27,898	57,779
Trade and other payables	5,344	3,158	8,502	46	773	819	729				-	-	10,050
Staff termination benefits	-	-	-	-	-	-	-	-	-	-	-	289	289
Deferred tax liabilities	6,368	2,595	8,963	1,166	1,402	2,568	-	-	-	-	-	1	11,532
Total non-current liabilities	**697,568**	**174,367**	**871,935**	**10,047**	**6,215**	**16,262**	**47,723**	**13,026**	**15,455**	**-**	**28,481**	**587,682**	**1,552,083**
Borrowings	80,974	22,524	103,498	373	1,015	1,388	5	371	-	-	371	85,792	191,054
Payables due to subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	-	1,800	1,800
Trade and other payables	26,576	17,902	44,478	1,948	825	2,773	4,091	133	192	136	461	3,061	54,864
Provisions for risks and charges	-	-	-	-	-	-	-	-	-	-	-	5,078	5,078
Total current liabilities	**107,550**	**40,426**	**147,976**	**2,321**	**1,840**	**4,161**	**4,096**	**504**	**192**	**136**	**832**	**95,731**	**252,796**
Total liabilities	**805,118**	**214,793**	**1,019,911**	**12,368**	**8,055**	**20,423**	**51,819**	**13,530**	**15,647**	**136**	**29,313**	**683,413**	**1,804,879**

INCOME STATEMENT AS AT 30.09.2014

Description	REAL ESTATE ACTIVITIES											Services	OTHER	Total
	Investment properties				Held for sale properties			Trading properties					Amounts not specifically attributable	
	Uffici	Comm.le/Hotel	Altri	Totale	Uffici	Comm.le/Hotel	Totale	Uffici	Comm.le/Hotel	Altri	Totale			
Rental revenues	62,053	12,128	-	74,181	1,494	568	2,062	17	462	56	535	-	-	76,778
Sales revenues	61,500	-	-	61,500		800	800		180		180	-	-	62,480
Revenues from services	-	-	-	-	-	-	-	-	-	-	-	1,864	-	1,864
Total revenues	**123,553**	**12,128**	**-**	**135,681**	**1,494**	**1,368**	**2,862**	**17**	**642**	**56**	**715**	**1,864**	**-**	**141,122**
Operating costs	(11,794)	(2,835)	-	(14,629)	(323)	(203)	(526)	(207)	(298)	(178)	(683)	-	-	(15,838)
of which costs	(14,734)	(2,832)	-	(17,566)	(333)	(141)	(474)	(223)	(327)	(144)	(694)	-	-	(18,734)
of which recoveries	3,374	958	-	4,332	10	19	29	16	29	14	59	-	-	4,420
of which write-down/impairment of tenant receivables	(434)	(961)	-	(1,395)	-	(81)	(81)	-		(48)	(48)	-	-	(1,524)
Cost of sales	(61,039)	-	-	(61,039)		(808)	(808)		(113)		(113)	-	-	(61,960)
Service costs												(741)		(741)
EBITDA	**50,720**	**9,293**	**-**	**60,013**	**1,171**	**357**	**1,528**	**(190)**	**231**	**(122)**	**(81)**	**1,123**	**-**	**62,583**
Staff costs	-	-	-	-	-	-	-	-	-	-	-	-	(4,701)	(4,701)
Overheads	-	-	-	-	-	-	-	-	-	-	-	-	(7,886)	(7,886)
Profit/(loss) before net property write-ups/(write-downs) and other revenues and income/(costs and charges)	**50,720**	**9,293**	**-**	**60,013**	**1,171**	**357**	**1,528**	**(190)**	**231**	**(122)**	**(81)**	**1,123**	**(12,587)**	**49,996**
Property write-ups/(write-downs)	(1,496)	(1,140)	-	(2,636)	130	(380)	(250)	(293)	34	(26)	(285)	-	-	(3,171)
Other revenues and income	-	-	-	-	-	-	-	-	-	-	-	-	703	703
Other costs and charges	-	-	-	-	-	-	-	-	-	-	-	-	(7,736)	(7,736)
EBITDA	**49,224**	**8,153**	**-**	**57,377**	**1,301**	**(23)**	**1,278**	**(483)**	**265**	**(148)**	**(366)**	**1,123**	**(19,620)**	**39,792**
Net financial income /(charges)	(30,211)	(3,480)	-	(33,691)	(444)	(234)	(678)	(588)	(407)		(995)	-	(54,501)	(89,865)
Income/(charges) from subsidiaries and associetes	-	-	-	-	-	-	-	-	-	-	-	-	42,429	42,429
Income/(charges) from other companies	-	-	-	-	-	-	-	-	-	-	-	-	(24)	(24)
EBT	**19,013**	**4,673**	**-**	**23,686**	**857**	**(257)**	**600**	**(1,071)**	**(142)**	**(148)**	**(1,361)**	**1,123**	**(31,716)**	**(7,668)**
Tax	(41,705)	(2,453)	-	(44,158)	(334)	313	(21)	55	(40)	(18)	(3)	-	(866)	(45,048)
Net Income	**(22,692)**	**2,220**	**-**	**(20,472)**	**523**	**56**	**579**	**(1,016)**	**(182)**	**(166)**	**(1,364)**	**1,123**	**(32,582)**	**(52,716)**

INCOME STATEMENT AS AT 31 DECEMBER 2013

Description	REAL ESTATE PORTFOLIO												SERVICES	OTHER	Total
	Investment properties				Properties held for sale			Properties under development	Trading properties					Revenue/Costs not specifically attributable	
	Offices	Comm./Hotels	Other	Total	Offices	Comm./Hotels	Total		Offices	Comm./Hotels	Other	Total			
Rental revenues	75,394	24,487	-	99,881	2,622	813	3,435	-	23	575	100	698	-	-	104,014
Sales revenues	28,000	-	-	28,000	18,314	1,280	19,594	-	1,108	2,946	3,001	7,055	-	-	54,649
Net service revenues	-	-	-	-	-	-	-	-	-	-	-	-	1,437	-	1,437
Total revenues	**103,394**	**24,487**	**-**	**127,881**	**20,936**	**2,093**	**23,029**	**-**	**1,131**	**3,521**	**3,101**	**7,753**	**1,437**	**-**	**160,100**
Operating costs	(16,823)	(5,383)	-	(22,206)	(366)	(221)	(587)	(557)	(287)	(568)	(386)	(1,241)	-	-	(24,591)
of which costs	(18,907)	(4,482)	-	(23,389)	(373)	(200)	(573)	(557)	(287)	(598)	(390)	(1,275)	-	-	(25,794)
of which costs recovered from tenants and insurance indemnities	4,346	1,082	-	5,428	7	27	34	-	-	30	6	36	-	-	5,498
of which write-down/losses on receivables from tenants	(2,262)	(1,983)	-	(4,245)	-	(47)	(47)	-	-		(3)	(3)	-	-	(4,295)
Cost of sales	(27,076)	-	-	(27,076)	(18,186)	(1,280)	(19,466)	-	(990)	(2,882)	(2,868)	(6,740)	-	-	(53,282)
EBITDA	**59,495**	**19,104**	**-**	**78,599**	**2,384**	**592**	**2,976**	**(557)**	**(146)**	**71**	**(153)**	**(228)**	**1,437**	**-**	**82,227**
Staff costs	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,288)	(6,288)
Overheads	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,614)	(10,614)
Profit/(Loss) before net property write-ups/write-downs and other revenues and income/costs and charges	**59,495**	**19,104**	**-**	**78,599**	**2,384**	**592**	**2,976**	**(557)**	**(146)**	**71**	**(153)**	**(228)**	**1,437**	**(16,902)**	**65,325**
Property write-ups/write-downs	(18,972)	(13,535)	-	(32,507)	(638)	(283)	(921)	(4,970)	(4,356)	(1,134)	(270)	(5,760)	-	-	(44,158)
Other revenues and income	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,134)	(3,134)
EBIT	**40,523**	**5,569**	**-**	**46,092**	**1,746**	**309**	**2,055**	**(5,527)**	**(4,502)**	**(1,063)**	**(423)**	**(5,988)**	**1,437**	**(20,036)**	**18,033**
Net financial income/charges	(39,980)	(7,907)	-	(47,887)	(1,761)	(381)	(2,142)	(21)	(1,073)	(657)		(1,730)	-	(28,023)	(79,803)
Income/(charges) from subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	-	-	-	38,701	38,701
Income/(charges) from other companies	-	-	-	-	-	-	-	-	-	-	-	-	-	(195)	(195)
EBT	**543**	**(2,338)**	**-**	**(1,795)**	**(15)**	**(72)**	**(87)**	**(5,548)**	**(5,575)**	**(1,720)**	**(423)**	**(7,718)**	**1,437**	**(9,553)**	**(23,264)**
Income tax	5,100	4,133	-	9,233	(693)	425	(268)	1,515	1,217	416	68	1,701	-	(568)	11,613
Net income	**5,643**	**1,795**	**-**	**7,438**	**(708)**	**353**	**(355)**	**(4,033)**	**(4,358)**	**(1,304)**	**(355)**	**(6,017)**	**1,437**	**(10,121)**	**(11,651)**

5.2 Breakdown by geographical area

RENTAL AND SALES REVENUES

Description	NORTH		CENTRE		SOUTH		ISLANDS		TOTAL	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Rental revenues	71,861	97,966	3,460	4,220	1,390	1,729	67	99	76,778	104,014
Sales revenues	61,500	34,455	980	19,744	-	-	-	450	62,480	54,649
Total revenues	**133,361**	**132,421**	**4,440**	**23,964**	**1,390**	**1,729**	**67**	**549**	**139,258**	**158,663**

REAL ESTATE PORTFOLIO

Description	NORTH		CENTRE		SOUTH		ISLANDS		TOTAL	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Investment properties	1,751,255	1,707,265	63,786	32,730	29,370	29,930	2,000	2,000	1,846,411	1,771,925
Properties under development	-	89,010	-	28,710	-	-	-	-	-	117,720
Held for sale properties	32,160	32,070	7,560	7,750	-	-	-	-	39,720	39,820
Trading properties	61,255	61,173	11,402	11,474	-	-	-	-	72,657	72,647
Total Real Estate Portfolio	**1,844,670**	**1,889,518**	**82,748**	**80,664**	**29,370**	**29,930**	**2,000**	**2,000**	**1,958,788**	**2,002,112**

5.3 Information on real estate portfolio as at 30 September 2014

The table below shows details of the real estate portfolio as at 30 September 2014, along with the related accounting criteria and compared to market values as at that date.

Description	Carrying amount as at 30.09.2014	Accounting method	Market value as at 30.09.2014	Last appraisal date
Investment properties	**1,846,411**	IAS 40 - Fair value	**1,846,411**	30.06.2014
Offices	1,565,283		1,565,283	
Commercial and Hotels	281,128		281,128	
Other	-		-	
Held for sale properties	**39,720**	IFRS5 - Fair value	**39,720**	30.06.2014
Offices	31,070		31,070	
Commercial and Hotels	8,650		8,650	
Other	-		-	
Trading properties	**72,657**	IAS 2 - Lower between purchase cost and net realisable value	**72,948**	30.06.2014
Offices	28,160		28,160	
Commercial and Hotels	23,413		23,423	
Other	21,084		21,365	
Total Real Estate Portfolio	**1,958,788**		**1,959,079**	

The table below shows the reconciliation between the market value resulting from independent expert appraisals and the market value of the consolidated real estate portfolio.

	Market value 30.09.2014	Market value 31.12.2013
CB Richard Ellis Professional Services S.p.A.	1,961,430	2,011,680
Total independent expert appraisals	**1,961,430**	**2,011,680**
Adjustment to appraisal value of the Ferrara shopping mall 50% jointly owned with third parties	(17,830)	(18,425)
Total Company independent expert appraisals	**1,943,600**	**1,993,255**
Capex third quarter 2014	6,221	-
Total	**1,949,821**	**1,993,255**
Properties not subject to appraisal as subject to preliminary sale agreement	9,258	9,118
Total real estate portfolio at market values	**1,959,079**	**2,002,373**

The real estate portfolio movements at market value of the year are shown in the table below:

Real Estate Portfolio 31.12.2013	**2,002,373**
Incremental costs	21,170
Sales	(61,281)
Net write-ups/(write-downs)	(3,183)
Real Estate Portfolio 30.09.2014	**1,959,079**

A table summarising the changes in the real estate portfolio (at expertise values) broken down by "fair value hierarchy" level is shown below.

	CHANGES IN THE REAL ESTATE PORTFOLIO BY HIERARCHICAL LEVELS OF FAIR VALUE		
	LEVEL 2	LEVEL 3	Total
Balance as at 31.12.2013	**869,610**	**1,132,763**	**2,002,373**
Capex	190	20,979	21,169
Sales	-	(61,280)	(61,280)
Write-ups/write-downs	3,582	(6,765)	(3,183)
Reclassifications	(441,410)	441,410	-
Balance as at 30.09.2014	**431,972**	**1,527,107**	**1,959,079**

5.3.1 Information on the main development projects as at 30 September 2014

Information on the main development projects is provided below.

Property in Milan-San Nicolao

In 2013, the works concerning the enhancement of the entire building were started (10,100 square meters of offices or shops and 1,600 square meters of warehouses and garage). The modernisation project was based on a sustainable approach, following the Green Rating Protocol and through pre-certifications. The replacement of the basic construction and the reconstruction of the finishes and plants will optimise the energy performance of the building, which will fall under the A energy class. The works are being completed and, as a result, the building was reclassified under investment properties. In the meanwhile, during the second quarter of 2014, a lease contract was signed for an annual operative rent of 5,400 thousand of Euro for the entire building, which has already been handed over to the tenant.

Property located in Via dell'Arte – Rome

During the first half of 2014, the enhancement project of the property in Rome, Via dell'Arte, was completed. The modernisation project concerned the replacement of the basic construction and the reconstruction of the finishes and plants that improved the energy class (class B). Rental contracts or preliminary contracts signed at the moment total approximately 1,795 thousand of Euro per year in terms of rents, covering an area equivalent to approximately 91% of the entire building.

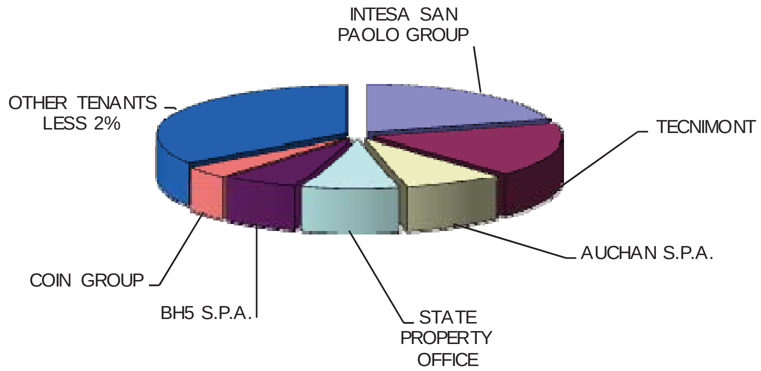
5.3.2 Information on investment properties

	Market value 30.09.2014	Carrying amount 30.09.2014	Current annual rent	% gross average yield (calculated on the market value)	Gross leased sq.m.	Gross leasable sq.m.	Occupancy rate
Investment properties	1,846,411	1,846,411	90,812	4.92%	442,671	546,418	81.01%

As can be seen from the above table, the properties to be leased provide an annual average gross yield of 4.92% against annual rents (calculated on the basis of the current lease contracts) of 90,812 thousand of Euro.

The table below gives details of the concentration level of rents by tenants:

Tenants	Current annual rents	%
INTESA SAN PAOLO GROUP	18,901	20.81%
TECNIMONT	15,422	16.98%
AUCHAN S.P.A.	7,942	8.75%
STATE PROPERTY OFFICE	7,472	8.23%
BH5 S.P.A.	6,090	6.71%
COIN GROUP	3,588	3.95%
OTHER TENANTS LESS 2%	31,397	34.57%
Total rents	**90,812**	**100.00%**



5.4 Information on the Company’s medium/long-term debt position

Thousand of Euro Loan type	Transaction	Carrying amount 30.09.2014	No. Of properties used as a guarantee	Market value as at 30.09.14 of properties used as a guarantee	Final due date	Reimbursement	Financial covenants
Mortgage loan	Ex Comit Portfolio	162,235	10	277,682	19/12/15	Bullet	LTV <= 80%
Mortgage current account	Shopping Mall in Piemonte	6,176	1	8,920	21/12/15	Bullet	N/A
Mortgage current account	Shopping Mall in Piemonte	21,753	1	37,550	21/12/15	Bullet	N/A
Mortgage loan	ex Fip Portfolio	51,400	12	108,530	24/4/16	2014 repayment of 1.8 million of Euro with final balloom of 51.0 million of Euro	LTV <= 53% LTV cons<= 60% ICR>=1.70% (as from 31/12/2013) ICR cons>=1.40% (as from 31/12/2013)- Fixed Debt Ratio payee and consolidated >75%
Mortgage loan	Non-managerial asset in Milan	58,112	1	98,770	2/8/15	annual repayment of 2.0 million of Euro with final balloom of 58.0 million of Euro	LTV <= 60% ISCR>=120%
Mortgage loan	Shopping Mall in Lombardia	24,706	1	56,740	31/12/16	annual repayment of 1.9 million of Euro with final balloon of 21 million of Euro	N/A
Mortgage loan	Business Assets in Milan	44,855	1	79,720	4/8/15	Bullet	Property LTV <= 65% LTV BS <=75% Property ICR >=1,20 ICR BS >=1,30
Mortgage loan	Business Assets in Milan	38,699	1	65,130	29/12/15	Bullet	ICR >=180% - LTV <= 60%- LTV Cons. <=65%
Mortgage loan	Management assets in Turin	13,376	1	33,680	24/2/15	annual repayment of 0.75 million of Euro with final balloon of 13.2 million of Euro	N/A
Mortgage loan	Management assets in Lombardia	12,540	1	20,490	31/12/16	Bullet	N/A
Mortgage loan	Managementreal estate portfolio in Milan, Rome and Bologna	59,085	3	131,205	16/4/19	Amortisation: 0.25% of the loan granted (from 30.09.2014 to 30.06.2016); 0.50% of the loan granted (from 30.09.2016 to 31.12.2018 incl.)	LTV <= 60% LTV cons<= 60% ICR>=1.30 (until 31.12.15 incl.), 1.50 per Y2016,1.70 as from 31.3.17 incl. ICR cons>=140% (as from 30.06.2014)
Mortgage loan	Management assets for Babel	296,166	12	281,725	29/7/20	Amortisation: 0.5% of the loan granted (from 30.09.15 to 30.06.2016 incl.), 0.75% of the loan granted (from 30.09.16 to 31.06.2018 incl.), 0,875% of the loan granted (from 30,09,18 to 30,06,20 incl.)	LTV <= 60%; LTV Cons. <= 60%
Mortgage loan	Management assets in Milan	151,558	4	269,292	27/7/16	Bullet	LTV <= 65% LTV Cons <=60% ICR>= 110% ICR Cons>= 140%
Total borrowings using properties as security		**940,661**		**1,469,434**			
Convertible bonds in issue	BOND 3,875% 2015	106,080			23/4/15	Bullet	N/A
Convertible bonds in issue	BOND 3,375% 2018	217,912			17/1/18	Bullet	N/A
Convertible bonds in issue	BOND 2,625% 2019	248,973			17/4/19	Bullet	N/A
Bond	Pillar	357,541			22/1/18	Bullet	1) Secured Debt <= 40% Tot Assets 2)ICR >= 1.25 3)Tot Debt <= 60% Tot Assets 4)Unencumbered Tot Assets >= Unsecured Debt
Bond	Temple	251,477			1/4/19	Bullet	1) Secured Debt <= 40% Tot Assets 2)ICR >= 1.25 3)Tot Debt <= 60% Tot Assets 4)Unencumbered Tot Assets >= Unsecured Debt
Unsecured Loan	LOAN TO BOND	199,050			21/7/16	Bullet	LTV cons.guar. <= 40%; LTV Cons. <= 60%
Unsecured Loan	LOAN TO AUCAP	149,853			31/12/14	Bullet	N/A
Total other borrowings		**1,530,886**		**-**			
Total borrowings as at 30.09.2014		**2,471,547**		**1,469,434**			

Unless otherwise noted, the financial covenants refr to the single financial portfolio and/or the related vehicle.

Key with definitions:

- DSCR Debt Service Coverage Ratio (net EBITDA-total debt service);
- LTV Value ratio or "loan to value": ratio between (nominal) loan outstanding and the market value of the property used as guarantee;
- DSA Debt Service Ability: ratio between rents and the residual mortgage capital;
- ICR Interest coverage ratio: ratio between the cash flow of the loan portfolio and the total interest for the reporting period;
- Fixed Debt Ratio: ratio between ML and Hedged Debt and total ML debt.

5.5 Information on property sales in 2014 and on preliminary sales contracts in effect as at 30 September 2014

We provide the following financial information regarding the sales proceeds and repayment of the related borrowings:

	Sale price (nominal values)	Amount collected as at 30.09.2014	Nominal amount of repaid borrowings
Held for sale properties	800	800	-
Investment properties	61,500	6,500	-
Trading properties	126	126	-
Total properties sold as at 30.09.2014	**62,426**	**7,426**	**-**

As at 30 September 2014, there are no preliminary sales contracts of properties, with the exception: i) of the contemplated disposal to the Municipality of Milan (for a value of 9,119 thousand of Euro) of the area in via Elio Vittorini, Milan, as provided in contracts related to the definition of urban development costs of the property complex in Piazza Garibaldi, Milan. Reference should be made to Note 9 below; ii) of a preliminary sale contract for the transfer of a portion of property located in via Fancelli, Rome, for a price totalling 250 thousand of Euro.

6. INFORMATION ON THE SPECIAL REGIME FOR LISTED REAL ESTATE COMPANIES (SIIQ REGIME)

The special regime for Listed Real Estate Companies (SIIQ), introduced and governed by Law 296/2006, as amended (as D.L. 133/2014), and by Ministerial Decree 174/2007, allows exemption from IRES and IRAP taxes on income deriving from property renting (tax-exempt operations). This income is taxed as shareholders' income following the distribution of related profit as resulting from the Financial Statements (profits from tax-exempt operations). Such distribution has to be resolved upon by law (on penalty of lapse of the special regime) at the time of approval of the Financial Statements in the year in which the profits were achieved and must be in equal measures i.e. (i) at least 70% (85% before the coming into force of Italian Law Decree 133/2014 on 13 September 2014) of net income from tax-exempt operations (as it results from the Income Statement included in the Financial Statements), if the total profit for the year available for distribution is equal to or higher than the profit from tax-exempt operations, or (ii) at least 70% (85% before the coming into force of Italian Law Decree 133/2014 on 13 September 2014) of total profit for the year available for distribution if this is lower than the profit from tax-exempt operations.

Having met the requirements for adoption of the special regime, on 22 December 2010, Beni Stabili S.p.A. SIIQ opted to adopt the regime with effect from 2011.

6.1 INFORMATION ON COMPLIANCE WITH STATUTORY REQUIREMENTS (Art. 3, par. 2. Ministerial Decree no. 174 of 7 July 2007)

As regards the Statutory Requirements of Beni Stabili S.p.A. SIIQ, art. 3 of the Articles of Association sets forth the following:

(1) Rules relating to investments

The company does not invest in a single property with the unitary town-planning and functional characteristics: i) directly, for more than 25% of the total real estate portfolio; and (ii) directly and through its subsidiaries, for more than 15% of the total value of the Group real estate portfolio. For this purpose, it should be noted that, in the event of development activities with an overall urban design, those portions of the property under development covered by single building permits that became functionally independent or with a level of urbanisation sufficient to guarantee connection to public services, become functionally and in town-planning terms independent respect to the remaining property under development.

(2) Investment and counterparty risk concentration limits

The Company cannot generate: (i) directly, rental revenues from the same tenant or tenants belonging to the same Group, for more than 30% of the company's total rents; and (ii) directly and through subsidiaries, rental revenues from the same tenant or tenants belonging to the same Group, for more than 60% of total rental revenues of the Group; The aforementioned 30% is not applicable if the company's properties are rented to a tenant or tenants that are members of a national or international group.

(3) Financial leverage maximum limit

The Company may undertake: (i) directly, borrowings (including borrowings from subsidiaries and the parent company), net of cash and cash equivalents and financial receivables from the parent company, for a total nominal value not higher than 70% of the sum of the total value of its real estate portfolio, the carrying amount of investments in subsidiaries and the nominal value of financial receivables from subsidiaries; and (ii) directly and through subsidiaries, consolidated borrowings (including payables to the parent company), net of cash and cash equivalents and financial receivables from the parent company, for a total nominal value not higher than 70% of the total value of the Group’s real estate portfolio.

The above limits may be exceeded in exceptional circumstances or in circumstances that are beyond the company’s control. Unless otherwise in the interests of the shareholders and/or the company, the limits may not be exceeded for more than 24 months in respect of the thresholds established in the above paragraphs (1) and (2), and 18 months in the case of the threshold established in paragraph (3).

It is however confirmed that limits set out in paragraphs (1), (2) and (3) above have not been exceeded.

6.2 INFORMATION ON COMPLIANCE WITH REQUIREMENTS TO REMAIN UNDER THE SPECIAL REGIME

(1) Objective requirements

As envisaged in Art. 1, paragraph 121 of Law 296/2006, the prevalent business activity of SIIQs must be property renting. This activity is considered to be prevalent if the properties owned or held under other real rights and held for leasing and the investments in SIIQ/SIINQs represent at least 80% of the total assets (asset requirement), and if each year the revenues from these represent at least 80% of positive items in the income statement (income requirement). If these two requirements are not satisfied in two consecutive

financial years, or if both requirements are not satisfied in reference to just one financial year, qualification for the SIIQ regime lapses with effect from the year in which the condition for lapse occurs.
Details are provided below of the calculation results for the aforementioned requirements, both of which were satisfied for 2014 on the basis of the asset data and economic results of Beni Stabili S.p.A. SIIQ as at 30 September 2014.

Asset requirement

(thousand of Euro)		30.09.2014
Value of properties held for leasing	(A)	1,880,901
Investments in SIINQs and Real Estate Funds	(B)	1,009,277
Total numerator	**(C)=(A)+(B)**	**2,890,178**
Total assets	(D)	3,601,886
Elements excluded from ratio denominator:		
Carrying amount of SIIQ operating property held as offices		-
Cash and cash equivalents		(89,820)
Loans to Group companies		(289,034)
Trade receivables		(100,166)
Derivatives - assets		(1,131)
Deferred tax assets		(15,162)
Tax receivables (included VAT)		(9,473)
Prepaid expenses		(3,086)
Total adjustments	*(E)*	*(507,872)*
Total denominator: adjusted assets	**(F) =(D)+(E)**	**3,094,014**
Asset requirement	**(C)/(F)**	**93.41%**

As illustrated in the above table, the asset requirement is the ratio between:

- the numerator, totalling 2,890,178 thousand of Euro Euro, which includes the carrying amount: (i) of properties held for leasing, amounting 1,880,901 thousand of Euro. This amount corresponds to the carrying amount of (a) “investment properties” (1,841,181 thousand of Euro) (which for shopping malls was calculated, where applicable, net of the component attributable to the businesses managed in the malls as indicated in specific appraisals), (b) “assets held for sale” (39,720 thousand of Euro); (ii) of investments in SIINQs (100% investment in Imser 60 SIINQ S.p.A. of 889,914 thousand of Euro, 100% investment in B.S. Immobiliare 8 S.p.A. SIINQ of 112,486 thousand of Euro and 100% investment in B.S. Immobiliare 9 S.p.A. SIINQ of 79 thousand of Euro) and Real Estate Funds (no. 99 quotas in Securis Real Estate, for 6,798 thousand of Euro).
- the denominator of 3,094,014 thousand of Euro, which includes the total assets (3,601,886 thousand of Euro) adjusted to exclude the following in application of the criteria specified in Art. 6, Ministerial Decree 174/2007); i) the carrying amount of operating properties held as SIIQ offices (0 thousand of Euro as at 30 September 2014); ii) the value of cash and cash equivalents (89,820 thousand of); iii) the value of loans to Group companies (289,034 thousand of Euro); iv the value of trade receivables deriving from both tax-exempt operations and, as clarified in Tax Authority Circular no. 8/E of 2008, by taxable operations (100,166 thousand of Euro). Furthermore, in order that other elements not directly related to either tax-exempt or taxable operations do not affect the ratio and whose inclusion in the ratio denominator could alter the result of testing of the asset requirement, the following were excluded); v) the value of assets for hedging derivatives (1,131 thousand of Euro); vi) the value of deferred tax assets (15,162 thousand od Euro); vii) the value of

tax receivables (9,473 thousand of Euro); viii) prepaid expenses related to the tax-exempt properties (3,086 thousand of Euro).

Income requirement

(thousand of Euro)		30.09.2014
Rents and similar revenues	(A)	75,341
Dividends from SIINQs	(B)	33,457
Total numerator	**(C)=(A)+(B)**	**108,798**
Total positive income items	(D)	141,415
Elements excluded from ratio denominator:		
Property write-ups		(9,255)
Capital gains, net costs, for the sale of real estate portfolio		(1,080)
Revenues for adjustment and charge back of costs		(7,016)
Income for adjustments to costs or related to hedging instruments		(293)
Contingent assets, release of provisions and other restores		(556)
Deferred tax assets and interest on tax receivables		(1,259)
Total adjustments	*(E)*	*(19,459)*
Total denominator	**(F) =(D)+(E)**	**121,956**
Income requirement	**(C)/(F)**	**89.21%**

As illustrated in the above table, the asset requirement is the ratio between:

- the numerator, totalling 108,798 thousand of Euro, which includes revenues from: i) rents on properties held for leasing (investment properties, properties under development and properties included among assets held for sale) for a total of 75,341 thousand of Euro. Note that the above amount includes revenues similar to rents, such as guaranteed annuities and other compensations from tenants (but not income from the charge-back of costs to tenants); (ii) dividends received from Imser 60 SIINQ S.p.A. and deriving from tax-exempt operations activities performed by the investee company, totalling 33,457 thousand of Euro;
- the denominator, totalling 121,956 thousand of Euro which includes the total of positive income statement items (141,415 thousand of Euro, including margins on sales) adjusted to exclude property write-ups, in accordance with Tax Authority Circular 8/E of 2008 (9,255 thousand of Euro) and the capital gains on disposal of properties held for leasing, pursuant to Art. 6, Ministerial Decree 174/2007 (1,080 thousand of Euro). Furthermore, in order that other elements not directly related to either tax-exempt or taxable operations do not affect the ratio and whose inclusion in the ratio denominator could alter the result of testing of the income requirement, the following were excluded: i) income representing adjustments and chargeback of costs, such as those mainly related to staff secondments, chargeback of costs to tenants of properties held for leasing (also excluded from the income requirement numerator), and the chargeback of costs and financial charges to subsidiaries of costs incurred in the interests of the investee. The adjustments for these income items totalled 7,016 thousand of Euro; ii) income (also excluded from the income requirement numerator) that are mere adjustments to (future or other) costs or related to hedging instruments totalling 293 thousand of Euro (entirely referred to ineffectiveness of hedging derivatives in interest risk); iii) contingent assets, release in contingencies and other restores for a

total of 556 thousand of Euro; iv) deferred tax assets and interests on tax receivables (1,259 thousand of Euro).

With reference to the provisions of Article 1, paragraph 123 of Law 296/2006 and regarding the mandatory distribution to shareholders each year of part of the profits from tax-exempt operations equal to at least 70% (85% before the coming into force of Italian Law Decree 133/2014 on 13 September 2014) of the total, if the total profit for the year available for distribution is equal to or higher than the profit from tax-exempt operations as it results in the income statement of the related financial statements or at least 70% (85% before the coming into force of Italian Law Decree 133/2014 on 13 September 2014) of total profit for the year available for distribution, if this is lower than the profit from tax-exempt operations, note that the interim financial statements as at 30 September 2014 includes a tax-exempt operations result that recorded a loss of 1,718 thousand of Euro. Consequently, in accordance with the regulations in force, according to the result as at 30 September 2014, at the moment, for 2014, there would be no obligation to distribute.

Whereas, with reference to the obligation contemplated by paragraph 4 of Article 7 of Italian Ministerial Decree no. 174/2007 (the so-called "Carry Forward" of the minimum mandatory distribution of dividends deriving from the profit from tax-exempt operations), given the results of the 2011, 2012 and 2013 financial years, any future income of taxable operations, and up to the amount of prior losses of the same operations that were covered by profit from tax-exempt operations, will be subject to mandatory distribution to the extent of 85% (the obligation to distribute the result of tax-exempt operations to the extent of 70% introduced by Italian Law Decree 133/2014, will be effective as from the 2014 financial year).
Albeit the quantification of this obligation is still being discussed with the competent Supervisory and Tax Authorities, it is deemed that it cannot exceed for the 2011-2012-2013 years the maximum amount of 48,976 thousand of Euro.

(2) Subjective requirements

Beni Stabili S.p.A. SIIQ, which prepares its financial statements in accordance with international accounting standards, complies with the subjective requirements of the reference regulations for remaining under the special regime as it is a company: i) incorporated as a public limited company (S.p.A.); ii) is domiciled for tax purposes in Italy; iii) with shares traded on the Italian Stock Exchange and on the Euronext market in Paris;

It is also confirmed that no extraordinary transactions were performed in 2014 with an effect on the requirements for continuing operations under the special regime.

(3) Requirements relating to ownership structure

Based on information held by the company and pursuant to Art. 1, paragraph 119, Law 296/2006 , there are no shareholders with a direct or indirect holding of more than 60% (as amended by Decree Law 133/2014) of voting rights at the ordinary shareholders meeting and more than 60% of profit-sharing rights.

6.3 BREAKDOWN OF INCOME STATEMENT ITEMS BETWEEN TAX-EXEMPT OPERATIONS AND TAXABLE OPERATIONS AND THE RELATED BREAKDOWN CRITERIA

The income statement as at 30 September 2014 is provided below, with a breakdown between tax-exempt and taxable operations.

	30.09.2014		
	Total (A)	Tax-exempt operations (B)	Taxable operations (A)-(B)
Rental revenues	76,778	75,341	1,437
Property costs	(15,838)	(14,091)	(1,747)
Net rental revenues	**60,940**	**61,250**	**(310)**
Net service revenues	**1,123**	**-**	**1,123**
Staff costs	(4,701)	(4,194)	(507)
Overheads	(7,886)	(7,010)	(876)
Total operating costs	**(12,587)**	**(11,204)**	**(1,383)**
Other revenues and income	703	80	623
Other costs and charges	(7,736)	(1,179)	(6,557)
Revenues from property sales	62,480	-	62,480
Cost of sales	(61,960)	-	(61,960)
Profit/(loss) on disposal of properties	**520**	**-**	**520**
Property write-ups	9,299	-	9,299
Property write-downs	(12,470)	-	(12,470)
Property write-ups/(write-downs)	**(3,171)**	**-**	**(3,171)**
EBIT	**39,792**	**48,947**	**(9,155)**
Net financial income/(charges)	(89,865)	(82,590)	(7,275)
Income/(charges) from subsidiaries, associates and other companies	42,405	31,925	10,480
EBT	**(7,668)**	**(1,718)**	**(5,950)**
Tax	(45,048)	-	(45,048)
Net income	**(52,716)**	**(1,718)**	**(50,998)**

The results illustrated in the above table for the two types of operations derive from the segregation of income items for 2014 as stated in the separate accounting records adopted by the Company for such items. The aim of this separate accounting, in fact, is to distinguish the operating results of tax-exempt operations from taxable operations by: i) assigning to each type of operations the income items specifically attributable to them; ii) according to a reasonable pro-rata percentage, assigning "common" income items (i.e. that do not refer specifically to one type or the other) to each type of operation.

In particular, note that for the purpose of assignment of "common" income items to either tax-exempt or taxable operations, Beni Stabili S.p.A. SIIQ adopted the income requirement described in paragraph 6.2 (1) above, considering this indicator to be the most appropriate in percentage terms for applying the aforementioned breakdown since - after removal of income items that do not refer to any activity performed - effectively express the ratio of percentage impact of renting activity to the total business conducted by the

Company.
It should also be pointed out that the rules envisaged in Art. 1, paragraph 119 et seq., Law 296/2006 and in the related enactment decree were applied to income deriving from tax-exempt operations, whilst the standard tax regulations for IRES and IRAP purposes were applied to income from taxable operations.

For each income item recorded in the above table, the main components of the two types of operations are illustrated below:

Net rental revenues: in this margin, revenues and costs are broken down between tax-exempt operations and taxable operations according to the specific association of these items to the property of origin. In particular: i) rents, chargeback of costs to tenants, revenues from insurance indemnities and revenues "similar" to rents and in any event associated with renting activities; ii) property management and maintenance costs, indirect taxes on lease contracts, local property tax and all costs in any event associated with renting activities, are recognised (a) as tax-exempt operations if they refer to properties held for leasing, i.e. properties in the accounting categories of "investment properties" (for shopping malls excluding the portion of revenues and costs which, according to special appraisals, refer to the businesses conducted and not the property component), "properties under development" and properties included among "assets held for sale", (b) as taxable operations if they refer to leases of "businesses" (for the part not attributable to the property component, according to special appraisals) and "trading properties".
The losses and write-down of receivables deriving from renting activity were all recognised under taxable operations if referring to receivable for leasing activities arising in financial years prior to adoption by the Company of the special SIIQ regime.
Net service revenues: include revenues and costs specifically referring to property services and administrative, accounting and tax-related services provided by Beni Stabili S.p.A. SIIQ to subsidiaries. As these are activities other than tax-exempt leasing, the income items recorded as part of this margin were fully recognised to taxable operations.
Operating costs: all costs under this category are considered "common" to the two types of operations and as such are separated on the basis of the income requirement calculated as mentioned previously.
Other revenues and income and other costs and charges: revenues and income under this category refer specifically to taxable operations. In fact, revenues from tax-exempt operations are limited only to rental revenues (recorded in the special item of the income statement) and to SIINQ dividends, recorded as income from subsidiaries.
Other costs and charges are mainly costs that are "common" to both types of operations, and as such are separated on the basis of the income requirement calculated as mentioned previously (the same occurs to the adjustments to such costs carried out in financial years following their recording in the financial statements, with exceptions mainly represented by contingent liabilities and losses on receivables other than items recognised prior to adoption of the SIIQ regime, which were therefore fully recognised as taxable operations).
Profit/(Loss) on disposal of properties: margins achieved from property disposals, equal to the difference between the sale price and the related carrying amount, net of brokerage costs and other transaction costs, albeit relating to properties held for leasing, under the terms of the reference regulations qualify as taxable

operations.

Property write-ups/(write-downs): include revenues and costs mainly recognised for fair value measurement of the real estate portfolio, which are fully recognised under taxable operations even if they refer to properties held for leasing. In fact, the carrying amount of properties held for leasing, at the time of completion of the production process, will represent the cost of taxable operations as in any event the capital gains from disposal are considered taxable operations. Consequently, all measured items that anticipate such realisation effects, including items relating to the corresponding deferred taxation, are recognised as taxable operations.

Net financial income/(charges): financial income is assigned in full to taxable operations, except those indicated below as financial income from hedges against interest rate fluctuations in borrowings (which are adjustment entries to financial charges) and for the income recognised against fair value changes of conversion options released in favour of holders of convertible bonds issued by the Company.

With reference to the main categories of financial charges, note that:

- financial charges relating to mortgage loans structured in such a way as to restrict, by various means, the proceeds from property management to guarantee repayment of the borrowing are considered to "specifically" refer to tax-exempt and/or taxable operations according to the assignment of the mortgaged property to the tax-exempt activity or not. Consequently, for borrowings which (i) are backed by properties held for leasing and which (ii) are at the same time accompanied by formats that restrict the related proceeds from operations to guarantee repayment of the borrowing, the related financial charges are attributed to tax-exempt operations, whilst for borrowings backed by trading properties the related financial charges are attributed to taxable operations.
- In cases where the borrowings giving rise to the aforementioned financial charges are hedged against interest rate fluctuations, the related income and charges were assigned to tax-exempt or taxable operations in accordance with how the hedged cash flows were recognised;
- financial charges relating to short-term and medium/long-term borrowings that are not mortgage loans, nor backed by the aforementioned restrictions on proceeds to serve the related borrowing, such as the convertible bond and short-term credit facilities, are considered costs that are "common" to the two types of operations and consequently separated according to the income requirement calculated as mentioned previously. With reference to convertible bonds, the income recognised against fair value changes in conversion options released in favour of holders of convertible bonds issued by the Company, in that referring to mere valuation components of a financial instrument related to a liability that, following application of the amortised cost approach (over the term of the bond loan), will give rise to corresponding financial charges, were considered (in line with the logic adopted for the corresponding interests) as “common” to both types of operations and as a result divided among them according to the income requirement. Equal treatment was adopted for charges related to the fair value assessment of the aforesaid options;
- financial charges incurred for the issue of guarantees to banks in the interests of subsidiaries are recognised as taxable operations in that the related revenues from chargeback of such costs to the subsidiaries are allocated to income from taxable operations. It should be noted that the early settlement of a derivative, related to hedges against interest rate fluctuations in borrowings, due to

property disposals with the resulting early settlement of the underlying borrowing, the effects recognised under the income statement are recognised as taxable operations in that related to the sale of the property.

It should be noted that, with reference to the year 2014, the financial expenses referred to the loans acquired for the early repayment of the Imser Securitisation have been included among tax-exempt operations. This because the cash resulting from these loans has been entirely used (by making equity contributions) to potentiate the investment in Imser 60 SIIQ S.p.A. and so destinated ti a SIIQ activity.

Income and charges from subsidiaries, associates and other companies: financial income (except for dividends from SIINQ included in tax-exempt operations) was totally recognised as taxable operations.

Amounts payable to subsidiaries, associates and other companies are recognised as taxable operations except for charges deriving from loans from investee companies that are considered costs "common" to both types of operations, in the same way as financial charges on short-term and long-term borrowings that are not mortgage loans and are consequently separated according to the income requirement calculated as mentioned previously.

Income tax: income tax, whether current or deferred, are recognised as taxable operations as it has no connection with tax-exempt operations.

Revenues and charges that are adjustments of items recorded in Financial Statements referred to years previous the adoption of the special regime, or contingent assets on costs pertaining years previous the adoption of the special regime, despite their classification in the Income Statement, are fully attributed to the taxable activity considering that they are strictly related (by adjusting them) to revenues and chargers referred to years in which all the income was taxable.

7. NOTES TO THE FINANCIAL STATEMENTS

Please note that the Management Report is an integral part of these notes.

7.1 NON CURRENT ASSETS

7.1.1 Investment properties

	Land and buildings (*)
Balance as at 31.12.2013	**1,771,925**
Capex	4,176
Sales	(60,420)
Net write-downs	(775)
Reclassifications	131,505
Balance as at 30.09.2014	**1,846,411**

(*) As a guarantee for financing obtained, mortgages for a total of 1,759,601 thousand of Euro are secured by investment properties with a carrying amount of 1,415,031 thousand of Euro.

"*Capex*" refers: i) to costs incurred together with the tenant for renovations on the property located in Corso G. Matteotti, Milan, of 1,500 thousand of Euro; ii) to costs incurred for the modernisation of the property located in Piazza San Fedele, Milan of 927 thousand of Euro; iii) to costs incurred for the completion of the renovation of the property located in Via San Nicolao, Milan of 491 thousand of Euro; iv) to minor and sundry improvements on other properties of 1,258 thousand of Euro.

"*Sales*" refer entirely to the disposal of the property located in via Fogazzaro/via Bergamo, Milan. The disposal of this property at a price totalling 61,500 thousand of Euro resulted in a profit of 1,080 thousand of Euro.

"*Net write-downs*" refers to adjustments made to the value of properties during the period to align them with their respective fair values (in accordance with the international accounting standards).

Finally, "*reclassifications*" refers: i) to the reclassification from the "properties under development" category of the property located in Piazza San Nicolao in Milan, of 100,255 thousand of Euro, following the completion of the related renovations and delivery to the tenant; ii) to the reclassification from the "properties under development" category of the property located in Rome, via dell'Arte, for the completion of the renovations started in the previous financial year of 32,200 thousand of Euro; iii) to the reclassification in the "Assets held for sale" category, of the property located in Via Alessio Baldovinetti ed.F, Rome, following the signing of the related preliminary sale agreement of 950 thousand of Euro

7.1.2 Properties under development

	Lands and buildings
Balance as at 31.12.2013	**117,720**
Capex	16,597
Net write-downs	(1,861)
Reclassifications	(132,456)
Balance as at 30.09.2014	**-**

"*Capex*" refers to the development/renovation activities carried out:

- on the property located in Piazza San Nicolao, Milan, of 13,106 thousand of Euro (currently classified among investment properties);
- on the property located in via dell'Arte, Rome of 3,491 thousand of Euro (currently classified as investment properties).

These costs include costs incurred for works and different technical activities totalling 9,898 thousand of Euro and financial charges of 3,632 thousand of Euro.
With regard to financial charges, note that as at 30 September 2014 the following were capitalised: i) costs on borrowings specifically for property purchase and development of 151 thousand of Euro; ii) costs relating to general borrowings (short-term and convertible bonds) used for financing the development properties of 3,481 thousand of Euro. The capitalisation rate of financial charges on general borrowings used took into account the risk profile of each initiative.

"*Net write-downs*" refer to adjustments made to the property values during the period to align them with their respective fair values (in accordance with the international accounting standards).

For information on the "*reclassifications*", see Note 7.1.1 above.

Information on the development projects completed during the period can be found in note 5.3.1 above.

7.1.3 Operating properties and other assets

Description	Balance as at 31.12.2013					Balance as at 30.09.2014		
	Historical cost	Depr. Fund	Total	2014 increases	2014 depr.	Historical cost	Depr. Fund	Total
Furniture and fittings/office machines	1,875	(748)	1,127	-	(109)	1,875	(857)	1,018
Electronic machinery	329	(221)	108	3	(35)	332	(256)	76
Motor vehicles	196	(101)	95	52	(35)	248	(136)	112
Misc.equipment and other assets	40	(39)	1	-	-	40	(39)	1
Plant and equipment	60	(60)	-	-	-	60	(60)	-
Total	**2,500**	**(1,169)**	**1,331**	**55**	**(179)**	**2,555**	**(1,348)**	**1,207**

7.1.4 Intangible assets

Description	Balance as at 31.12.2013					Balance as at 30.09.2014		
	Historical cost	Amort. Fund	Balance as at 31.12.2013	Depreciation	Increas.	Historical cost	Amort. Fund	Balance as at 30.09.2014
Software	451	(279)	172	(47)	56	507	(326)	181
Total	**451**	**(279)**	**172**	**(47)**	**56**	**507**	**(326)**	**181**

This item relates entirely to the cost of purchasing software. These costs are amortised on the basis of the expected useful life of the asset, which corresponds to a period of 5 years.

7.1.5 Investments

	Subsidiaries	Associates	Other companies	Total
Balance as at 31.12.2013	**429,248**	**3**	**1,562**	**430,813**
Capital increases, capital payments and other increases	683,178	-	-	683,178
Write-downs	(1,580)		(24)	(1,604)
Balance as at 30.09.2014	**1,110,846**	**3**	**1,538**	**1,112,387**

Details of investments in subsidiaries, associates and other companies as at 30 September 2014 are provided in Annexe 2.

Subsidiaries

Increases for the period relate: i) to capital contributions in favour of Imser 60 SIINQ S.p.A. of 683,014 thousand of Euro, of which 670,463 thousand of Euro to provide the subsidiary with the requirement necessary for the early repayment of its borrowing; ii) to contributions for covering losses of investee companies B.S. Immobiliare 9 S.p.A. SIINQ (158 thousand of Euro) and B.S. Attività Commerciali 3 S.r.l. (6 thousand of Euro) of 164 thousand of Euro.

The write-downs of the period refer to the investments in B.S. Immobiliare 8 S.p.A. SIINQ (1,439 thousand of Euro) and B.S. 9 Immobiliare S.p.A. SIINQ (131 thousand of Euro) due mainly to the reduction in fair value of the properties owned by these companies, as well as to write-downs of minor companies (10 thousand of Euro).

Associates

The balance as at 30 September 2014 is entirely attributable to the value of the 30% investment in Real Estate Solution & Technology S.r.l, established to provide *Information Technology* services to companies operating in the real estate sector. The Company also holds 20% of the share capital of Beni Stabili Hotel S.A., whose value was zeroed against the write-down recognised last year, which also required the setting up of a specific risk fund. The adjustment of this risk fund for 2014 totalled 1 thousand of Euro and it was recognised in the Income Statement as write-downs of investments.

Other companies

The balance of investments in other companies as at 30 September 2014 (investments classified as available-for-sale financial assets) includes the value of: i) investment of 0.41% in the share capital of Mittel S.p.A. (1,339 thousand of Euro); ii) investment of 4.09% in the share capital of Nomisma S.p.A. (196 thousand of Euro). This investment was written down in the period by 24 thousand of Euro; iii) investment of 17.18% in the consortium Le Fornaci a r.l. for the management of property units at the Beinasco shopping mall (3 thousand of Euro).
In addition, the Company holds a 10% investment in the share capital of RSE Projekt Management AG and a 2.98% investment in Consorzio Census, the carrying amounts of which equal zero.

7.1.6 Securities

The item refers entirely to the shares (99) held in the Securis Real Estate fund, managed by the subsidiary Beni Stabili Gestioni S.p.A. – SGR. Note that these shares were acquired in 2013 through property transfers in favour of the participated fund.

7.1.7 Trade and other receivables

	30.09.2014	31.12.2013
Trade receivables		
Property sales	4,240	4,240
Receivables from tenants	14,563	14,327
Provision for write-downs of trade receivables	-	(69)
Total trade receivables	**18,803**	**18,498**
Other receivables		
Receivables from Municipalty of Rome for reverse accession	7,432	13,432
Tax receivables	8,369	9,204
Provision for tax receivables	(18)	(18)
Guarantee deposits and other receivables	296	419
Provision for write-downs of other receivables	(17)	(143)
Total other receivables	**16,062**	**22,894**
Total non-current trade and other receivables	**34,865**	**41,392**

The item *"Property sales",* unchanged from the previous year, includes an amount receivable from the Municipality of Rome of 4,240 thousand of Euro as the balance outstanding on the sale of a residence known as Fabianella. This sale, carried out in 2002, is the subject of a legal dispute as described in Note 8 below.

"*Receivables from tenants*" includes receivables on invoices to be issued, recognised in accordance with IAS 17 "Leases", recording the total amount due under the contract on a straight-line basis over the lease term, and which, on the basis of contractual provisions, will be collected only after 30 September 2015.

"Receivables from Municipality of Rome for reverse accession": refers to the compensation due to the Municipality of Rome against a land that was subject to "reverse accession" without the issue of a legitimate order. In previous years, legal actions against the Municipality of Rome were started (as described in Note 8), aimed at the recognition of compensation proportionate to the damage suffered by the Company. The receivable originally recorded in the financial statements (for a value corresponding to the carrying amount of the land subject matter of the measure of reverse accession) amounted to 17,150 thousand of Euro and was partially collected by the Municipality of Rome against payments made in partial settlement of the first instance judgements. In connection with the final settlement of the litigation with the Municipality concerning this item, during 2014 a loss was recognised on this receivable of 6,000 thousand of Euro, corresponding to the excess receivable not recognised judicially.

"Tax receivables": the balance as at 30 September 2014 mainly includes: i) the receivable, totalling 7,405 thousand of Euro (unchanged compared to 31 December 2013), arising for the payment of amounts due pending judgement in tax litigations following the notices of assessment received for the disposal of the investment in Telemaco Immobiliare S.p.A. (6,178 thousand of Euro) and for the alleged non-deductibility of costs for services provided by the parent company Foncière del Régions S.A. during the 2007 tax period (148 thousand of Euro), for the tax inspections undergone in relation to the 2004 tax period (722 thousand of Euro) and to the 2005 tax period (138 thousand of Euro) and for the VAT tax-assessment notice of the Beni Stabili Group for 2008 (219 thousand of Euro). Outstanding tax litigations are widely described in Note

8 below, to which reference is made; ii) the IRES tax receivable of 950 thousand of Euro deriving from partial deductibility - for IRES purposes - of IRAP tax paid in previous years, as envisaged by Italian Law 2/2009 and by Italian Law 214/2011.

"*Guarantee deposits and other receivables*": the balance of the item as at 30 September 2014 refers entirely to guarantee deposits of 296 thousand Euro (350 thousand of Euro as at 31 December 2013). These receivables are written down by a total of 17 thousand of Euro.

The change in the corresponding provision for write-downs is set below:

Balance as at 31.12.2013	**143**
Provisions	-
Releases	-
Use	(126)
Balance as at 30.09.2014	**17**

7.1.8 Receivables due from subsidiaries and associates

	Beni Stabili Retail S.r.l.	B.S. Immobiliare 5 S.r.l.	Total
Balance as at 31.12.2013	**5,051**	**21,533**	**26,584**
Interest accrued and capitalised	268	-	268
Reclassification from/(to) current receivables	-	(21,533)	(21,533)
Balance as at 30.09.2014	**5,319**	**-**	**5,319**

The item refers to receivables for loans granted to subsidiaries Beni Stabili Retail S.r.l. and B.S. Immobiliare 5 S.r.l.. Changes in the period regarded: i) the capitalisation of interests on the loan to Beni Stabili Retail S.r.l.; ii) the reclassification of the loan to B.S. Immobiliare 5 S.r.l. among current receivables, by reason of its maturity. Please refer also to Note 10 below.

7.1.9 Derivatives - Assets

In September 2014, Beni Stabili raised an interest rate derivative (CAP), whose fair value as at 30 September 2014 amounted to 1,131 thousand of Euro. The changes recorded by this instrument from when it was raised as at 30 September 2014, are shown in the table below:

	"Hedge accounting" derivatives
Balance as at 31.12.2013	**-**
Opening of derivatives contracts	1,344
Change in fair value recognised to Income Statement	(7)
Change in fair value recognised to the Cash Flow Hedge reserve	(206)
Balance as at 30.09.2014	**1,131**

"*Cap*": is an optional derivative financial instrument. Against payment of a premium, the Company is granted the right to receive, when the Euribor rate is higher than a maximum level (called strike rate), of 0.50%, the spread between the Euribor rate and the above-mentioned strike rate. However, nothing however is due to the Company in the period in which the Euribor is below that strike rate.

7.1.10 Deferred tax assets

	Diff.between carrying amount/tax value of properties	Undeducted costs	Interest expense	Fair value of derivatives	Total
Balance as at 31.12.2013	**60,158**	**249**	**5,516**	**361**	**66,284**
Increases recognised to Income Statement	***79***	***12***	***-***	***-***	***91***
Deferred tax assets	79	12	-	-	91
Contingent assets for previous years taxes	-	-	-	-	-
Decreases recognised to Income Statement	***(50,362)***	***(12)***	***(874)***	***-***	***(51,248)***
Deferred tax assets	(467)	(9)	(874)	-	(1,350)
Contingent assets for previous years taxes	(93)	(3)	-	-	(96)
Contingent assets for previous years taxes DL 133/2014	(49,802)	-	-	-	(49,802)
Increases not recognised to Income Statement	***-***	***-***	***-***	***41***	***41***
Tax payables	-	-	-	-	-
Equity	-	-	-	41	41
Decreases not recognised to Income Statement	***-***	***(6)***	***-***	***-***	***(6)***
Tax payables	-	-	-	-	-
Equity	-	(6)	-	-	(6)
Reclassifications	-	-	-	-	-
Balance as at 30.09.2014	**9,875**	**243**	**4,642**	**402**	**15,162**

Increases and decreases recorded to the Income Statement mainly refer to the tax effect related to: i) tax exemption, introduced with Italian Law Decree 133/2014, of margins achieved with the sale of properties included in the SIIQ regime, which made the reversal to the income statement of deferred tax assets previously recorded on hidden tax margins (49,802 thousand of Euro) necessary; ii) release of prepaid taxes as a result of property sales of the year (455 thousand of Euro of net decrease, including the amount recognised among contingent assets) excluded from the SIIQ regime (trading); iii) transfer to the Income Statement of prepaid taxes, set aside on the temporary non-deductibility of interest expense in previous financial years (874 thousand of Euro) deducted in the period.

Increases not recognised in the Income Statement refer to the tax effect related to changes in the fair value of derivatives recognised in equity (41 thousand of Euro), whereas decreases not recorded in the Income Statement refer instead to the reversal of prepaid taxation recognised on costs, temporarily undeducted, borne in previous years and recorded directly to equity on the basis of international accounting standards (6 thousand of Euro).

The residual balance of prepaid taxes as at 30 September 2014 refers: i) to deferred tax recognised on real estate portfolio for trading and on the value of the businesses relating to shopping malls of 9,875 thousand of Euro; ii) to interest expense temporarily undeducted of 4,642 thousand of Euro; iii) to the fair value recognised in the financial statements on derivatives on interest rates related to loans to trading properties of 402 thousand of Euro; iv) to other costs temporarily undeducted (mainly provisions for future risks) of 243 thousand of Euro.

7.2 CURRENT ASSETS

7.2.1 Trading properties

	Land and buildings (*)
Balance as at 31.12.2013	**72,647**
Capex	397
Sales	(102)
Net write-downs	(285)
Balance as at 30.09.2014	**72,657**

(*) As a guarantee for financing obtained, mortgages with a value of 106,246 thousand of Euro are secured by trading properties with a carrying amount of 45,463 thousand of Euro.

"*Capex*" refer to renovations made to properties and in particular: i) to the property located in via Boscovich Ruggiero, Milan, of 291 thousand of Euro; ii) to the property located in via degli Zabarella, Padua of 83 thousand of Euro iii) to the property located in via San Gallo, Florence of 23 thousand of Euro.

"*Sales*" refers to the carrying amount of parking spaces belonging to the property located in via Fancelli, Rome. The disposal of these parking spaces at a price totalling 126 thousand of Euro resulted in a profit (gross of related brokerage costs) of 24 thousand of Euro.

"*Net write-downs*" refers to the adjustments made to the value of certain properties to align their carrying amounts with their expected sale values.

7.2.2 Trade and other receivables

	30.09.2014	31.12.2013
Trade receivables		
Property sales and investment disposals	56,607	1,607
Tenants	37,848	32,223
Customers for services provided	38	-
Provisions for write-downs of trade receivables	(18,251)	(16,748)
Total trade receivables	**76,242**	**17,082**
Other receivables		
Receivables from Municipality of Rome for expropriations	1,343	979
Tax receivables	1,104	2,879
Guarantee deposits	72	106
Other receivables	9,835	6,099
Provisions for write-downs of other receivables	(1,243)	(1,243)
Total other receivables	**11,111**	**8,820**
Total trade and other receivables	**87,353**	**25,902**

"Property sales and investment disposals": the item as at 30 September 2014 refers: i) for 55,000 thousand of Euro to the balance of the price for the sale (completed in June 2014) of the property in Via Fogazzaro, Milan, the collection of which, backed by bank guarantee at first demand, is expected by the end of May 2015; ii) balance of the price for the sale (completed in 2008) of 40% of the share capital of Risorse e Sviluppo Napoli S.p.A. (1,400 thousand of Euro, including accrued interests); ii) the balance of a price adjustment on the sale (completed in 2005) of the investment in S. Clemente Resort S.r.l. (207 thousand of Euro).

The receivables set forth in the previous points ii) and iii) are written down by a total of 1,107 thousand of Euro.

"*Tenants*" includes the receivables: i) from property tenants of 36,416 thousand of Euro (30,791 thousand of Euro for 31 December 2013); ii) relating to the guaranteed annuity recognised in previous financial years and due from sellers of the property in via Nanni Costa, Bologna, of 1,432 thousand of Euro (unchanged compared to 31 December 2013).

Note that receivables from tenants includes: i) receivables on invoices to be issued, recognised pursuant to IAS 17 "Leases", recording the total amount due under the contract on a straight-line basis over the lease term (2,582 thousand of Euro and 2,593 thousand of Euro for 2014 and 2013, respectively); ii) a position relating to a dispute for 11,167 thousand of Euro (the same amount as at 31 December 2013) with the tenant of the Ferrara shopping mall, details of which are provided in Note 8 below.

Movements in provisions for write-down of trade receivables during the period are shown below:

Balance as at 31.12.2013	**16,748**
Provisions	1,485
Use	(41)
Releases	(10)
Reclassifications	69
Balance as at 30.09.2014	**18,251**

"*Receivables from the Municipality of Rome for expropriations*" refer mainly: i) to the carrying amount of expropriated land in Pietralata, Rome (979 thousand of Euro, plus VAT of 310 thousand of Euro). In this regard, a litigation is currently in progress with the Municipality of Rome, as described in Note 8 below, in which the Cassation calculated the expropriation compensation of approximately 2,865 thousand of Euro; ii) the receivable corresponding to the compensation recognised to the Company for the expropriation, made by the Municipality of Rome, of a land (measured at zero in the financial statements) located in Ponte di Nona, Rome (54 thousand of Euro).

"*Tax receivables*" mainly refers: i) to VAT credits of 80 thousand of Euro; ii) to the IRAP receivable of 22 thousand of Euro, equal to the prepayment made in June 2014 (194 thousand of Euro) net of the tax for the period (172 thousand of Euro); iii) to the receivable for the substitute tax, due pursuant to Italian Law 296/2006 for adopting the special regime for Listed Real Estate Investment Companies – SIIQ, on the properties sold in 2011, 2012 and 2013 that will become liquid in June of the next financial year (834 thousand of Euro).

The decrease in the item compared to the corresponding balance as at 31 December 2013 (2,879 thousand of Euro) is mainly due to the reduction of the VAT receivable and of the IRES receivable of the companies adopting the tax consolidation of the Group.

"*Other receivables*": this item mainly includes: i) accrued income and prepaid expense of 4,489 thousand of Euro (3,902 thousand of Euro as at 31 December 2013). The accruals and prepayments refer mainly to lease contract brokerage (2,716 thousand of Euro as at 30 September 2014 and 2,966 thousand of Euro as at 31 December 2013), lease contract registration tax (415 thousand of Euro as at 30 September 2014 and 494 thousand of Euro as at 31 December 2013), surety commissions and prepaid commissions on committed credit facilities (625 thousand of Euro as at 30 September 2014 and 179 thousand of Euro as at 31 December 2013); ii) to interrupted costs of 3,349 thousand of Euro, mainly referable to the share capital increase in progress. These costs are interrupted in the assets pending the completion of the underlying project; iii) receivables for insurance reimbursements of 124 thousand of Euro (127 thousand of Euro as at 31 December 2013); iv) interests on other credit positions of 1,037 thousand of Euro (unchanged compared to 2013), entirely written-off.

7.2.3 Receivables due from subsidiaries and associates

	30.09.2014	31.12.2013
Receivables from subsidiaries		
Financial receivables - Loans	130,566	45,493
Financial receivables - Running accounts	142,411	73,290
Sub - Total	***272,977***	***118,783***
Trade receivables from services provided	5,159	6,441
Other receivables	6,268	-
Relations deriving from tax consolidation	4,469	777
Total receivables from subsidiaries	**288,873**	**126,001**

Receivables for loans granted to subsidiaries and those relating to running accounts are interest-bearing. The increase in the period of their overall balance is mainly attributable: i) to the liquidity put at the disposal of the subsidiary B.S. Immobiliare 8 S.p.A. SIINQ in June, by means of the running accounts (128,730 thousand of Euro as at 30 September 2014) and used by the latter to pay off a bank loan; ii) to the reclassification as current receivables of the loan granted to B.S. Immobiliare 5 S.r.l. (21,533 thousand of Euro); iii) to the increase in resources made available to the indirect subsidiary Sviluppo Ripamonti S.r.l. (7,995 thousand of Euro compared to December 2013); iv) to the repayment by B.S. 7 S.p.A. of the loan granted to it (6,618 as at 31 December 2013).

Trade receivables refer to intercompany rentals and to services provided by Beni Stabili S.p.A. SIIQ to the subsidiaries (mainly administrative, accounting, tax, staff management and IT services). These receivables will be settled via the running accounts.

“Other receivables” due from subsidiaries refers to an advance to the subsidiary Imser 60 SIINQ S.p.A. within the early repayment of the loan securitised by this contract.

The consolidation agreements of taxable income (domestic tax consolidation) require Beni Stabili S.p.A SIIQ to recognise a receivable or a payable resulting from the transfer of taxable income for the purposes of IRES, tax gains or tax losses by the companies taking part in the regime. This receivable or payable corresponds to 27.5% of the positive or negative tax base transferred and to the nominal value of any tax receivable transferred. These positions will be settled via the running accounts at the time of settlement of taxes payable for 2014.

Details of receivables due from subsidiaries and associates, broken down by investees, are provided in Annexe 3.

7.2.4 Cash and cash equivalents

These total 89,820 thousand of Euro (104,575 thousand of Euro as at 31 December 2013) and are represented by cash on hand of 4 thousand of Euro, bank deposits of 89,816 thousand of Euro.
For information on changes in cash and cash equivalents as at 30 September 2014 for the year, please refer to the "Statement of Cash Flows".

7.2.5 Asset held for sale

The balance of this item as at 30 September 2014 is equal to 39,720 thousand of Euro and refers to properties included in the sales plan for which disposal is deemed as highly likely by the end of 2015.

The table below summarises the movements recorded during the year in the real estate portfolio held for sale:

	Land and buildings (*)
Balance as at 31.12.2013	**39,820**
Sales	(800)
Reclassifications	950
Net write-downs	(250)
Balance as at 30.09.2014	**39,720**

(*) As a guarantee for financing obtained, mortgages for a total of 19,897 thousand of Euro are secured by investment properties with a carrying amount of 8,940 thousand of Euro.

"*Sales*" during the period, for an overall carrying amount of 800 thousand of Euro, refer to the disposal of a portion of the property complex located in via Baldovinetti, Rome.

For information on the "*reclassifications*", see Note 7.1.1 above.

"*Net write-downs*" refer to adjustments made to the property values during the period to align them with their fair value (in accordance with the international accounting standards).

7.2 EQUITY

Equity is shown below:

	30.09.2014		31.12.2013	
Share capital (*)		191,630		191,630
Share premium reserve		230,210		230,210
Legal reserve	38,315		38,315	
Revaluation reserve L. 266/2005	185,713		190,093	
Revaluation reserve L. 2/2009	24,130		17,222	
Reserve L. 169/83	60,493		60,493	
Reserve L. 218/90	8,740		8,740	
Reserve L. 124/93	102		102	
Reserve art. 89 DPR 917/1986	12		12	
Revaluation reserve L. 78/1983	191		191	
Revaluation reserve L. 413/1991	53		53	
Reserve D.Lgs. 38/2005	132,629		143,372	
Spin-off surplus	127,026		147,221	
Bond reserve	15,101		35,932	
Reserve for unoptioned bonds	1,602		1,602	
Bonds reserve: cash premium	(14)		(14)	
Reserve for treasury share art. 2357 c.c.	(655)		(655)	
Merger surplus	0		1,420	
Cash Flow Hedge reserve	(20,913)		(30,562)	
Free share reserve	264		234	
Total other reserves		572,789		613,771
Retained earnings	-		3,128	
Profit/(loss) for the year	(52,716)		(11,651)	
Total non-distributed net profit		(52,716)		(8,523)
Equity		**941,913**		**1,027,088**

(*) *As at 30 September 2014, the approved share capital amounts to 331,687,651.50 Euro of which 191,630,290.40 Euro is subscribed and paid-up. The subscribed and paid-up share capital is made up of 1,916,302,904 ordinary shares with a par value of Euro 0.10 each. Note also that Beni Stabili S.p.A. SIIQ holds 961,000 treasury shares.*

Changes in equity from 1 January 2013 to 30 September 2014 are shown in the "Statement of Changes in Equity".

It should be noted that the Shareholders' Meeting of 15 April 2014, which approved the separate financial statements of Beni Stabili S.p.A. SIIQ as at 31 December 2013, resolved among other things:

- to allocate 18,559 thousand of Euro of the "spin-off surplus" reserve: i) to fully cover the loss for the year 2013, amounting to 11,651 thousand of Euro; ii) to add 6,908 thousand of Euro to the revaluation reserve Law 2/2009;
- to reclassify the Non-distributable reserve pursuant to Article 6, Italian Legislative Decree no. 38 dated 28 February 2005 by 10,743 thousand of Euro, increasing the Retained earnings reserve by the same amount;
- to distribute a dividend of 0.022 Euro per share to shareholders (net of treasury shares held), totalling 42,138 thousand of Euro, withdrawing this amount as follows; i) 13,871 thousand of Euro from the Retained earnings reserve; ii) 1,636 thousand of Euro from Profit reserve included in the spin-off surplus; iii) 1,420 thousand of Euro from Profit reserve included in the merger surplus; iv) 20,831 thousand of Euro from Profit reserve for bonds; v) 4,380 thousand of Euro from Profit reserve ex Italian Law 266/2005 revaluations.

The change in "reserve for free shares" refers to the notional charge of the year (30 thousand of Euro) relating to free share plans guaranteed to Group employees by the parent company Foncière des Régions on shares of the latter (limited to the part recognised directly in equity).

With reference to the Cash Flow Hedge reserve, which recorded a negative balance as at 30 September 2014, net of the related deferred tax effect, equal to 19,310 thousand of Euro (30,562 thousand of Euro as at 31 December 2013), the table below shows the movements during the period:

Description	30.09.2014	31.12.2013
Cash Flow Hedge reserve - opening balance	**(30,562)**	**(56,075)**
Released in correspondence with payment of hedged cash flows	6,813	16,200
Releasesd on early settlement of hedging instruments (including property sales)	13,344	9,431
(Increases)/decreases for changes in fair value of hedging instruments (effective changes)	(10,557)	247
Income tax relating to the above changes	49	(365)
Cash Flow hedge reserve - closing balance	**(20,913)**	**(30,562)**

The next table instead shows the timetable for recognition of the Cash Flow Hedge reserve to the Income Statement, assuming that the underlying cash flows remain the same:

	Balance as at 30.09.2014						Balance as at 31.12.2013					
	Carrying amount	up to 6 months	6-12 months	1-2 years	2-5 years	over 5 years	Carrying amount	up to 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Reserve Cash Flow Hedge	(20,913)	(6,255)	(5,735)	(6,054)	(8,415)	5,546	(30,562)	(8,872)	(7,906)	(11,259)	(2,573)	48
Total	**(20,913)**	**(6,255)**	**(5,735)**	**(6,054)**	**(8,415)**	**5,546**	**(30,562)**	**(8,872)**	**(7,906)**	**(11,259)**	**(2,573)**	**48**

The following statement provides a summary of reserves included in the financial statements as at 30 September 2014, indicating their nature and possible use, also taking into account any specific statutory use.

Reserve	Type	Amount	Possible use
- Share premium reserve	Share capital	230,210	A, B, C
- Reserve for treasury shares art. 2357 c.c.	Share capital	(655)	-
- Legal reserve	Share capital	38,303	B
- Legal reserve	Profit	12	B
- Reserve L. 169/83	Share capital	60,493	A, B, C
- Reserve L. 218/90	Share capital	8,740	A, B, C
- Reserve L. 124/93	Share capital	102	A, B, C
- Revaluation reserve L. 266/2005	Profit	155,979	A, B, C
- Revaluation reserve L. 266/2005	Share capital	29,734	A, B, C
- Revaluation reserve L. 2/2009	Share capital	6,908	A, B, C
- Revaluation reserve L. 2/2009	Profit	17,222	A, B, C
- Revaluation reserve L. 78/1983	Profit	191	A, B, C
- Revaluation reserve L. 413/1991	Profit	53	A, B, C
- Reserve art. 89 DPR 917/1986	Profit	12	A, B, C
- Bond reserve	Share capital	15,087	-
- Reserve for unoptioned bonds	Share capital	1,602	A,B,C
- Spin off surplus	Share capital	127,026	A, B, C
- Reserve D.Lgs. 38/2005	Profit	132,629	-
- Cash Flow Hedge Reserve	Share capital	(20,913)	-
- Reserve for free shares	Share capital	264	-
Total capital reserves		**496,901**	
Total profit reserves		**306,098**	

__A__ : Share capital increases; __B__ : Loss coverage; __C__ : Distribution.

The following reserves are subject to the tax deferral regime for a total of 204,433 thousand of Euro: i) revaluation reserve Law 266/05, of 180,047 thousand of Euro: ii) revaluation reserve Law 78/83, of 191 thousand of Euro; iii) revaluation reserve Law 413/91, of 53 thousand of Euro; iv) contribution reserve as per Article 55 (now Article 89), Presidential Decree 917/86 of 12 thousand of Euro; v) revaluation reserve Law 2/2009, of 24,130 thousand of Euro.

7.4 NON-CURRENT LIABILITIES

7.4.1 Borrowings

	30.09.2014	31.12.2013
Mortgage loans	820,701	912,939
Other loans	199,050	-
Bonds	594,627	-
Convertible bonds	462,094	559,494
Total non-current borrowings	**2,076,472**	**1,472,433**

"Mortgage loans"

These regard medium/long-term mortgage loans falling due "over 12 months". The principal on such loans falling due within 12 months and accruing nominal interest coupons are included in current borrowings (see Note 7.5.1).

The payment due date of the non-current portion of these borrowings is shown below:

	30.09.2014	31.12.2013
More than 12 months, less than 2 years	439,600	672,301
More than 2 years, less than 5 years	118,794	240,638
More than 5 years	262,307	-
Total	**820,701**	**912,939**

Mortgage loans as at 30 September 2014 are all floating rate. The following table shows the average effective interest rates applied to these borrowings, calculated without taking account of interest rate hedges:

	Average annual effective interest rate	
	30.09.2014	31.12.2013
Euribor	2.37%	2.80%

Given that, in relation to the mortgages loans, a number of interest rate swaps are in place as risk hedging. The following table shows the nominal portions of borrowings hedged as at 30 September 2014, with comparison data as at 31 December 2013:

Description		30.09.2014	31.12.2013
Nominal amount outstanding on floating rate borrowings	(a)	948,245	1,024,377
IRS-CAP outstanding	(b)	779,631	915,299
% borrowings hedged at floating rate (IRS- CAP) - (b) / (a)		82.22%	89.35%

"*Other loans*" includes the non-current portion of the payable of a nominal 200,000 thousand of Euro raised in the year and not secured by mortgages on real estate.

The payment due date of the non-current portion of these borrowings is shown below:

	30.09.2014
More than 12 months, less than 2 years	199,050
More than 2 years, less than 5 years	-
More than 5 years	-
Total	**199,050**

The accruing nominal interest coupons are included in current borrowings (see Note 7.5.1)

"Bonds"

The item includes the non-current portion of the two bonds issued by Beni Stabili S.p.A. SIIQ during 2014, in particular:

1) an unsecured bond totalling a nominal amount of 350,000 thousand of Euro, with a duration of 4 years and with a fixed coupon of 4.125% on annual basis;
2) an unsecured bond totalling a nominal amount of 250,000 thousand of Euro, with a duration of 5 years and with a fixed coupon of 3.5% on annual basis.

The following table shows changes in the non-current portion of the two bonds from their date of issue as at 30 September 2014.

"Bond loan with a nominal value of 350 million of Euro"

	Nominal value	Issue costs	Carrying amount
Balance on the issue date	**350,000**	**(2,912)**	**347,088**
Interests accrued during the period	-	464	464
Balance as at 30.09.2014	**350,000**	**(2,448)**	**347,552**

Note that, against a nominal rate of 4.125%, the effective interest rate, calculated only for accounting purposes, was 4.35%. The nominal interest coupon accrued as at 30 September 2014 (9,989 thousand of Euro) is classified under current borrowings.

"Bond loan with a nominal value of 250 million of Euro"

	Nominal value	Issue costs	Carrying amount
Balance on the issue date	**250,000**	**(3,222)**	**246,778**
Interests accrued during the period	-	297	297
Balance as at 30.09.2014	**250,000**	**(2,925)**	**247,075**

Note that, against a nominal rate of 3.50%, the effective interest rate, calculated only for accounting purposes, was 3.79%. The nominal interest coupon accrued as at 30 September 2014 (4,402 thousand of Euro) is classified under current borrowings.

"Convertible bonds"

This item refers to the non-current portion of the borrowing relating to the convertible bonds issued by Beni Stabili S.p.A. SIIQ. In particular, the two following convertible bonds were classified under non-current payables: i) convertible bond of a nominal 225,000 thousand of Euro, issued in the first half of 2013 and maturing in 2018; ii) convertible bond of nominal 270,000 thousand of Euro, issued in the second half of 2013 and maturing in 2019.
As at 31 December 2013, the bond for a residual nominal value of 105,538 thousand of Euro was also classified under non-current borrowings, and it was reclassified in the year under borrowings due to its maturity at April 2015.

The following table shows the changes in carrying amounts of the non-current portion of the convertible bond maturing in 2018:

	Nominal value	Option value	Issue costs	Carrying amount
Balance as at 31.12.2013	**225,000**	**(8,532)**	**(1,918)**	**214,550**
Interests accrued during the period - portion related to the option value and issue costs	-	1,469	332	1,801
Balance as at 30.09.2014	**225,000**	**(7,063)**	**(1,586)**	**216,351**

The portion relating to the nominal interest accrued from the last coupon detachment (July 2014) up to 30 September 2014 for the aforementioned bond stood at 1,563 thousand of Euro. This amount was recognised under current borrowings. Note that against a nominal interest rate of 3.375%, the effective interest rate, calculated only for accounting purposes by separating also the optional component of the borrowing at the initial date was equal to 4.70%.

The following table shows the changes during the period in carrying amounts of this convertible bond as maturing in 2019:

	Nominal value	Option value	Issue costs	Carrying amount
Balance as at 31.12.2013	**270,000**	**(24,456)**	**(3,262)**	**242,282**
Interests accrued during the period - portion related to the option value and issue costs	-	3,117	344	3,461
Balance as at 30.09.2014	**270,000**	**(21,339)**	**(2,918)**	**245,743**

The portion relating to the nominal interest accrued from the last coupon detachment (April 2014) up to 30 June 2014 for the aforementioned bond stood at 3,229 thousand of Euro. This amount was recognised under current borrowings. Note that against a nominal interest rate of 2.625%, the effective interest rate, calculated only for accounting purposes by separating the optional component of the borrowing at the initial date was equal to 4.91%.

The *fair value* as at 30 September 2014 and 31 December 2013 of the different categories of current and non-current borrowings, compared with their respective carrying amounts, is shown in the table below:

	Borrowings			Borrowings		
	Current and non-current portions as at 30.09.2014			Current and non-current portions as at 31.12.2013		
	Carrying amount	Nominal value	Fair value (*)	Carrying amount	Nominal value	Fair value (*)
Loans ann other short-term borrowings	-	-	-	80,102	80,102	80,102
Mortgage loans	940,661	948,245	948,245	1,018,201	1,024,377	1,024,377
Other loans	348,903	350,226	350,226	-	-	-
Bonds	609,018	618,369	635,816	-	-	-
Convertible bonds	572,965	607,124	608,028	565,184	606,228	580,859
Total	**2,471,547**	**2,523,964**	**2,542,315**	**1,663,487**	**1,710,707**	**1,685,338**

(*) The fair value of floating rate borrowings was calculated considering the market value to be equal to the nominal value. The nominal value includes the portion of interests accrued and not paid. The fair value of fixed rate borrowings is measured using the Discounted Cash Flow Method. According to this method, the fair value of such borrowings is calculated by determining the expected cash flows and discounting these at the implicit spot rates in the Euribor curve, plus the credit spread.

7.4.2 Trade and other payables

The balance of this item of 10,050 thousand of Euro as at 31 December 2013, is entirely attributable to the "*Exit tax payables*"*.* The exit tax, originally for a total amount of 47,975 thousand of Euro, as provided by the specific law, was calculated as 20% of the capital gains (net of capital losses) for the properties to be rented, determined equal to the difference between the fair value of the properties as at 31 December 2010 and their tax value. This tax, in accordance with law, will be paid over 5 financial years, starting from June 2011, plus interest calculated at the official discount rate plus 1%. The fourth expected instalment paid in June 2014 was 9,595 thousand of Euro. The residual amount due for this tax of 10,135 thousand of Euro (9,595 thousand of Euro of capital amount and 540 thousand of Euro of accrued interests) will be due no later than June 2015; as a result, it is entirely classified under current liabilities.

7.4.3 Derivatives - Liabilities

The balance as at 30 September 2014 refers: i) to interest rate derivative contracts whose fair value loss totalled 29,845 thousand of Euro (29,881 thousand of Euro as at 31 December 2013); ii) to the fair value of the conversion options of the convertible bonds issued in 2013, maturing in 2018 and 2019, amounting to 18,638 thousand of Euro and 20,582 thousand of Euro, respectively (14,467 thousand of Euro and 13,431 thousand of Euro as at 31 December 2013, respectively). The value of these options was recognised among liabilities since the conditions (other than the option related to the convertible bond maturing in 2015) to be able to consider it as a component of equity do not exist (in compliance with the provisions of IAS 32 "Financial Instruments").

The table below provides details of changes recorded during the period in interest rate derivative contracts:

	"Hedge accounting" derivatives	Other derivatives (interest rate swaps)	Conversion options with maturity 2018 and 2019	Total
Balance as at 31.12.2013	**28,313**	**1,568**	**27,898**	**57,779**
Spreads (paid)/collected	(7,429)	-	-	(7,429)
Decreases due to other early settlements	(7,506)	-	-	(7,506)
Change in fair value recognised to the Cash Flow Hedge reserve	10,561	-	-	10,561
Change in fair value recognised to Income Statement	90	2,416	11,322	13,828
Opening/rescheduling derivative contracts	701	-	-	701
Reclassifications	3,499	(3,499)	-	-
Balance as at 30.09.2014	**28,229**	**485**	**39,220**	**67,934**

"*Interest rate derivatives*": the fair value of such transactions is shown in the table below:

	30.09.2014	31.12.2013
	Fair value	Fair value
IRS	29,845	29,881
Total	**29,845**	**29,881**

"*Interest rate swaps*": are contracts that convert the floating rate to a fixed rate; the lower and upper limit of fixed rates associated with these contracts is as follows:

Description	30.09.2014		31.12.2013	
	Min	Max	Min	Max
Interest rate swap	0.85%	2.60%	0.75%	2.60%

7.4.4 Staff termination benefits

The table below summarises the movements in the liabilities for staff termination benefits in the financial year.

Balance as at 31.12.2013	**289**
Cost of service provided	245
Changes due to actuarial differences accounted in Equity	-
Settlements and payments to pension funds	(240)
Balance as at 30.09.2014	**294**

The number of staff as at the end of the reporting period was 55 (58 as at 31 December 2013), comprising:

	30.09.2014	31.12.2013
Managers	14	15
Executives	12	12
Office Staff	28	30
Porters	1	1
Total	**55**	**58**

The average number of staff during the year was 56.5 (59 in 2013).

7.4.5 Deferred tax liabilities

	Difference between carrying amount/tax value of property	Fair value of derivatives	Total
Balance as at 31.12.2013	**11,524**	**8**	**11,532**
Increases recognised to Income Statement	-	-	-
Deferred tax liabilities	-	-	-
Contingent assets for previous years taxes	-	-	-
Decreases recognised to Income Statement	**(6,102)**	-	**(6,102)**
Deferred tax liabilities	(1,790)	-	(1,790)
Contingent assets for previous years taxes	(6)	-	(6)
Contingent assets for previous years taxes DL 133/2014	(4,306)	-	(4,306)
Increases not recognised to Income Statement	-	-	-
Tax payables	-	-	-
Equity	-	-	-
Decreases not recognised to Income Statement	-	**(8)**	**(8)**
Tax payables	-	-	-
Equity	-	(8)	(8)
Reclassifications	-	-	-
Balance as at 30.09.2014	**5,422**	-	**5,422**

Increases and decreases recorded to the Income Statement refer to: i) tax exemption, introduced by Italian Law Decree 133/2014, for margins achieved with the sale of properties included in the SIIQ regime, which made the transfer to the Income Statement of deferred tax assets previously recorded on hidden tax margins (4,306 thousand of Euro) necessary; ii) the release of deferred taxes recognised on sales margins of previous financial years, which are subject to taxation in five financial years (1,790 thousand of Euro).

The balance as at 30 September 2014 totalling 5,422 thousand of Euro includes deferred taxes relating to: i) deferred IRES tax for capital gains on property sales (4,698 thousand of Euro) completed in previous financial years; ii) shopping malls in relation to the value of their businesses (724 thousand of Euro).

7.5 CURRENT LIABILITIES

7.5.1 Borrowings

	30.09.2014	31.12.2013
Loans and other short-term borrowings	-	80,102
Mortgage loans	119,960	105,262
Other loans	149,853	-
Bonds	14,391	-
Convertible bonds	110,871	5,690
Total current borrowings	**395,075**	**191,054**

"*Loans and other short-term borrowings*": the balance as at 31 December 2013 (and zeroed during the period) is entirely attributable to the use of committed and GTC short-term credit facilities.

"Mortgage loans": include the portion of medium/long-term mortgage loans maturing "within 12 months" (119,184 thousand of Euro) and related interest accrued and not yet paid (776 thousand of Euro).

"Other loans": include the portion of medium/long-term mortgage loans maturing "within 12 months" (149,627 thousand of Euro) and related interest accrued and not yet paid (226 thousand of Euro).

"Convertible bonds": the balance of the item as at 30 September 2014 of 14,391 thousand of Euro refers to the nominal interest accrued on the convertible bond maturing in 2018 (9,989 thousand of Euro) and on the (non-convertible) bond maturing in 2019 (4,402 thousand of Euro).

"Convertible bonds": the balance of the item of 110,871 thousand of Euro as at 30 September 2014 (5,690 thousand of Euro as at 31 December 2013), refers: i) to the borrowing for the convertible bond maturing in April 2015, amounting to 106,079 thousand of Euro (including the accruing interest coupon); ii) to the nominal interest coupons on the convertible bond maturing in 2018 (1,563 thousand of Euro) and on the convertible bond maturing in 2019 (3,229 thousand of Euro).

The fair value of current borrowings is provided in Note 7.4.1. above.

7.5.2 Payables due to subsidiaries and associates

	30.09.2014	31.12.2013
Payables due to subsidiaries		
Running account payables	49,491	699
Trade relations	1,033	784
Payables deriving from the consolidation of IRES taxable income	894	317
Total payables due to subsidiaries	**51,418**	**1,800**

Information regarding the running accounts, trade relations and payable deriving from the tax consolidation is also provided in the section on receivables from subsidiaries (Note 7.2.3).

The increase in payable due to subsidiaries recorded in 2014 mainly refers to the liquidity reversed to the Company by the subsidiary B.S. 7 S.p.A. (and returning to the latter from the early repayment of the Imser securitisation), by means of the running account (48,664 thousand of Euro).

A breakdown by investee of said payables is provided in Annexe 4.

7.5.3 Trade and other payables

	30.09.2014	31.12.2013
Trade payables		
Suppliers	17,710	17,211
Payables for property purchases	3,451	5,220
Prepayments	50	-
Payables to the parent company FdR	1,541	997
Total trade payables	**22,752**	**23,428**
Tax payables		
Current taxes for the period	1,764	-
Real estate taxes (IMU/TASI)	2,847	-
VAT payable	314	908
Exit tax payable	10,135	10,048
Other tax payables	453	740
Total tax payables	**15,513**	**11,696**
Other payables		
Social security payables	181	347
Staff	1,155	942
Lease payables	13,052	13,854
Other payables	3,827	4,597
Total other payables	**18,215**	**19,740**
Total trade and other payables	**56,480**	**54,864**

"Suppliers": the balance of this item at 30 September 2014 and at the end of 2013 is mainly attributable to payables connected with property development. The item includes amounts payable on invoices to be received of 11,195 thousand of Euro (9,939 thousand of Euro as at 31 December 2013) and amounts payable as holding guarantees of 2,812 thousand of Euro (2,262 thousand of Euro as at 31 December 2013).

"Payables for property purchases": the balance of this item for both comparison periods refers entirely to the residual payable related to the purchase, completed in December 2011, of property units in the arcade of "Il Ducale" shopping mall in Vigevano (Pavia), due in the short period. The change in the year is attributable to partial payments made.

"Prepayments": the balance as at 30 September 2014 refers to a down payment paid by the promisee purchaser of the property unit in via Fancelli, Rome (50 thousand of Euro). The sale is expected to be completed by the end of 2014.

“Payables to the parent company FdR”: the balance represents the amount due to the controlling parent company for services provided to the Company, details of which can be found in Note 10 below.

“*Current taxes*”: the item includes the IRES payable of the companies included in the Beni Stabili Group tax consolidation of 1,764 thousand of Euro, represented by the IRES for the year (2,834 thousand of Euro), shown net of receivables for withholdings incurred and of the IRES receivable accrued in 2013 (totalling 1,070 thousand of Euro).

“*Payable for real estate taxes*”: the item refers to IMU/TASI taxes as at 30 September 2014, corresponding to the payable for the first nine months of 2014, net of the prepayment made in June.

“VAT”: the balance of the item, in both years considered, refers entirely to VAT subject to the tax deferral regime.

“*Exit tax payable*": this item includes the exit tax to be paid in June 2015, plus accrued interest. Please refer also to Note 7.4.2 above.

“Other tax payables”: in both years considered, the balance mainly refers to withholding tax payables.

“Staff”: includes amounts due to staff mainly for outstanding leave and extra month’s pay.

“*Lease payables”*: the balance regards: i) rents and incidental expenses billed in advance but accruing in future periods (5,761 thousand of Euro as at 30 September 2014 and 11,587 thousand of Euro as at 31 December 2013); ii) guarantee deposits (7,291 thousand of Euro as at 30 September 2014 and 1,098 thousand of Euro as at 31 December 2013); iii) amounts due for adjustments to rents and advances received (zero in September 2014 and 1,169 thousand of Euro as at 31 December 2013).

“Other payables”: this item primarily includes: i) 2,321 thousand of Euro (2,829 thousand of Euro as at 31 December 2013) as the share of the contribution, received from Ferrovie dello Stato S.p.A., still to be used, regarding urban development costs on the Garibaldi Complex; ii) 498 thousand of Euro (467 thousand of Euro as at 31 December 2013) as payables to directors and statutory auditors; iii) 215 thousand of Euro as payables for condominium expenses (unchanged compared to 31 December 2013); iv) 152 thousand of Euro, payables for banking services (413 thousand of Euro as at 31 December 2014); v) 107 thousand of Euro, payables for litigations to be settled (unchanged compared to 31 December 2013).
The decrease in the item, compared to the balance as at 31 December 2013 (in addition to the decrease in the payable set forth in sub-paragraph i) above), is largely attributable to the absence of payable as commissions on guarantees given in favour of subsidiaries (1,080 thousand of Euro as at 31 December 2013).

7.5.4 Provisions for risks and charges

	31.12.2013	Provisions	Releases	Uses	30.09.2014
Tax provisions	1,529	694	-	-	2,223
Other provisions for risks and charges	3,549	162	(29)	(158)	3,524
Total	**5,078**	**856**	**(29)**	**(158)**	**5,747**

"*Tax provisions*": refers to provisions for liabilities that may arise as a result of tax audits and other probable tax liabilities. The provision for the period refers: i) for 536 thousand of Euro, to potential liabilities, deemed probable, in connection with adjustments for IMU; ii) for 158 thousand of Euro, to the portion of taxes that Beni Stabili S.p.A. SIIQ may be required to pay on maturity of the existing convertible bonds (pursuant to Ministry of the Economy and Finance Decree of 8 June 2011), if the bonds are not converted, on the total reserve corresponding to the optional component of the unconverted bond.

"Other provisions for risks and charges": include provisions for risks relating to litigation pending and to provisions for probable future charges related to properties in the real estate portfolio.

The provisions for the period refer: i) to a provision for probable future charges related to expenses on litigations of 156 thousand of Euro); ii) to liabilities on minor litigations of 5 thousand of Euro; iii) to the risk fund created in the previous year for the measurement of the investment in Beni Stabili Hotel S.A. of 1 thousand of Euro.

The decreases for the year mainly refer to the settling of a legal dispute with a service provider related to electricity consumption, which involved the use of provisions set aside for costs of 121 thousand of Euro and a corresponding release for the excess not used of 29 thousand of Euro.

7.6 INCOME STATEMENT

Below are the details of the main Income Statement items for the year.

For the comments on the changes with respect to the values of the previous year, see the information provided in the specific section of the Management Report under "Management Information" which is a part of these interim financial statements.

7.6.1 Net rental revenues

	30.09.2014	30.09.2013
Rents	70,809	71,847
Intercompany rents (1)	4,707	6,023
Revenues from termination of lease contracts	1,262	7
Total rental revenues	**76,778**	**77,877**
Write-dow ns/losses, provisions and release of funds - tenants	(1,524)	(3,010)
Total write-dow ns/loss on receivables from tenants	**(1,524)**	**(3,010)**
Lease contract registration tax	(778)	(902)
Local property tax	(8,108)	(7,651)
Maintenance and property management costs	(6,664)	(7,979)
Costs from third parties property management	(1,458)	(1,524)
Recovery of costs from tenants	4,017	3,558
Recovery of costs for insurance indemnities	14	58
Costs for sublease	(428)	(400)
Costs for intercompany sublease	(500)	(472)
Brokers' costs	(409)	(336)
Total costs	**(14,314)**	**(15,648)**
Total property costs	**(15,838)**	**(18,658)**
Total net rental revenues	**60,940**	**59,219**

(1) For details of intercompany revenues, please refer to Annex 5. These revenues refer specifically to the lease to subsidiaries of the property in Galleria del Corso, Milan and portions of the shopping mall in Beinasco (Turin) and portions of the shopping mall in Vigevano (PV).

7.6.2 Net service revenues

	30.09.2014	30.09.2013
Revenues for services to third parties	180	189
Revenues for "Corporate", "Legal" and "Asset management" services (1)	1,684	1,753
Total service revenues	**1,864**	**1,942**
Intercompany costs related to the provision of services	(705)	(703)
Other costs for the provision of services	(36)	(13)
Total service costs	**(741)**	**(716)**
Total net revenues	**1,123**	**1,226**

(1) Details of intercompany revenues are provided in Annexe. 6.

7.6.3 Operating costs

	30.09.2014	30.09.2013
Salaries and wages	(3,147)	(3,240)
Social security contributions	(982)	(979)
Staff termination benefits	(234)	(225)
Free Shares	(122)	(152)
Early retirement incentives	(216)	-
Total staff costs	**(4,701)**	**(4,596)**
Share management and listing expenses	(247)	(230)
Remuneration to directors and auditors	(1,350)	(1,292)
Leases payables	(983)	(931)
Intercompany leases payable (1)	(628)	(672)
Intercompany service costs (2)	(150)	(128)
Legal, administrative and technical advisory services and other expenses for sevices received	(4,528)	(5,039)
Total overheads	**(7,886)**	**(8,292)**
Total operating costs	**(12,587)**	**(12,888)**

(1) This cost refers to the passive rent from the subsidiary B.S. 8 Immobiliare S.p.A. SIINQ for the head-office of Milan, via Cornaggia. For the year 2013, until 14 January 2013, this caption also included the passive rent (toward the same subsidiary) for the head-office of Rome, via Piemonte.
(2) Details of these costs are provided in Annexe. 7.

7.6.4 Other revenues and income and other costs and charges

Details of other revenues and income and other costs and charges are as follows:

	30.09.2014	30.09.2013
Intercompany revenues for chargeback of costs (1)	481	521
Other revenues and income including other contingent assets	223	281
Total other revenues and income	**704**	**802**
Amortisation, depreciation and w rite-dow ns	(7,038)	(2,070)
Other taxes	(510)	(519)
Contingent liabilities for previous years' taxes	-	(50)
Other costs and charges including other contingent liabilities	(188)	(181)
Total other costs and charges	**(7,736)**	**(2,820)**
Total	**(7,032)**	**(2,018)**

(1) Details of intercompany revenues for chargeback of costs are provided in Annexe 8.

7.6.5 Property sales

	30.09.2014			30.09.2013		
	Trading properties	Investment and operating properties	Properties held for sale	Trading properties	Investment and operating properties	Properties held for sale
Sales revenues	**180**	**61,500**	**800**	**-**	**-**	**450**
Carrying amount	(102)	(60,420)	(800)	-	-	(510)
Brokerage and transaction costs	(11)	(619)	(8)	-	-	(5)
Total cost of sales	**(113)**	**(61,039)**	**(808)**	**0**	**0**	**(515)**
Profit/(Loss) on disposal of properties	**67**	**461**	**(8)**	**0**	**0**	**(65)**

7.6.6 Net financial income and charges

Description	30.09.2014	30.09.2013
Financial income on bank current accounts and term deposits	1,468	196
Other financial income	91	816
Total financial income	**1,559**	**1,012**
Financial charges on mortgages loans	(11,133)	(17,627)
Financial charges on bonds	(13,154)	-
Interest rate derivative spreads	(7,747)	(13,087)
Financial charges on convertible bonds	(12,869)	(10,531)
Medium to long term financial charges - cash portion	***(44,903)***	***(41,245)***
Financial charges on mortgage loans	(2,051)	(3,428)
Financial charges on bonds	(705)	-
Financial charges on convertible bonds	(6,427)	(4,339)
Charges corresponding to the difference between spreads on derivatives paid during the period and reversal for the period of the Cash Flow Hedge Reserve	(578)	(3,991)
Medium to long term financial charges - non-cash portion	***(9,761)***	***(11,758)***
Financial charges on short-term borrowings	***(500)***	***(1,664)***
Non-utilisation and guarantees commissions	***(3,967)***	***(4,389)***
Charges corresponding to ineffective portion of the change in fair value of derivatives	(2,506)	(32)
Charges corresponding to ineffective portion of the change in fair value of the conversion option of the 2018-2019 convertible bonds	(11,321)	(10,225)
Opening derivative contracts	(1,495)	-
Rescheduling derivative contracts	(579)	(775)
Cost for taking-out the convertible bonds	(5)	(153)
Fair value change in derivative instruments (ineffective)	***(15,906)***	***(11,185)***
Financial charges related to the early settlement of borrowings and to the closing of derivative contracts	(16,226)	(680)
Financial charges related to the disposal of properties, early settlement of borrowings and derivatives	***(16,226)***	***(680)***
Sundry financial charges	***(161)***	***(323)***
Total financial charges	**(91,424)**	**(71,244)**
Total	**(89,865)**	**(70,232)**

7.6.7 Income and charges from subsidiaries, associates and other companies

	30.09.2014	30.09.2013
Financial income from subsidiaries (1)	10,665	6,366
Write-up of investments	-	3
Financial charges from subsidiaries (1)	(113)	(32)
Capital loss for sale of investments	-	(3)
Dividends from SIIQ/SIINQ (2)	33,457	31,709
Write-dow n of investments	(1,580)	(1,557)
Total income/(charges) from subsidiaries and associates	**42,429**	**36,486**
Write-dow n of investments	(24)	(134)
Total income/(charges) from other companies	**(24)**	**(134)**
Total income/(charges) from subsidiaries, associates and other companies	**42,405**	**36,352**

(1) Details of income from subsidiaries are provided in Annex 9, whilst details of charges from subsidiaries can be found in Annex 10.
(2) The balance of this item, for both periods under comparison, refers to dividends from the subsidiary Imser 60 SIINQ S.p.A..

7.6.8 Taxes

	30.09.2014	30.09.2013
Current taxes	21	(1,315)
Deferred tax liabilites	1,790	(2,404)
Deferred tax assets	(1,259)	6,586
Total taxes (current and deferred)	**552**	**2,867**
Recalculation of current taxes relating to previous years	(15)	(370)
Recalculation of deferred tax liabilites and deferred tax assets relating to previous years	(45,585)	(1,322)
Total net income and charges for recalculating tax for previous financial years	**(45,600)**	**(1,692)**
Total taxes	**(45,048)**	**1,175**

Current taxes include IRES and IRAP payable for the year of 193 thousand of Euro and 172 thousand of Euro, respectively.

The following table shows tax liabilities and assets recognised in the Income Statement, with a breakdown of the amounts attributable to IRES and IRAP:

	Balance as at 30.09.2014			Balance as at 30.09.2013		
	IRES	IRAP	Total	IRES	IRAP	Total
Current taxes	193	(172)	21	(1,167)	(148)	(1,315)
Deferred tax assets						
- differences in carrying amount of properties	(378)	(10)	(388)	6,903	60	6,963
- undeducted costs	(871)	-	(871)	(376)	(1)	(377)
Total deferred tax assets	**(1,249)**	**(10)**	**(1,259)**	**6,527**	**59**	**6,586**
Deferred tax liabilities						
- differences in carrying amount of properties	1,790	-	1,790	(2,399)	(5)	(2,404)
Total deferred tax liabilites	**1,790**	**-**	**1,790**	**(2,399)**	**(5)**	**(2,404)**
General total	**734**	**(182)**	**552**	**2,961**	**(94)**	**2,867**

Reconciliation between the theoretical and effective IRES tax rates, calculated by also taking into account deferred taxes, is as follows.

Theorical tax rate	**27.50%**
Tax-exempt result of operations	(1.36%)
Contingent assets/(liabilites) for previous years' taxes DL 133/2014	(22.98%)
Net w rite-dow ns of investments and properties	(1.55%)
Non-deductible local property tax on property management and other minor changes	(0.26%)
Actual rate	**1.35%**

7.6.9 Earning per share

For both periods under comparison, as required by IAS 33 "Earnings per share", the Income Statement indicates the basic and diluted earnings/(losses) per share in relation to the net Group income, attributable to holders of ordinary equities of the Parent Company.

To this end, basic earnings per share have been calculated as the ratio of the net Group income to the weighted average of ordinary shares in issue during the year.

The share average, for the purposes of calculation of diluted earnings per share, was determined by adding the weighted average of ordinary shares in issue in the period, used to calculate basic earnings per share, and the weighted average of potential additional ordinary shares, with dilution effects, considered as converted to ordinary shares from the start of the period or their issue date, if later. The net income for the half-year used to calculate the diluted earnings per share was subsequently adjusted for costs for the year (net of the related tax effect) in relation to the financial instruments corresponding to the potential additional ordinary shares with diluting effects, assuming that such costs would not arise if the potential shares were converted.

It should be noted that said potential ordinary shares in issue are only considered to have a dilutive effect when their conversion to ordinary shares has the effect of reducing earnings per share or increasing the loss per share.

	30.09.2014	30.09.2013
Net Income (€/000)	(52,716)	528
Net Income adjusted to calculate diluted earnings per share (€/000)	(52,716)	528
Weighted average of ordinary shares in issue during the period	1,915,341,904	1,915,341,904
Weighted average of ordinary shares for the period for diluted earnings per share (1)	1,915,341,904	1,915,341,904
Basic earnings per share	**(0.02752)**	**0.00028**
Diluted earnings per share	**(0.02752)**	**0.00028**

(1) There are no potential shares with a diluting effect for both years under comparison.

8 LITIGATIONS AND CONTINGENCIES

This section provides information on the main disputes involving the company

Dispute with the Municipality of Rome and others in relation to the appeal against the compulsory purchase order on the plot of land situated at Granai di Nerva, Rome

This dispute is with the Municipality of Rome, begun in the 1980s by the company Iniziativa Granai di Nerva S.r.l. (later incorporated in 2005 into Sviluppi Immobiliari S.p.A., in turn incorporated in 2007 into Beni Stabili S.p.A. SIIQ), in relation to a compulsory purchase procedure concerning a plot of land owned by the Company situated at Granai di Nerva, Rome.

The judgments delivered in 2003 on completion of the first instance proceedings (43 hearings) aimed at determining the amount of compensation due to the Company, found that the latter was entitled to be compensated for the damage suffered as a result of the expropriation of the area in favour of the Municipalityof Rome. These judgments were challenged by the Company before the Court of Appeal, partly because the compensation awarded by the judges of the first instance did not reflect the actual damage, but also due to a number of errors contained – in the opinion of the Company and its advisers – in the expert appraisals submitted to the court. Furthermore, during the appeal proceedings, the Constitutional Court, in judgments 348/07 and 349/07, declared unconstitutional (on the basis of Article 117 of the Constitution and Article 1 of the additional Protocol of the European Court of Human Rights) Article 5-bis, paragraph 7-bis of Law 359/1992, in the part that provided for a simplistic criterion of calculation of expropriation compensation in cases of unlawful occupation of land, instead of the criterion of equivalent compensation to be calculated on the basis of the market value of the occupied property.

Subsequently, the judgments issued by the Court of Appeal in 2008 changed, in a manner more favourable to Beni Stabili, the criteria for calculating the interest due. However, since the above-mentioned decisions, despite increasing the size of the compensation payable to the Company, did not take due account of the aforesaid judgments of the Constitutional Court, Beni Stabili subsequently filed 42 appeals with the Court of Cassation against all the above-mentioned judicial measures (with the exception of one dispute for which the Court of Appeal had ruled that the right to compensation for damages was now time-barred) on the following legal grounds: i) violation and improper application of the principles laid down by the Constitutional Court in judgment 349/07; and ii) invalidity of the judgment and proceedings due to the failure to pronounce on the grounds for appeal concerning the faults found by the Company with regard to the appraisal performed in the context of the official technical consultation arranged by the Court.

In 2011 and 2012, the Court of Cassation dismissed the appeals filed by the Company. However, since this Court appears not to have taken account of any ascertainment of the actual market value of the properties, but rather to have ruled on the basis of an uncritical acceptance of the expert findings, the Company considered that it could validly invoke grounds to call for a review of the delivered judgments. Consequently, during the first half of 2013, applications for review were filed against the aforesaid judgments of the Court of Cassation, and the related preliminary hearings were held during the final months of 2013 and the early months of 2014.

Unexpectedly, in July 2014, the Company received notice that the Court of Cassation had delivered 19 judgments rejecting the applications for review filed by the Company. Since it is presumed that the remaining proceedings – in relation to which the Company is currently unaware of any judgments having yet been issued – have had an outcome similar to the one mentioned above, the Company has decided to bring the credit recognised in the financial statements into line with the amount due pursuant to the Court of Appeal's judgments, and to regard those judgments as no longer amenable to any further challenge.

In any event, the Company is also considering the possibility of appealing to the European Court of Human Rights, since EU principles of fair compensation have not been observed and there has been a violation of the obligation to provide reasons.

It is noted, however, that despite the continuation of the subsequent stages of the proceedings, the Municipality of Rome, in partial execution of the judgments of first instance, has paid €6,523 thousand in previous years (€3,800 thousand as an advance on the principal sum and €2,723 thousand in respect of accrued interest and legal costs for the first instance proceedings).

Dispute with the Municipality of Rome in relation to the appeal against the compulsory purchase order on the plot of land situated at Pietralata, Rome

The case brought in 2001 by Immobiliare Pietralata 87 S.r.l. (a company incorporated in 2003 into Sport Garden 90 S.r.l., subsequently incorporated in 2007 into Sviluppi Immobiliari S.p.A., which in turn was finally incorporated into Beni Stabili) against the Municipality of Rome concerns the appeal against the compulsory purchase order on the plot of land situated at Via del Tufo, Pietralata, Rome (18,497 m2) and, in particular, the determination of the expropriation compensation paid by the Municipality of Rome.

In a judgment dated 16 May 2005, the Rome Court of Appeal partially accepted the Company's claims and set the amount of the expropriation compensation at €1,434 thousand. The compensation determined by the Court of Appeal also included legal interest from the date of the compulsory purchase order until the date of payment, in addition to legal expenses and the costs of the official technical consultancy. However, in order to obtain better satisfaction of its interests, and despite the fact that the compensation paid was already sufficient to provide full recovery of the credit recognised in the financial statements (€979 thousand), the Company appealed to the Court of Cassation against the aforesaid judgments of the Court of Appeal. In the meantime, however, in line with the principle asserted by the Constitutional Court in 2007, the Financial Law of 2008 changed the criterion for the determination of expropriation compensation, basing the calculation on the market value of the expropriated property.

The Court of Cassation's judgment, delivered on 22 May 2013, therefore set aside the contested judgment and set the expropriation compensation at €2,865 thousand, plus legal interest, to be calculated from the date of the compulsory purchase order on the amount due after deducting the sum already deposited with

Cassa Depositi e Prestiti.
Proceedings are currently under way to obtain the release to the Company of the sum deposited with Cassa Depositi e Prestiti, which amounts to €1,410 thousand plus interest and taxes.

Contenzioso contro il Comune di Roma relativo alla vendita di un immobile sito in Roma, via Valle dei Fontanili

Still pending is a dispute originally begun by the company Edil Laurenthia 72 S.p.A. (incorporated in 2005 into Sviluppi Immobiliari S.p.A., in turn incorporated in 2007 into Beni Stabili) against the Municipality of Rome concerning the Company's demand for payment of the outstanding balance of the price for the sale to the Municipality of a residential property in Rome, named "Residence Fabianella". In relation to this dispute, in 2004 the Court of Cassation had set aside the appeal judgment upholding the order for the Municipality of Rome to pay a total of €4,241 thousand (credit recognised in the financial statements), representing the difference between the price agreed in the purchase contract and the price subsequently adjusted downwards by the Municipality of Rome. The case had then been referred to a different division of the Court of Appeal for an examination of the interpretation of the parties' contractual intent with regard to the question of whether or not reference had been made to the rules on contracts with public bodies.
In the judicial review proceedings at the Court of Appeal, the Company had therefore reiterated its legal grounds, pointing out in particular that the price indicated in the purchase contract (signed with the Municipality of Rome in 1990) – since it had been reached by mutual agreement and solely in the context of the private law activities of the Public Administration – had to be recognised in full and paid as provided for by the contract.
The Court of Appeal's judgment 3575/09 delivered in September 2009 ruled that the price to be applied to the sale was not that contractually agreed by the parties, but must be determined by taking into account the rental value of the property as determined pursuant to Articles 12-24 of Law 392/78. The Court of Appeal considered that the parties had intended to apply a "fixed" reference to the legislative provisions mentioned above for the purposes of determining the purchase price, and that such reference therefore applied despite the subsequent repeal of the provisions governing this criterion for determining the purchase price. The ruling therefore denied the Company's right to be paid the sum of €4,241 thousand in respect of the difference in the purchase price. In 2010, the Company appealed to the Court of Cassation against this judgment.
In a judgment delivered on 2 December 2013, the Court of Cassation dismissed the appeal. The Company, partly on the basis of the opinions expressed by its legal advisers, believes there are valid legal reasons to argue that this last judgment of the Court of Cassation is marred by an error of fact, and therefore decided to appeal for the Court of Cassation's ruling to be set aside in order to be able to protect its claims. This appeal was filed in the early days of June 2014. At the suggestion of the legal advisers concerned, the Company is also considering bringing a new action against the Municipality of Rome in relation to the damage suffered as a result of the Municipality's breach of the general principle of trust in dealings with the Public Administration.

Disputes with the bankrupt companies Magazzini Darsena S.p.A., Darsena FM S.r.l. and Partxco S.p.A.

Since 2010, the Company has brought numerous actions before the competent ordinary courts in order to obtain recognition of its right to receive outstanding rents unpaid by the tenant Magazzini Darsena S.p.A. and its subtenant Darsena FM S.r.l., in relation to the "Darsena City" shopping centre in Ferrara.

The Company had also brought an arbitration case before the Chamber of Arbitration of Milan in order to obtain recognition of its right to receive a downward adjustment in the purchase price paid at the time to the vendor Magazzini Darsena S.p.A. for the above-mentioned shopping centre, as well as recognition of the obligation of Magazzini Darsena S.p.A., Darsena F.M. S.r.l. and the parent company Partxco S.p.A. (the latter two jointly and severally) to pay future rents and the penalty already incurred for the delay in the delivery of a further portion of the shopping centre. This case was concluded on 8 July 2013 with the issuing of the award by the Court of Arbitration, which, in its main findings, ordered (i) Partxco to pay €12.5 million in compensation for unpaid rent, (ii) Magazzini Darsena and Partxco to pay €16 million as a penalty for the delay in the delivery of the "B" building, and (iii) Magazzini Darsena, Darsena FM and Partxco to pay €2.5 million by way of price adjustment of the "A" building (this sum had, however, already been collected by Beni Stabili through enforcement of the bank guarantee issued by the counterparties for this purpose, as mentioned below).

Finally, the counterparties were ordered to pay certain legal costs to the Company, as well as three quarters of the costs of the arbitration proceedings.

Meanwhile, during the course of these disputes, the bank guarantee of €2.5 million issued by Magazzini Darsena against payment of the purchase price adjustment was enforced. This guarantee was collected following the judgment in favour of Beni Stabili delivered in the enforcement injunction proceedings brought by Magazzini Darsena, which resulted in a positive outcome at the time of the claim.

Due to the repeated news of the increasingly grave situation of difficulty into which the counterparties were falling, and in the absence of any proposals from them that might allow the disputes to be settled, Beni Stabili – together with the co-owner of the shopping centre, IGD S.p.A. SIIQ – had also, pending the conduct of the above-mentioned proceedings, filed applications for the companies involved to be declared bankrupt, in order to obtain, as soon as possible, the availability of the businesses operating in the shopping centre, with the aim of resuming their activities. These proceedings concluded on 29 July 2013, following the issue of the arbitral award, with a declaration of bankruptcy against Magazzini Darsena and Darsena FM. Following the above-mentioned declaration of bankruptcy, the Company reached a partial settlement agreement with the official receiver on 29 October 2013. Under this settlement agreement, the Company obtained the return of the property from Magazzini Darsena, purchased the business (with the related trading licences) of Darsena FM for €0.3 million plus taxes, cancelled the preliminary contract for the purchase of the adjacent property called "Building B", as well as the relevant associated contracts, and obtained definitive acceptance by Magazzini Darsena of the price reduction of €2.5 million for the purchase of "Building A" (it will be recalled that Beni Stabili had already collected this sum through enforcement of the above-mentioned guarantee). In the context of the above-mentioned settlement, the Company did not, however, waive all the receivables accrued up until the declaration of bankruptcy and recognised by the judgments delivered in the actions brought against the bankrupt companies. Consequently, these receivables were almost entirely included among the liabilities.

On 12 June 2014, Partxco S.p.A. filed an appeal with the Milan Court of Appeal against the award issued by the Court of Arbitration in July 2013. On receiving notice of this appeal, Beni Stabili therefore applied for a declaration of bankruptcy against Partxco (which was in a composition with creditors). Recently, the Company learnt that Partxco had also been declared bankrupt.

Tax litigations and inspections

The main tax litigations that Beni Stabili S.p.A. SIIQ is involved in are noted below.

Notice of IRES, IRAP and VAT tax assessment - tax period 2008

Following a general tax audit relating to the 2008 tax period, on 17 December 2013, the Tax Authority served the notices of assessment with which it made an upward adjustment to the IRES, IRAP and VAT taxes of 3,655 thousand of Euro, plus penalties and interests. The complaints contained in the tax deeds mainly concern the non-deductibility of interest expense related to mortgage loans for alleged violation of Article 96 of the TUIR.

The claims of the Tax Authorities, also on the basis of tax opinions obtained, are held to be generally illegitimate and were validly contested by the Company in the filed appeals in February 2014.

Notice of IRES tax assessment - tax period 2009

On 21 May 2014, the Tax Authority, acknowledging the findings proposed in the Report on Findings of the verification concerning exclusively the correct deductibility of interest expense for IRES purposes pursuant to Article 96 TUIR for the 2009 tax period, served the notice of assessment with which it made an upward adjustment to the IRES tax of 1,821 thousand of Euro, plus penalties and interests.

As for the 2008 tax period, these findings are considered, also on the basis of tax opinions obtained, baseless as well, and were widely challenged in the appeal lodged with the competent Provincial Tax Commission of Rome in on 18 July 2014.

Demand for settlement concerning acquisition of the investment in Immobiliare Fortezza S.r.l.

In 2009, Beni Stabili S.p.A. SIIQ received a demand for settlement for registration tax, stamp duty and land registry tax regarding the purchase from Fondo Pensioni per il Personale della Banca Commerciale Italiana (the Comit Fund), finalised in 2006, of the global investment in Immobiliare Fortezza S.r.l.; the same demand for settlement was served to the Comit Fund. In the previous financial year, the Company and the Comit Fund filed an appeal against the first instance judgement, with which the claims of the demand for settlement were confirmed, before the Regional Tax Commission of Lombardia that fully accepted the company’s appeal. Therefore, in April 2012, the Tax Authorities refunded the amounts claimed by the demand for settlement and 50% paid by the Company and by the Comit Fund as a result of the unfavourable judgement issued by the judges of the court of first instance.

In April 2012, the Company appeared before the Supreme Court of Cassation following the notification of the appeal of the office against the judgement issued by the second instance judges; the date for the hearing has still not been set.

Demand for settlement concerning acquisition of the investment in Montenero S.r.l.

In 2009, the Milan Tax Authority served Beni Stabili S.p.A. SIIQ (as the incorporating company of Sport Garden '90 S.r.l.) with a demand for settlement of registration tax on the acquisition of the global investment in Montenero S.r.l., a company established by the seller following the transfer of the Montenero di Bisaccia shopping mall business unit. The Tax Authority saw fit to requalify the transaction described into a single contract for the direct transfer of the business unit, with the subsequent demand for payment of "supplementary" registration tax of roughly 400 thousand of Euro, plus interest and penalties. In the previous year, Beni Stabili S.p.A. SIIQ, as a result of the appeal of the office against the judgement issued by the second instance judges that, confirming the decision of the judges of the court of first instance, had fully accepted the reasons of the Company, appeared before the Supreme Court of Cassation and the date for the hearing has still not been set.

Notice of IRES and IRAP tax assessment - tax period 2004

Following a general tax inspection relating to the 2004 tax period, the Tax Authority, during 2009, served a notice of assessment with which it made an upward adjustment to the IRES and IRAP taxes due from Beni Stabili S.p.A. SIIQ, with a demand for total higher taxes of 1,162 thousand of Euro, plus penalties and interest. The claims made in the demand mainly concern recalculation of the capital gains realised following the transfer of a property to a real estate fund.

On 5 May 2014, Beni Stabili S.p.A. SIIQ, as a result of the appeal of the office against the judgement issued by the first instance judges that had fully accepted the reasons of the Company, appeared before the Provincial Tax Commission of Lazio; the hearing will be discussed on 11 November 2014.

The Financial Administration claim, also based on tax opinions obtained, is considered generally unlawful and unlikely for a liability to arise, with the resulting right to reimbursement of the amounts paid pending judgement (722 thousand of Euro recognised as tax receivables).

Notice of assessment concerning disposal of the investment in Telemaco Immobiliare S.p.A.

In 2007, Sviluppi Immobiliari S.p.A. (merged into Beni Stabili S.p.A. SIIQ) received a notice of assessment with a demand for higher IRAP taxes of 2,710 thousand of Euro plus penalties and interest, for the alleged failure to pay taxes in 2002 on the capital gains achieved from the disposal of its investment in Telemaco Immobiliare S.p.A. A claim was made against this notice of assessment with the Provincial Tax Commission and the Regional Tax Commission of Lazio; both of them confirmed the claims of the Tax Authorities. Against the judgement issued by the second instance judges, supported by reasons with invalid and groundless allegations, the Company filed an appeal with the Supreme Court of Cassation and the date for the hearing has still not been set.

In accordance with the specific validity of the legal arguments that made to support the Company's rationale before the Court of Cassation and the fact that the court may therefore overturn the previous rulings against the Company, we believe that, including on the basis of the tax opinions received, it would be unlikely for a liability to arise, with the resulting right to reimbursement of the amounts paid pending judgement (6,178 thousand of Euro, recognised as tax receivables).

Notice of IRES tax assessment - tax periods 2002/2003

In 2005, Beni Stabili S.p.A. SIIQ received two notices of assessment following the tax inspection undergone for the 2002 and 2003 tax periods, already cancelled following the outcome of the first and second instance judgements. With regard to the 2002 tax period, as a result of the proceedings following referral of the case to the Regional Tax Commission of Rome, the appeal of the Company was upheld; the terms for a possible appeal before the Court of Cassation by the Office are still pending.

Whereas, with regard to the 2003 tax period, after two judgements favourable to the Company, the judgement is still pending before the Supreme Court of Cassation; the date for the hearing has still not been set.

On the basis of the grounds for resistance presented in the previous judgements, we believe that, also based on tax opinions obtained, it is reasonable to consider that the reasons of the Company would continue to be accepted.

Notice of IRES and IRAP tax assessment - tax period 2007

In 2012, the Tax Authorities served a notice of assessment to Beni Stabili S.p.A. SIIQ with which it made an upward adjustment to the IRES and IRAP taxes, with a demand for total higher taxes of 381 thousand of Euro, plus penalties and interest. The claims made in the enforcement deed concern the alleged non-deductibility of costs for services rendered by the parent company Foncière des Régions S.A. performing the contract of intercompany services.

After trying to settle the litigation with the Tax Authorities with an assessment with approval procedure, the Company appealed to the Provincial Tax Commission of Rome and paid at the same time the amount due by way of temporary collection pending judgement (148 thousand of Euro, recognised as tax receivables).

The Company is continuing the dialogue with the Tax Authorities in order to reach an out-of-court settlement of the assessment, which could be concluded in the coming months.

Tax-assessment notice concerning the disputed offsetting of a VAT tax receivable

In 2012, Beni Stabili S.p.A. SIIQ, received a tax-assessment notice by which the Tax Authority rejected the validity of offsetting the VAT receivable amounting to 149 thousand of Euro, deriving from merged Companies and used within the VAT procedure of the Beni Stabili Group, applying penalties and interest. In July 2012, a claim was filed before the relevant Provincial Tax Commission of Rome and the date for the hearing has still not been set.

The Tax Authority claim, also based on tax opinions obtained, is considered unlawful and unlikely for a liability to arise, with the resulting right to reimbursement of the amounts paid pending judgement (219 thousand of Euro recognised as tax receivables).

9 COMMITMENTS

With reference to the urban development costs relating to the Garibaldi complex development project, note that, in order to issue the building permit, towards the end of 2011 the Municipality of Milan quantified the primary and secondary urban development costs and standard monetisation as a total of 24,343 thousand of Euro. Agreements between the Municipality and the owners envisage that this commitment will be paid by Beni Stabili S.p.A. SIIQ, in addition to cash payments, also by disposal of the land in Via Elio Vittorini, Milan (completed in October 2014), the prior demolition of the building standing on that land (already completed) and the building on the same area of a public park. In this context note also the settlement

agreement reached with Ferrovie dello Stato Italiane S.p.A. (vendor of the Garibaldi property complex), according to which that company paid part of the aforementioned costs, i.e. 6,000 thousand of Euro.
Since the disposal mentioned above was completed, the residual debt positions with regard to the Municipality of Milan are being defined, which will be paid shortly.

10 TRANSACTIONS WITH SUBSIDIARIES, THE PARENT COMPANY AND RELATED PARTIES

Relations between Beni Stabili S.p.A. SIIQ and its direct or indirect subsidiaries are primarily of a financial nature and mostly take the form of running accounts. These current account relations are interest bearing and subject to the 3-month Euribor plus a spread of 4 basis points.

In addition to current account relations, Beni Stabili S.p.A. SIIQ granted a number of loans to direct and indirect subsidiaries, as described below:

- a loan granted to B.S. Immobiliare 5 S.r.l., interest-bearing at the 3-month Euribor, plus a spread, with the annual capitalisation of interest and the related aggregate payment on maturity of the loan (31 December 2014), amounting to 22,475 thousand of Euro (including accrued interests) as at 30 September 2014;
- Sviluppo Ripamonti S.r.l.: i) a loan (for a maximum original amount of 21,500 thousand of Euro), interest-bearing at the 3-month Euribor, plus a spread, with the annual capitalisation of interest and the related aggregate payment on maturity of the loan (31 December 2014, amounting to 18,367 thousand of Euro (including accrued interests) as at 30 September 2014; ii) another loan (for a maximum original amount of 76,300 thousand of Euro), interest-bearing at the 3-month Euribor, plus a spread, with the annual capitalisation of interest and the related aggregate payment on maturity of the loan (31 December 2014), amounting to 22,209 thousand of Euro (including accrued interests) as at 30 September 2014; iii) a third loan (for a maximum original amount of 65,000 thousand of Euro), interest-bearing at the 3-month Euribor, plus a spread, with the annual capitalisation of interest and the related aggregate payment on maturity of the loan (31 December 2014, with tacit annual renewal), amounting to 67,514 thousand of Euro (including accrued interests) as at 30 September 2014;
- a loan granted to Beni Stabili Retail S.r.l. for a maximum amount of 56,000 thousand of Euro, to be disbursed in one or more tranches and interest-bearing (capitalised as at 31 December every year) at a fixed rate, with repayment of each tranche disbursed in aggregate no later than 7 years from the date of each disbursement. The payable as at 30 September 2014, including accrued interests, amounts to 5,319 thousand of Euro.

In addition to the above, during 2014, the subsidiary B.S. 7 S.p.A. repaid in full the loan granted to it by Beni Stabili S.p.A. SIIQ (that as at 31 December 2013 amounted to 6,618 thousand of Euro).

Beni Stabili S.p.A. SIIQ and some of its subsidiaries and associates are also engaged in trade relations, referred to staff secondments, property leases and property, legal, administrative and financial services. The above transactions are conducted on an arm's length basis.

Specifically, with reference to property leases, note that as at 30 September 2014 the following contracts were in place:

- with R.G.D. Gestioni S.r.l.: i) a lease contract on property units in the "Il Ducale" shopping mall in Beinasco (Turin) expiring 31 December 2017; ii) a lease contract on property units in the "Le Fornaci" shopping mall in Vigevano (Pavia) expiring 31 December 2018. Both contracts provided for a rent that varies according to the turnover achieved from subleasing the property units and related businesses to third parties;
- with B.S. Attività Commerciali 1 S.r.l., a lease contract on a number of property units in the Galleria del Corso, Milan with a 6-year term from April 2011 (automatically renewed for a further six years unless cancelled) and a rent that varies according to the turnover achieved from subleasing the property units and related businesses units (with a minimum guaranteed of 250 thousand of Euro per year);
- with B.S. Attività Commerciali 2 S.r.l., a lease contract on a number of property units in the Galleria del Corso, Milan with a 6-year term from April 2011 (automatically renewed for a further six years unless cancelled) and a rent that varies according to the turnover achieved from subleasing the property units and related businesses units (with a minimum guaranteed of 250 thousand of Euro per year);
- with Beni Stabili Gestioni S.p.A. – SGR, a sublease contract on a number of property units in via Piemonte 38, Rome. This contract expires on 31 March 2016 and envisages a rent (to be revalued each year) that for the period from 1 January to 30 September 2014 was 426 thousand of Euro;
- with Real Estate Solution & Technology S.r.l. (company 20% owned by Beni Stabili S.p.A. SIIQ) a sublease contract on a number of property units in via Piemonte 38, Rome. This contract expires on 30 October 2017 and envisages a rent (to be revalued each year) that for the period from 1 January to 30 September 2014 was 19 thousand of Euro;
- with Beni Stabili Property Service S.p.A. (company 37% owned by Beni Stabili S.p.A. SIIQ) a sublease contract on a number of property units in via Piemonte 38, Rome. This contract expires on 31 January 2016 and envisages a rent (to be revalued each year) which for the period from 1 January to 30 September 2014 was 192 thousand of Euro.

In addition to the above, the company Beni Stabili Property Service S.p.A. provides in favour of Beni Stabili S.p.A. SIIQ property management services *(*including the subcontracting of the property service to Imser 60 SIINQ S.p.A.) whose consideration for 2014 was 2,402 thousand of Euro (2,466 as at 30 September 2013).

Note that, along with most of the direct or indirect subsidiaries, Beni Stabili S.p.A. SIIQ has adopted the Group tax consolidation.

Relations with subsidiaries during the year are described above in Notes 7.1.8, 7.2.3, 7.5.2, 7.6.1, 7.6.2, 7.6.3, 7.6.4 and 7.6.7, and in the related Annexes 3, 4, 5, 6, 7, 8, 9 and 10 where details of intercompany receivables, payables, costs and revenues are provided.

Note the following regarding relations with the parent company Foncière des Régions S.A.:

- Foncière des Régions S.A. provided Beni Stabili S.p.A. SIIQ with sundry consultancy services whose cost for the period from 1 January to 30 September 2014 was 405 thousand of Euro (450 thousand of Euro for the 2013 financial year);
- the Controlling Company is in charge of an existing *cash* pooling contract. Note that as at 30 September 2014 this contract has never been activated;
- Foncière des Régions S.A. decided on a free-share grant to certain employees of the Company. Specifically, on 30 September 2014, Group employees (in service as at that date) were assigned a total of 18,670 free Foncière des Régions S.A. shares that will be made available in various tranches in the period 2014-2017 provided employee service continues. It should be specified that for the plans started in 2012 and 2013 (totalling 9,750 free shares considered still exercisable), the Group will pay (in annual tranches of equal amount for each plan) Foncière des Régions S.A. a consideration equal to their fair value on the date of assignment to the beneficiaries. For this reason, the total cost recognised to the income statement for these free share plans, of 122 thousand of Euro was recognised against equity of 30 thousand of Euro and against a payable to the parent company of 92 thousand of Euro.

In addition, Beni Stabili S.p.A. SIIQ is subject to management and control of the parent company Foncière des Régions (FdR), with registered office in Metz (France) and share capital as at 31 December 2013 of 188,049 thousand of Euro. Annexe 11 contains the pertinent data from the most recent financial statements approved by FdR. For a more complete overview of the financial position of Foncière des Régions and the Foncière des Régions Group as at 31 December 2013, and to the results achieved by the company and the Group as at that date, please refer to the separate and consolidated financial statements of Foncière des Régions and the related reports by control bodies.

With reference to relations with other related parties, note that:

i. In May 2014, Beni Stabili S.p.A. SIIQ signed with Luxottica Group S.p.A. a lease contract of the property of Milan – Via S. Nicolao, with a 7-year and 5 month term (renewable for another 6 years) and annual rent in force of 5,400 thousand of Euro. The transaction is considered as a "related party transaction" of greater importance, in accordance with the "Guidelines for the Regulation of Related Party Transactions" adopted by the Company. The counterparty of the transaction (Luxottica Group S.p.A.) is actually a company indirectly controlled by Leonardo Del Vecchio, Board Director of Beni Stabili S.p.A. SIIQ and Deputy Chairman of Foncière des Régions S.A. The draft contract was submitted to the Board of Directors of the Company, during the meeting held on 15 April 2014, which considered it in line with the market and, in that an “ordinary” transaction, the Company made use of the relevant case of exclusion from the full application of the company Procedure;

ii. in January 2014, Beni Stabili S.p.A. SIIQ signed with Partimmo S.r.l. (company indirectly controlled by Leonardo Del Vecchio) two lease contracts covering some portions of the property in Milan – Piazza San Fedele, with a 4- and 6-year term and an annual rent of 630 and 90 thousand of Euro, respectively. The signing of these contracts, because of their value, can be classified as an ordinary transaction “of lesser significance” as part of the hierarchy of importance defined in the company procedure on related party transactions.

Please see Annexe 12 for details of remuneration paid to directors, auditors and strategic executives.

11. REMUNERATION OF INDIPENDENT AUDITORS

The separate financial statements of Beni Stabili S.p.A. SIIQ were audited by Mazars S.p.A.

In compliance with the provisions of art. 149-duodecies of Consob’s Issuers’ Regulation, a statement is provided below to summarise remuneration due for 2014 for audit services provided to the company by Mazars S.p.A. and by its network partners.

Type of services	Entity providing the service	30.09.2014
Audit	Mazars S.p.A.	244
Comfort Letter on the requirements for continuing operations under the SIIQ regime	Mazars S.p.A.	5
Total		**249**

In addition to what is stated in the table above, during the year 2014, Beni Stabili S.p.A. SIIQ entrusted Mazars S.p.A. with the task of issuing the fairness opinion on the share exchange ratio with regard to the bondS issued during the year,. The cost of this services amounting to 107 thousand of Euro. In accordance with the accounting standards these costs have been recorded in reduction of the fair value (at the issuing date) of the issued loans (applying the amortized cost method.

Furthermore, the Company assigned to Mazars S.p.A. the task is issuing the due comfort letters of the prospectus issued in relation to the capital increase completed in October, for a fee equal to 65 thousand of Euro, that according to the accounting standards has been recorded directly in Equity.

Beni Stabili S.p.A. SIIQ

Annexes

Declaration pursuant to the provisions of Article 154-bis of Italian Legislative Decree no. 58 of 24 February 1998 and Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned, Aldo Mazzocco and Luca Lucaroni, in their capacities as Chief Executive Officer and Manager responsible for drafting the company accounting documents of Beni Stabili S.p.A. SIIQ, in accordance with provisions of Article 154-bis, paragraphs 3 and 4, Italian Legislative Decree No. 58 of 24 February 1998, do certify:

- the adequacy with regard to the characteristics of Beni Stabili S.p.A. SIIQ and
- the effective application

of administrative and accounting procedures for preparing the 2013 financial statements.

Furthermore, they certify that:

(1) the financial statements as at 30 September 2014:

a) have been prepared in compliance with international accounting standards endorsed by the European Union pursuant to European Parliament and Council Regulation no. 1606/2002/EC of 19 July 2002;

b) are consistent with the books and accounting entries;

c) provide a true and fair view of the equity, economic and financial position of the Beni Stabili S.p.A. SIIQ

(2) the management report includes a reliable analysis of the trend in and results of operations, as well as the position of the Company, together with a description of the main risks and uncertainties the Company is exposed to.

The Chief Executive Officer
[*signature*]
(Aldo Mazzocco)

The Manager responsible for drafting
the Company's accounting documents
[signature]
(Luca Lucaroni)

Details of investments

Company name	Registered office	% investment	Share Capital	Carrying amount as at 30.09.2014
Subsidiaries				
RGD Ferrara 2013 S.r.l.	Rome - Via Piemonte n. 38	50	100	48
IMSER 60 SIINQ S.p.A.	Milan - Via Carlo Ottavio Cornaggia n. 10	100	2.000	889.914
B.S. Attività Commerciali 1 S.r.l.	Milan - Via Carlo Ottavio Cornaggia n. 10	100	10	45
B.S. Attività Commerciali 2 S.r.l.	Milan - Via Carlo Ottavio Cornaggia n. 10	100	10	25
B.S. Attività Commerciali 3 S.r.l.	Milan - Via Carlo Ottavio Cornaggia n. 10	100	10	38
Im.ser S.r.l. in liquidazione	Milan - Via Carlo Ottavio Cornaggia n. 10	60	21	127
R.G.D. Gestioni S.r.l.	Milan - Via Carlo Ottavio Cornaggia n. 10	100	10	2.334
B.S. 7 S.p.A.	Rome - Via Piemonte n. 38	100	520	74.104
Beni Stabili Development S.p.A.	Milan - Via Carlo Ottavio Cornaggia n. 10	100	120	31.646
B.S. Immobiliare 8 S.p.A. SIINQ	Milan - Via Carlo Ottavio Cornaggia n. 10	100	1.000	112.486
B.S. Immobiliare 9 S.p.A. SIINQ	Milan - Via Carlo Ottavio Cornaggia n. 10	100	120	79
Totale Società Controllate				**1.110.846**
Associetes				
Real Estate Solution & Technology S.r.l.	Rome - Via Proba Pretonia n. 40	30	10	3
Beni Stabili Hotel S.à r.l.	Rue Aldringen n. 19 - L-1118 Lussemburgo	20	3.000	-
Total associates				**3**
Other companies				
Nomisma - Società di Studi Economici S.p.A.	Bologna - Strada Maggiore n. 44	4,09	6.606	196
Mittel S.p.A.	Milan - Piazza Armando Diaz n. 7	0,41	87.907	1.339
Le Fornaci società consortile a r.l.	Beinasco (TO) - Strada Torino 36	17,18	29	3
Consorzio Census	Rome - Via Tiburtina n. 1236	2,98	255	-
RSE Projekt Management AG	Berlin - AM Borsigturm, 11 - Germania	10	25.565	-
Total other companies				**1.538**
Total non-current investments				**1.112.387**

Receivables due from subsidiaries and associates

Company name	Financial receivables: running accounts	Financial receivables: loan	Trade receivables from leases and services provided	Relations deriving from tax consolidation	Other receivables	Balance as at 30.09.2014
Imser 60 SIINQ S.p.A.	-		8	-	6.268	6.276
B.S. Immobiliare 5 S.r.l.	4.047	22.475	1	-	-	26.523
Beni Stabili Development S.p.A.	7.193		4	-	-	7.197
B.S. Immobiliare 8 S.p.A. SIINQ	128.730		34	-	-	128.764
B.S. Attività Commeciali 1 S.r.l.	27		2.428	-	-	2.455
B.S. Attività Commeciali 2 S.r.l.	118		1.377	1	-	1.496
B.S. Attività Commeciali 3 S.r.l.	2		4	-	-	6
Beni Stabili Gestioni S.p.A. - SGR	-		189	-	-	189
B.S. 7 S.p.A.	17		45	4.445	-	4.507
B.S. Immobiliare 9 S.p.A. SIINQ	283		7	-	-	290
B.S. Engineering S.r.l.	259		237	-	-	496
Beni Stabili Real Estate Advisory S.r.l.	3		7	-	-	10
Sviluppo Ripamonti S.r.l.	-	108.091	8	-	-	108.099
Beni Stabili Development Milano Greenway S.p.A.	1.416		-	-	-	1.416
Beni Stabili Retail S.r.l.	316		-	23	-	339
R.G.D. Gestioni S.r.l.	-		810	-	-	810
Total	**142.411**	**130.566**	**5.159**	**4.469**	**6.268**	**288.873**

Payables due to subsidiaries and associates

Company name	Running account payables	Trade relations	Relations deriving from tax consolidation	Balance as at 30.09.2014
Imser 60 SIINQ S.p.A.	-	368	572	940
Beni Stabili Real Estate Advisory S.r.l.	-	0	4	4
Beni Stabili Gestioni S.p.A. - SGR	-	2	-	2
Beni Stabili Development Milano Greenway S.p.A.	-	-	27	27
B.S. Engineering S.r.l.	-	579	10	589
R.G.D. Gestioni S.r.l.	546	-	18	564
B.S. Attività Commerciali 3 S.r.l.	-	-	1	1
B.S. Immobiliare 5 S.r.l.	-	-	88	88
Sviluppo Ripamonti S.r.l.	381	-	92	473
B.S. 7 S.p.A.	48.644	-	-	48.644
Beni Stabili Development S.p.A.	-	-	71	71
B.S. Immobiliare 8 S.p.A. SIINQ	-	5	6	11
Im.ser S.r.l.	-	-	4	4
Total	**49.571**	**954**	**893**	**51.418**

Property revenues and costs

Company name	Rental revenues	Costs for sevices	Total as at 30.09.2014
R.G.D. Gestioni S.r.l.	1.488	-	1.488
Beni Stabili Gestioni S.p.A. - SGR	426	-	426
B.S. Attività Commerciali 1 S.r.l.	789	-	789
B.S. Attività Commerciali 2 S.r.l.	2.004	-	2.004
Total	**4.707**	**-**	**4.707**

Intercompany service revenues

Company name	Total as at 30.09.2014
B.S. Attività Commerciali 1 S.r.l.	15
B.S. Attività Commerciali 2 S.r.l.	15
B.S. Attività Commerciali 3 S.r.l.	4
B.S. Immobiliare 5 S.r.l.	53
Beni Stabili Retail S.r.l.	75
B.S. 7 S.p.A.	45
Beni Stabili Development Milano Greenway S.p.A.	68
Beni Stabili Development S.p.A.	4
Beni Stabili Gestioni S.p.A. - SGR	56
B.S. Immobiliare 8 S.p.A. SIINQ	30
B.S. Immobiliare 9 S.p.A. SIINQ	7
B.S. Engineering S.r.l.	15
Beni Stabili Real Advisory S.r.l.	7
Im.ser S.r.l. in liquidazione	4
Imser 60 SIINQ S.p.A.	1.218
Sviluppo Ripamonti S.r.l.	53
R.G.D. Gestioni S.r.l.	15
Total revenues	**1.684**

Intercompany service costs

Company name	Seconded staff
B.S. Engineering S.r.l.	(150)
TOTAL	**(150)**

Intercompany revenues from chargebacks

Company name	Seconded staff	Remuneration of directors	Total as at 30.09.2014
Beni Stabili Gestioni S.p.A. - SGR	395	40	435
B.S. Immobiliare 5 S.r.l.	-	2	2
Imser 60 SIINQ S.p.A.	-	22	22
Sviluppo Ripamonti S.r.l.	-	22	22
Total due from subsidiaries	**395**	**86**	**481**

Financial income from subsidiaries

Company name	Financial income from running account transactions
B.S. 7 S.p.A.	624
Imser 60 SIINQ S.p.A.	2.491
B.S. Immobiliare 5 S.r.l.	1.033
B.S. Immobiliare 9 S.p.A. SIINQ	9
Beni Stabili Development S.p.A.	221
B.S. Attività Commerciali 2 S.r.l.	2
B.S. Immobiliare 8 S.p.A. SIINQ	1.724
Beni Stabili Retail S.r.l.	275
Beni Stabili Development Milano Greenway S.p.A.	43
B.S. Engineering S.r.l.	3
Beni Stabili Real Estate Advisory S.r.l.	1
B.S. Attività Commeciali 1 S.r.l.	1
Sviluppo Ripamonti S.r.l.	4.238
Total	**10.665**

Financial charges from subsidiaries

Company name	Financial charges from running account transactions
B.S. 7 S.p.A.	(65)
B.S. Engineering S.r.l.	(2)
Sviluppo Ripamonti S.r.l.	(34)
R.G.D. Gestioni S.r.l.	(12)
TOTAL	**(113)**

Summary financial statement data of Foncière des Régions as at 31.12.2013, drawn up in compliance with French accounting standards

	31.12.2013
STATEMENT OF FINANCIAL POSITION	
ASSETS	
TOTAL FIXED ASSETS	4.901.615
TOTAL CURRENT ASSETS	344.234
TOTAL ASSETS	**5.245.849**
PASSIVO	
PATRIMONIO NETTO	2.901.124
TOTALE FONDI PER RISCHI ED ONERI	61.384
TOTALE DEBITI	2.283.341
TOTALE PATRIMONIO NETTO E TOTALE PASSIVITA'	**5.245.849**

INCOME STATEMENT	
OPERATING REVENUES	96.261
OPERATING COSTS	(95.382)
FINANCIAL INCOME (CHARGES)	182.554
EXTRAORDINARY INCOME (CHARGES)	(2.071)
TAXATION OF THE PERIOD	(790)
PROFIT / (LOSS) FOR THE YEAR	**180.572**

Remuneration of Directors, Statutory Auditors and Executives with strategic responsibilities

Name and surname	Position	Term of office	Remuneration as Director (*)	Remuneration as member of other committees	Non-cash benefits	Bonus and other incentives	Remuneration from subsidiaries
Directors							
LAGHI ENRICO	Chairman	01/01/14 - 30/09/14	75	18			
MAZZOCCO ALDO	Chief Executive Officer	01/01/14 - 30/09/14	453	5	21		142
DEL VECCHIO LEONARDO	Director	01/01/14 - 30/09/14	37	5			
KULLMANN CHRISTOPHE	Director	01/01/14 - 30/09/14	37	5			
LAURENT JEAN	Director	01/01/14 - 30/09/14	37				
MARAZZI GIACOMO	Director	01/01/14 - 30/09/14	37	18			
DEBRUS FRANCOIS PASCALE JACQUELINE	Director	01/01/14 - 30/09/14	37	5			
VITALINI CLARA PIERFRANCA	Director	01/01/14 - 30/09/14	37	9			
BRUNO TOLOMEI FRIGERIO ISABELLA	Director	01/01/14 - 30/09/14	37				
Total Directors' remuneration			**787**	**65**	**21**	**0**	**142**
Statutory Auditors (**)							
BORTOLOMIOL MARCELLINO	Chairman	01/01/14 - 30/09/14	45				43
ACCIARI LUCIANO	Auditor	01/01/14 - 30/09/14	34				
VENEGONI FABIO	Auditor	01/01/14 - 30/09/14	34				
Total Statutory Auditors' remuneration			**113**	**-**	**-**	**-**	**43**

(*) The remuneration does not include any welfare contribution.
(**) Term of office expires on approval of the Financial Statements as at 31.12.2014.

With reference to the "remuneration" of the Chief Executive Officer for the period 01-01-2014/30-09-2014, note that this includes: i) as a member of the Board of Direcotors (37 thousand of Euro); ii) as Chief Executive Officer (213 thousand of Euro), plus a "loyalty and performance bonus" of the minimum guaranteed of 203 thousand of Euro (payable in 2015).

Note that for the year 2014 (until 30.09.2014) no. 2 executives with strategic responsibilities - identified at the Beni Stabili S.p.A. SIIQ Board of Directors' Meeting of 08 November 2010 - were paid a total gross remuneration of 406 thousand of Euro plus accrued non-cash benefits totalling 81 thousand of Euro.

For further details please refer to the Report on remunerations for the Company published pursuant to Art. 123-ter of the T.U.F. on the company's web site.

Annex "2"

IMSER 60 SIINQ S.p.A.

INTERIM FINANCIAL REPORT AS AT 30 SEPTEMBER 2014

Registered Office in Via Carlo Ottavio Cornaggia n. 10 – 20123 Milan
Share Capital Euro 2,000,000= subscribed and paid
Tax Code and Milan Companies' register no. 08462070015
VAT no. 08462070015 –R.E.A. of Milan no. 1778267.
Company under control of Beni Stabili S.p.A SIIQ.

1 STATEMENT OF FINANCIAL POSITION

Euro

ASSETS	30.09.2014	31.12.2013
Investment properties	1,603,240,000	1,612,200,000
Trade and trade receivables	51,347	865,897
Deferred tax assets	-	17,507,151
Total non - current assets	**1,603,291,347**	**1,630,573,048**
Trade and trade receivables	3,271,149	3,644,062
Receivables due from parent company	846,660	715,529
Cash and cash equivalents	11,219,456	25,706,764
Total current assets	**15,337,265**	**30,066,355**
Asset held for sale	100,404,000	119,814,400
Total assets	**1,719,032,612**	**1,780,453,803**
EQUITY		
Share capital	2,000,000	2,000,000
Other reserve	1,625,611,690	911,144,928
Retained earnings	44,147,605	224,199,979
Total Equity	**1,671,759,295**	**1,137,344,907**
LIABILITIES		
Borrowings	-	546,438,497
Trade and other payables	-	9,765,354
Derivatives	-	26,285,861
Deferred tax liabilities	2,055,218	4,067,218
Total non - current liabilities	**2,055,218**	**586,556,930**
Borrowings	-	23,720,264
Payables due to parent company	6,275,584	740,713
Trade and other payables	38,942,515	32,090,989
Provisiones for risks and charges		-
Total current liabilities	**45,218,099**	**56,551,966**
Total liabilities	**47,273,317**	**643,108,896**
Total Equity and liabilities	**1,719,032,612**	**1,780,453,803**

2 INCOME STATEMENT

Euro

	30.09.2014	30.09.2013
Rental revenues	88,477,950	89,573,515
Property costs	(7,944,906)	(7,842,021)
Net rental revenues	**80,533,044**	**81,731,494**
Overheads	(837,571)	(956,507)
Total operating costs	**(837,571)**	**(956,507)**
Other revenues and income/(other costs and charges)	79,931	(18,685)
Investment properties sales	-	-
Cost of sales	-	-
Profit/(loss) on disposal of investment properties	-	-
Held for sale properties sales	22,090,000	31,140,000
Cost of sales	(22,090,000)	(31,899,428)
Profit/(loss) on disposal of held for sale properties	-	**(759,428)**
Property write- ups	11,070,000	4,500,000
Property write- downs	(17,540,000)	(4,934,156)
Property write- ups / property write-downs	**(6,470,000)**	**(434,156)**
EBIT	**73,305,404**	**79,562,718**
Net financial income/(charges)	(208,153,479)	(45,555,260)
EBT	**(134,848,075)**	**34,007,458**
Tax	(15,939,019)	800,640
Net Income	**(150,787,094)**	**34,808,098**

Annex "3"

B.S. Immobiliare 8 S.p.A. SIINQ

INTERIM FINANICAL REPORT AS AT 30 SEPTEMBER 2014

Registered Office in Via Carlo Ottavio Cornaggia n. 10 – 20123 Milan
Share Capital Euro 1,000,000= subscribed and paid. –
Tax Code, Milan Companies' Register and VAT no. n. 07834040961 – R.E.A. OF Milan no. 1984760.
Company with only one shareholder
Comapny under control of Beni Stabili S.p.A. SIIQ

1 STATEMENT OF FINANCIAL POSITION

(Euro)

ASSETS	30.09.2014	31.12.2013
Investment properties	241,959,287	238,660,000
Trade and trade receivables	549,385	386,287
Deferred tax assets	98,602	1,491,721
Total non - current assets	**242,607,274**	**240,538,008**
Trade and trade receivables	893,708	341,444
Receivables due from parent company	10,871	12,696
Cash and cash equivalents	253,570	1,814,044
Total current assets	**1,158,149**	**2,168,184**
Asset held for sale	-	-
Total assets	**243,765,423**	**242,706,192**
EQUITY		
Share capital	1,000,000	1,000,000
Other reserve	114,621,825	116,522,225
Retained earnings	(3,135,563)	(3,645,292)
Total Equity	**112,486,262**	**113,876,933**
LIABILITIES		
Borrowings	-	124,083,477
Derivatives	-	1,930,695
Deferred tax liabilities	-	11,013
Total non - current liabilities	-	**126,025,185**
Borrowings	-	13,906
Payables due to parent company	128,760,558	695,066
Trade and other payables	2,518,603	2,095,102
Total current liabilities	**131,279,161**	**2,804,074**
Total liabilities	**131,279,161**	**128,829,259**
Total Equity and liabilities	**243,765,423**	**242,706,192**

2 INCOME STATEMENT

Euro

	30.09.2014	30.09.2013
Rental revenues	7,451,783	7,145,536
Property costs	(1,522,163)	(1,447,341)
Net rental revenues	**5,929,620**	**5,698,195**
Overheads	(101,599)	(93,380)
Total operating costs	**(101,599)**	**(93,380)**
Other revenues and income/(other costs and charges)	(17,709)	(154,454)
Held for sale properties sales	-	40,550,000
Cost of sales	-	(40,550,000)
Profit/(loss) on disposal of held for sale properties	-	-
Property write- ups	3,141,203	116,855
Property write- downs	(1,213,276)	(2,381,730)
Property write- ups / property write-downs	**1,927,927**	**(2,264,875)**
EBIT	**7,738,239**	**3,185,486**
Net financial income/(charges)	(7,767,863)	(6,081,369)
Income/(charges) from parent company	(1,723,957)	(29,304)
EBT	**(1,753,581)**	**(2,925,187)**
Tax	(1,381,982)	760,883
Net Income	**(3,135,563)**	**(2,164,304)**

ARTICLES OF ASSOCIATION OF BENI STABILI S.p.A. SIIQ

SECTION I

NAME – REGISTERED OFFICE - PURPOSE - TERM

Article 1

The Company name is "Beni Stabili Società per Azioni Società di Investimento Immobiliare Quotata" and, in abbreviated form, "Beni Stabili S.p.A. SIIQ".

Article 2

The Company's registered office is in Rome.
The Company may transfer its registered office to another location within the same Municipality or establish and/or close branch and representative offices in Italy and overseas, subject to approval by its Management Body.
The transfer of the registered office to another location within the Italian territory must be approved by extraordinary General Meeting of shareholders.

Article 3

The Company's purpose covers all property-related activities and all activities related to the acquisition of investments, excluding transactions with the public, in Italy and overseas.
The Company may, by way of example:
- buy, sell, exchange and manage properties, and register mortgages;
- build new constructions, renovate and redevelop buildings, including on behalf of and/or in consortium with third parties;
- to parcel out building and agricultural land, to establish districts in accordance with urban planning regulations; to participate in the establishment of consortia for urban development purposes and for the construction of building complexes; to enter into agreements and obligations regarding urban planning restrictions with the relevant municipalities;
- to act as lessee or lessor, to manage buildings and real estate assets, including on behalf of enterprises, companies and other entities;
- to liquidate and manage enterprises, companies and property-related entities;
- to establish companies and acquire interests and investments in other companies or enterprises, both directly and indirectly, excluding transactions with the public and public offerings.

The Company may engage in all other activities held to be necessary and appropriate to the fulfilment of its business purpose. In particular, the Company may carry out, by way of example but not limited to, surveys, research and commercial, industrial, financial, movable property and real estate transactions; it may enter into mortgage agreements and engage in borrowing of any form or duration, and issue collateral or

personal guarantees, backed by movable and real property, including sureties, pledges and mortgages securing its own obligations or those of companies and enterprises in which it has interests or investments.
The Company's operations shall be carried out in compliance with the following rules regarding real estate investments and risk concentration and financial leverage limits:
(a) the Company does not invest in an individual real estate asset with the same urban characteristics and functions: (i) directly, in a proportion of more than 25% of the total value of its real estate assets; and (ii) directly and through subsidiaries, in a proportion of more than 15% of the total value of the real estate assets of the group heading it (the "Group"). In this regard, it is specified that, for development plans covered by a single urban plan, functionally independent portions of the property covered by single building permits, or equipped with urban works that are sufficient to guarantee connection to public services, cease to have the same urban characteristics and functional characteristics;
(b) the Company may not generate: (i) directly, lease payments, from the same lessee or lessees pertaining to the same group, in a proportion of more than 30% of the total of the Company's comprehensive lease payments; and (ii) directly and through subsidiaries, lease payments from the same lessee or lessees pertaining to the same group, in a proportion of more than 60% of the total of the Group's comprehensive lease payments;
(c) the Company may assume: (i) directly, borrowings (including financial debts to subsidiaries and the parent company), net of cash and cash equivalents and equivalent assets and financial receivables from the parent company, for a comprehensive nominal value of no more than 70% of the sum of the total value of its real estate assets, the balance-sheet value of investments in subsidiaries and the nominal value of financial receivables from subsidiaries; and (ii) directly and through subsidiaries, consolidated financial debts (including amounts due to the parent company), net of cash and cash equivalents and equivalent assets and financial receivables from the parent company, for a comprehensive nominal value of no more than 70% of the total of the Group's real estate assets.
The above limits may be exceeded in exceptional circumstances or in circumstances that are beyond the Company’s control. Unless otherwise in the interests of the shareholders and/or the Company, the limits may not be exceeded for more than 24 months, in respect of the thresholds established in paragraphs (a) and (b), and 18 months, in the case of the threshold

established in paragraph (c).
As an exception to the above, the limit of 30% pursuant to paragraph (b) above does not apply if the Company's real estate assets are leased to lessee(s) pertaining to a significant national or international group.

Article 4

The term of the Company is established as 31 December 2100. The term may be extended by majority vote at a extraordinary General Meeting of shareholders.

SECTION II

SHARE CAPITAL - SHARES

Article 5

The share capital amounts to € 226,942,588.60 (two hundred and twenty-six million, nine hundred and forty-two thousand, five hundred and eighty-eight euros and sixty cents), represented by 2,269,425,886 (two billion, two hundred and sixty-nine million, four hundred and twenty-five thousand, eight hundred and eighty-six) shares with a par value of € 0.10 (nought point ten euros) each.
The Extraordinary Shareholders’ Meeting of 3 June 2010 has decided upon increasing the share capital, upon payment and in tranches, with the exclusion of option rights as per article 2441, paragraph 5, of the Italian Civil Code, for a total amount of EUR 26,223,776.20 nominal to be offered in instalments, via the issue of a up to No. 262,237,762 ordinary shares of the Company, having the same characteristics of the outstanding ordinary shares, reserved irrevocably and exclusively for the conversion of the bond loan denominated “EUR 225,000,000.00 3.875 per cent. Convertible Bonds due 2015”, subject to the final date for the subscription of the new issue being fixed for 23 April 2015 and that, in the case in which, at such a date, the increase in capital should not be wholly subscribed, the same shall be understood, as having been increased for amount equal to the subscriptions received.
The Extraordinary Shareholders’ Meeting held on 22 May 2013 resolved to increase the share capital against cash contributions, in several tranches, with the exclusion of the option right of the existing shareholders pursuant to article 2441, paragraph 5, of the Italian Civil Code, for an aggregate face value of up to EUR 37,556,334.50 to be paid up in one or more tranches, through the issue of up to No. 375,563,345 ordinary shares of the Company, having the same features as those of the outstanding ordinary shares, solely and irrevocably reserved for the conversion of the notes issued on 17 January 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 7 November 2012) and on 14 March 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 4

March 2012), respectively; it is understood that the deadline for the subscription of the newly-issued shares is set at 10 January 2018 and that should the capital increase not be fully subscribed as at that date, such capital shall in any case be deemed to be increased by an amount equal to the subscriptions received by that date, and the Directors shall be explicitly authorised to issue the new shares as these are subscribed.
The Extraordinary Shareholders’ Meeting held on 15 April 2014 resolved to increase the share capital against cash contributions, in several tranches, with the exclusion of the pre-emptive right of the existing shareholders pursuant to article 2441, paragraph 5, of the Italian Civil Code, for an aggregate face value of up to EUR 40,964,952.20 to be paid up in one or more tranches, through the issue of up to No. 409,649,522 ordinary shares of the Company, having the same features as those of the outstanding ordinary shares, solely and irrevocably reserved for the conversion of the notes issued on 17 October 2013 (pursuant to the power of attorney granted by the Board of Directors by a resolution dated 7 October 2013), it being understood that the deadline for the subscription of the newly-issued shares is set at 10 April 2019 and that should the capital increase not be fully subscribed as at that date, the capital shall in any case be deemed to be increased by an amount equal to the subscriptions received by that date, and the Directors shall be explicitly authorised to issue the new shares as these are subscribed.
On 25 September 2014 the Board of Directors – exercising the authorisation conferred by the Extraordinary Shareholders’ Meeting of 31 July 2014 and following the resolution of the same Board of Directors approved on 2 September 2014 – resolved to increase the Company’s share capital by issuing against payment up to 353,122,982 ordinary shares, with a par value of EUR 0.10 each and the same dividend entitlement and characteristics as the Company’s outstanding shares, for up to a maximum amount of EUR 149,724,144.36, of which EUR 0.10 as par value and EUR 0.3240 as share premium reserve. These ordinary shares will be offered on a pre-emptive basis to the existing shareholders and convertible bondholders, in accordance with Article 2441, paragraph 1 of the Italian Civil Code. The latest deadline to subscribe to the capital increase is set for 30 June 2015 and, if not fully subscribed by that date, the share capital will automatically increase by an amount corresponding to the subscription collected.

Article 6

The ordinary shares are registered.
The Company is fully entitled to apply interest to late payments at an annual rate to be established by the Board of Directors, which in any event may not exceed 3% above the

legal interest rate, without prejudice to the legal consequences for the defaulting shareholder and without prejudice to the responsibilities of the sellers and transferors of unpaid shares.
Contributions may also take the form of assets other than cash and accounts receivable.
The Company may acquire its own shares within the limits and the terms established by current legislation.

SECTION III

ISSUE OF BONDS - CONVERTIBLE BONDS AND SAVINGS SHARES, AND THE ISSUE OF OTHER SECURITIES

Article 7

Bonds

The Company may issue bonds, including convertible bonds, in compliance with established regulations.
The issue of non-convertible bonds and other debt securities shall be approved by the Directors, who are also responsible for establishing the nature of the placement and the method of redemption. The relevant Board of Directors' resolution must be recorded in minutes prepared by a Notary and filed in accordance with the requirements of Art. 2436 of the Italian Civil Code.

Savings shares and other securities

The Company may issue savings shares, any other type or class of share and other participatory securities, in compliance with the relevant legislation, and in accordance with resolutions passed by extraordinary General Meeting of shareholders.

SECTION IV

GENERAL MEETINGS

Article 8

The shareholders' Meeting is ordinary or extraordinary as defined by law and may be convened in Italy, if necessary at a location other than the registered office.
Ordinary shareholders' Meetings must be convened at least once a year, within one hundred and twenty days of the end of the Company's financial year. This deadline may be extended one hundred and eighty days, pursuant to the last paragraph of Art. 2364 of the Italian Civil Code.
Extraordinary shareholders' Meetings are convened to pass resolutions on certain matters reserved to them by the law or by these Articles of Association.
Without prejudice to the powers to convene meetings attributed by law to the Board of Statutory Auditors or to two of its members, and those attributed by specific legal requirements, shareholders' Meetings are to be convened by the Chairman of the Board of Directors or his deputy, and are to be publicised via an announcement to be placed in the Official Gazette of

the Italian Republic or in the "Il Sole 24 Ore" daily newspaper and on the Company's website as well as by the methods set forth by CONSOB in its regulations. The announcement must indicate the day, time and location of the Meeting, the agenda and other information required by legal and regulatory provisions applicable from time to time.

Article 9

The right to attend at the shareholders' Meetings is extended to shareholders who meet the current legal and regulatory requirements.

In particular, shareholders have the right to attend and vote in the shareholders' Meetings if the Company has received a qualified intermediary notification which certifies, based on the accounting records on the seventh day of open market previous to the shareholders' Meeting on first call, that the shareholders may legitimately attend in the Meeting and exercise the right to vote.

The intermediary notification indicated in the previous paragraph must arrive at the Company by the end of the third day of open market previous to the date of the meeting on first call or by any different deadline established by CONSOB, in agreement with the Bank of Italy by regulation.

If the notification arrives to the Company after the deadline indicated in the paragraph above, the shareholder will be considered legitimate for the purpose of attending and voting in the Meeting provided that the notification arrives by the beginning of the Meeting on the first call.

Each shareholder who has the right to attend in the shareholders' Meeting may be represented by way of written proxy, within the conditions and terms set forth by law and current regulatory provisions; this proxy may be electronically notified by certified email and by any additional methods indicated in the notice of call.

The Company is not allowed to designate the representative as per Art. 135-*undecies* of Italian Legislative Decree no. 58/98.

Article 10

General Meetings shall be chaired by the Chairman of the Board of Directors or, in the event of his absence or unavailability, by the Vice Chairman, if elected, or, in his absence, by the eldest Director. In the event of their absence the Meeting is chaired by a Chairman elected for the purpose from among the shareholders, by majority vote of the General Meeting itself.

At the proposal of the Chairman, General Meetings shall, where necessary, elect two or more scrutinisers and a Secretary, who need not necessarily be a shareholder.

The election of a Secretary is not required when the minutes of the General Meeting are prepared by a Notary. The Notary

shall be appointed by the Chairman of the Meeting.
The Chairman of the General Meeting shall verify that the General Meeting is regularly convened, shall check the identity and legitimate participation of attendees, including proxies, shall direct and oversee the proceedings, shall verify that the Meeting has reached a quorum, shall establish voting procedures, and shall check and declare the voting results.
Should discussion of items on the agenda not be completed at the end of the first day, the General Meeting may continue on the following working day.

Article 11

Both ordinary and extraordinary General Meetings of shareholders and the related resolutions shall be defined as valid according to the law.
The Board of Statutory Auditors shall be elected in accordance with Art. 20.

Article 12

Resolutions passed by General Meetings must be recorded in the minutes signed by the Chairman, the Secretary or the Notary.

SECTION V
MANAGEMENT

Article 13

The Company shall be managed by a Board of Directors consisting of not less than five and no more than fifteen Directors, elected on a show of hands by ordinary shareholders' Meeting, which shall also, within the above limits, establish the number of the Board's members.
The entire Board of Directors shall be elected on the basis of lists submitted by shareholders, on which candidates must be listed in sequential order, with express indication of candidates holding the requirements for independence.
Moreover, each list, except for those containing a number of candidates less than three, must include at least one third ("Full Quota"), or one fifth ("Reduced Quota"), where applicable, of individuals belonging to each gender, until this is provided for by mandatory rules of law and/or regulations.
After carrying out the procedure of the list voting, the Board of Directors must consist of at least:
- one member who meets the independence requisites established by law, or by the highest number possibly required by the applicable regulations ("Independence Criterion");
- one third ("Full Quota"), or one fifth ("Reduced Quota"), where applicable, of individuals belonging to each gender, until this is provided for by mandatory rules of law and/or regulations.
The lists shall be deposited at the Company's registered

office at least twenty-five days before the date indicated for the shareholders' Meeting on first call and shall be made available at the stock market operator and shall be available on the Company web site, accompanied by the documents required by the regulations in force, at least twenty-one days before the date set for the shareholders’ Meeting to be held in first call.
No shareholder may, either individually or jointly, submit more than one list, including by proxy or through a trust, and each candidate may be present on one list only, on pain of ineligibility.
The shareholding percentage required to be entitled to submit lists of candidates for the position of Statutory Auditor shall be set out in the CONSOB communication issued within thirty days from the end of each financial year, pursuant to the first paragraph of Article 147-*ter* of Italian Legislative Decree 58/1998 and the first paragraph of Article 144-*quater* and 144-*septies* (first paragraph) of CONSOB Resolution no. 11971/1999 and subsequent amendments and additions.
Therefore, shareholders are entitled to submit lists only if, upon presentation of the list, either on their own or with other shareholders, own the required number of shares prescribed by Consob resolution for that purpose.
The minimum percentage required for submitting lists shall be indicated in the notice convening the Meeting.
Shareholders shall provide evidence of the shares required to submit lists, by exhibiting and leaving a copy of the certificate at the registered office within the deadline set forth for the publication of the lists.
By the deadline for depositing the lists at the registered office, each list must be accompanied by a declaration from each candidate whereby the candidates accept their candidacy, declare, under their responsibility, that there are no grounds for ineligibility or incompatibility, and that they satisfy current legal requirements for directorship.
Each voting shareholder may vote for one list only.
Members of the Board of Directors shall be appointed according to the following procedure:
- all the Directors except one shall be drawn from the list that obtained the most shareholder votes, in the sequential order in which they appear on the list, without prejudice to the observance of the Full Quota or of the Reduced Quota, where applicable. At least one of these Directors, or the highest number of Directors required for observing the Independence Criterion, must meet the independence requisites established for members of the control body by the regulations in force;
- at least one Director shall be drawn from the minority

list that obtains the most shareholder votes, provided that he/she is not in any manner connected, even indirectly, with the shareholders who submitted or voted the list that obtained the most votes;

- for the purposes of allocating the Directors to be elected, lists are not taken into consideration unless they obtain a percentage of votes equal at least to half the percentage required for submitting the lists.

In the event of a tie, the shareholders' Meeting shall hold a new list vote in order to elect the entire Board of Directors.

Should, on the other hand, only one list be submitted in accordance with the rules, all the Directors shall be drawn from this one list, based on the sequential order in which the candidates appear on the list, without prejudice to the observance of the Independence Criterion and of the Full Quota or of the Reduced Quota, where applicable.

The list that obtained the highest number of votes must ensure the observance of the Independence Criterion and of the Full Quota or of the Reduced Quota, where applicable. In particular, if the composition of the body, determined on the basis of the progressive numbers assigned to the candidates of the above list, does not allow the compliance with the criteria above, also taking account of the gender of the candidate appointed by the minority, the candidates with the lowest progressive number, not holding the requirements in question, will be replaced by the candidates with the higher progressive number, until the composition prescribed by the applicable provisions of law and/or regulations is reached.

The Directors remain in office for a three-year term that expires on the date of the shareholders' Meeting convened to approve the financial statements of their third year of office. They may be re-elected.

The list voting procedure applies only in case of renewal of the entire Board of Directors.

If, during the year, one or more Directors pass away, without prejudice to the possibility of termination of the office of the majority of the Directors appointed by the Meeting - in which case the term of office of the entire Board shall be deemed to have expired - the Board replaces them pursuant to Article 2386 of the Italian Civil Code through the co-option of a subject part of the list to which the Director who passed away belonged, or, should this be impossible, by appointing a candidate proposed by the shareholder who submitted the list to which the Director who passed away belonged, in compliance with the Independence Criterion and the Full Quota or the Reduced Quota, where applicable.

Thereafter, the Meeting shall deliberate according to the majorities envisaged by law and in compliance with the

regulations currently in force.
The term of office of the Directors thus appointed shall be the same as the one applicable to the Directors in office at the time of their appointment.
Independent Directors are required to immediately inform the Board of Directors should they no longer meet the independence requisites prescribed by law. Failure to meet such requisites shall result in the termination of their appointment.

Article 14

The Board of Directors shall elect a Chairman from among its members. The Chairman must be drawn from the Directors on the list that obtained the most shareholder votes, pursuant to Article 13 above. If necessary, the Board shall also elect a Vice Chairman, who shall replace the Chairman in the event of absence or inability to attend.
The Board may also elect a Secretary, who may be elected from outside the Board.
The Board may also elect one or more Chief Executive Officers.
The Board may also elect an Executive and Investment Committee from among its members, establishing the number of its members, its responsibilities, duration, regulations and powers. The Chairman and Vice Chairman, if elected, are members of the Executive and Investment Committee as of right, as is/are the Chief Executive Officer/Chief Executive Officers, where elected.
The Board may also elect one or more General Managers.

Article 15

Without prejudice to the powers to convene attributed by law to the Board of Statutory Auditors or to two of its members, meetings of the Board of Directors are to be convened by the Chairman or by his deputy at the registered office, or elsewhere, whenever the interests of the Company so require, or at the written request of at least three serving Directors.
Meetings shall be convened via registered letter to be sent at least 5 days prior to the date of the meeting, or via telegram, telex, fax or electronic mail. In the event of urgency or necessity, meetings may be convened within 24 hours of the meeting.
Board of Directors’ meetings are chaired by the Chairman.
In the event of his absence or unavailability, he shall be replaced by the Vice Chairman, if elected, or by the eldest Director present.

Article 16

To be valid, the Board of Directors’ resolutions must be passed by a majority of serving Directors. Directors may also take part in Board of Directors’ meetings via videoconference and teleconference links on condition that all participants can be identified and that they are able to receive, transmit

or view documents. In this case, it must be possible for each participant to speak and express his point of view, and for issues and resolutions to be discussed in real time. In such case, the meeting shall be considered to have been held at the location where the Chairman and the Secretary are present. Resolutions shall be passed by an absolute majority of those present, excluding abstentions; in the event of a tie, the presiding officer shall have the casting vote.
To be valid, resolutions regarding investments, borrowings or refinancings, where the transaction amount exceeds € 300,000,000 (three hundred million), must be passed by a two-thirds majority of the serving Directors.
Resolutions regarding the election of the Vice Chairman or Vice Chairmen, of the Executive and Investment Committee, and of the Chief Executive Officer or Chief Executive Officers must be passed by at least half plus one of the serving Directors. In the event of a tie, the presiding officer shall have the casting vote.
Minutes of Board of Directors' resolutions are prepared and entered into the book of minutes by the Secretary elected by the Board.

Article 17

Members of the Board of Directors and the Executive and Investment Committee, where constituted, shall receive an annual fee to be determined by General Meeting.
The remuneration of Executive Directors, appointed in accordance with the Articles of Association, shall be established by the Board of Directors, following consultation with the Board of Statutory Auditors.
In addition to the above fee, the General Meeting may decide to pay each Director a fixed attendance fee. Directors also have the right to be reimbursed for out-of-pocket expenses incurred in their course of their duties and to receive a daily allowance as approved by General Meeting.

Article 18

The Board of Directors shall be vested with the broadest powers for the routine and extraordinary administration of the Company without exception, and has the power to carry out all acts held to be necessary in order to implement and achieve the business purpose, with the sole exception of powers that are, by law and without exception, reserved to the shareholders' Meeting.
In addition to matters for which authority may not be delegated pursuant to the law, the Board of Directors has exclusive powers in respect of decisions regarding:
a) investments in assets with a total value of over € 100,000,000 (one hundred million);
b) borrowings and refinancings with a value of over €

100,000,000 (one hundred million).
The Board of Directors is also responsible for the decisions concerning the merger by incorporation of companies whose shares are owned by the Company at least by 90% of their share capital, as well as the decisions related to the amendment of the Articles of Association in order to comply with regulatory provisions.
The Board of Directors shall appoint a manager charged with preparing a Company’s financial report, having evaluated candidates in relation to the necessary professional requirements, namely educational qualifications, including any specialist or master’s degrees, previous experience in positions at the same level and responsibility in other companies and/or entities, experience in preparing and/or analysing and/or evaluating and/or auditing corporate documents dealing with accounting matters comparable to those arising in the Company’s accounting records, granting him adequate powers and means to perform the duties required by current legal regulations. The appointment is subject to obtaining the mandatory, though not binding, opinion of the Board of Statutory Auditors pursuant to Art. 154-*bis* of Italian Legislative Decree 58/1998.
The authorised corporate officers and the manager charged with preparing a Company’s financial report shall make the declaration required by Art. 154-*bis*, fifth paragraph, of Italian Legislative Decree 58/1998.
The provisions governing Directors’ responsibilities, as established by the regulations in force, also apply to the manager charged with preparing a Company’s financial report.
At its meetings and also via the Chairman or Chief Executive Officer or Chief Executive Officers, if elected, the Board of Directors shall make timely, and at least quarterly, reports to the Board of Statutory Auditors on its activities and on transactions carried out by the Company or its subsidiaries that have a significant impact on the results of operations, cash flows and financial position; above all, with reference to transactions involving potential conflicts of interest and those influenced by persons involved in the management and coordination of the Company.
The Chief Executive Officers, if elected, shall be responsible for ensuring that the organisational, management and accounting structure is appropriate to the nature and size of the Company. They shall report to the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis and in any event at least every one hundred and eighty days, on the overall operating performance and outlook, and on transactions of most significance, either due to their size or nature, carried out by the Company and its subsidiaries.

SECTION VI
REPRESENTATION
Article 19

The Chairman or, in the event of his absence or unavailability, the Vice Chairman, if elected, are the Company's legal representatives and may sign in the name of the Company in respect of third parties. In the event of the absence or unavailability of the Vice Chairman, the Board of Directors shall specifically authorise a Director to act as the Company's legal representative and to sign in the name of the Company in respect of third parties and judicial authorities.
The Chief Executive Officers, where elected, also act as the Company's legal representatives and sign in the Company's name in respect of the powers attributed to them. The Board of Directors may also authorize other Board members or third parties, provided they are employees of the Company, and the General Manager/General Managers, where elected, to act as the Company's legal representatives and sign in the Company's name.

SECTION VII
BOARD OF STATUTORY AUDITORS – STATUTORY AUDIT
Article 20
BOARD OF STATUTORY AUDITORS

The General Meeting appoints the Board of Statutory Auditors that comprises three Standing Auditors and two Alternate Auditors. They remain in office for a three-year term which expires on the date of the General Meeting convened to approve the financial statements of their third year of office. They may be re-elected.
Individuals who are ineligible and/or incompatible under applicable laws and regulations or do not possess the requisites of honorability and professionalism established by applicable legislation, as well as any individuals who serve as Statutory Auditors in more than five companies which issue shares that are listed on regulated Italian markets may not be appointed as Statutory Auditors. All the members of the Board of Statutory Auditors are appointed on the basis of lists submitted by the shareholders, where candidates are listed in sequential order. The lists must include at least one candidate for Standing Auditor and one candidate for Alternate Auditor. Until this is provided for by rules of law and/or regulations, each list must include among the candidates for the position of Standing Auditor at least one third ("Full Quota"), or one fifth ("Reduced Quota"), where applicable, of individuals belonging to each gender, except for lists containing a number of candidates less than three. The lists must be deposited, also by means of remote communication as

specified in the notice convening the shareholders' Meeting, at the Company's registered office at least twenty-five days before the date set for the General Meeting to be held on first call. They must also be made available at the stock market operator and on the Company web site at least twenty-one days before the date set for the General Meeting to be held on first call. In both cases the lists must be submitted together with the documents required by applicable legal regulations.
No shareholder may, either individually or jointly, submit more than one list, including by proxy or through a trust, and each candidate may be present on one list only, on pain of ineligibility.
The shareholding percentage required to be entitled to submit lists of candidates for the position of Statutory Auditor shall be set out in the CONSOB communication issued within thirty days of the end of each financial year, pursuant to the first paragraph of Article 147-*ter* of Italian Legislative Decree 58/1998 and the first paragraph of Article 144-*septies* of CONSOB Resolution no. 11971/1999 and subsequent amendments and additions. Shareholders shall provide evidence of the shares required to submit lists, by exhibiting and leaving a copy of the legally required certificate at the registered office at least twenty-one days before the shareholders' meeting date.
By the deadline for depositing the lists at the registered office, each list must be accompanied by a declaration from each candidate whereby they accept their candidacy, declare, under their responsibility, that there are no grounds for ineligibility or incompatibility, and that they satisfy current legal requirements for Statutory Auditors.
Each voting shareholder may vote for one list only.
Members of the Board of Statutory Auditors shall be appointed according to the following procedure:
- two Standing Auditors and an Alternate Auditor shall be drawn from the list that obtains the highest number of shareholder votes, in the sequential order in which they appear on the list, without prejudice to the observance of the Full Quota or of the Reduced Quota, where applicable;
- a Standing Auditor and an Alternate Auditor shall be drawn from the list that obtains the highest number of shareholder votes from among the lists submitted and voted for by minority shareholders, in the sequential order in which they appear on the list, provided that, pursuant to the law and related regulations, they are not connected with the shareholders who submitted or voted the above list.
The Chairman of the Board of Statutory Auditors shall be appointed by the General Meeting from among the Auditors

appointed by the minority shareholders.
Should two or more lists obtain the same number of votes, a new ballot will be held in order to obtain a clear result.
Should only one list be submitted or no lists be deposited by minority shareholders, this fact shall be immediately reported in accordance with the provisions of regulations currently in force, so that lists can continue to be submitted up to the third day after the deadline for their deposit at the registered office. In this case, the shareholding percentage required to submit lists is reduced by half.
The list that obtained the majority of votes must ensure the observance of the Full Quota or of the Reduced Quota, where applicable. In particular, if the composition of the body, determined on the basis of the progressive numbers assigned to the candidates of the above list, also taking account of the gender of the candidate appointed by the minority, does not allow the observance of the Full Quota or of the Reduced Quota, where applicable, the candidates with the lowest progressive number, belonging to the gender mainly represented, will be replaced by the candidates of the less represented gender with the higher progressive number, until the composition prescribed by the applicable law is reached.
In the event of replacement of a Statutory Auditor, his place shall be filled by the Alternate Auditor from the same list from which was drawn the Statutory auditor passed away and of the same gender should this be necessary for the presence in the Board of Statutory Auditors of the Full Quota or of the Reduced Quota, where applicable. In any other eventuality, the General Meeting called to restore the required number of Statutory Auditors pursuant to the law shall proceed in such a way as to comply with the principle of minority representation and, if necessary, in such a way as to observe the Full Quota or the Reduced Quota, where applicable.
The Board of Statutory Auditors shall oversee compliance with the Law and these Articles of Association and with correct corporate governance principles, and, above all, the adequacy of the organisational, management and accounting structure adopted by the Company and its proper functioning.
The Board of Statutory Auditors shall meet at least every ninety days. Meetings may be held via video-conference and teleconference links on condition that all participants are able to receive, transmit and/or view documents.
The Board of Statutory Auditors, or at least two Auditors, may convene General Meetings and meetings of the Board of Directors and of the Executive and Investment Committee, subject to prior communication to the Chairman of the Board of Directors.
Statutory Auditors’ fees are established by the General

Meeting.

STATUTORY AUDIT

Pursuant to second paragraph of Art. 2409-*bis* of the Italian Civil Code, the statutory audit is carried out by a registered statutory auditing company, which, in respect of such engagement, is subject to the audit regulations that apply to companies who issue shares listed on regulated markets and to the supervision of the Commissione Nazionale per le Società e la Borsa (CONSOB).

The Independent Auditors appointed to audit the Company:

a) shall prepare a report expressing an opinion on the financial statements and the consolidated financial statements, if prepared;

b) shall verify the compliance with accounting standards and the proper recording of transactions in the accounting registers.

The audit report on the financial statements shall be deposited at the Company's registered office pursuant to Article 2429 of the Italian Civil Code and to the applicable field legislation.

The Independent Auditors appointed to audit the company shall be entitled to obtain from the directors documents and information to be used in the statutory audit. They may carry out inspections, controls and examinations of deeds and documents.

The appointment and removal of the statutory auditing company engaged to carry out the audit are governed by the regulations currently in force, including the provisions contained in the Italian Civil Code and in Italian Legislative Decree No. 39 of 27 January 2010.

SECTION VIII

FINANCIAL STATEMENTS – APPROPRIATION OF PROFITS

Article 21

The Company's financial year shall begin on 1st January and close on 31st December of each year.

Article 22

The Board of Directors may, in accordance with Art. 2433-bis of the Italian Civil Code, distribute interim dividends to shareholders during the year.

The distribution of profits must be approved by a resolution passed by the General Meeting called to approved the financial statements in accordance with the law. Profits may be allocated pursuant to Art. 2349 of the Italian Civil Code.

Dividends uncollected within 5 years of the date of payment shall be appropriated by the Company and posted directly to reserves.

Dividends shall be paid in accordance with the terms and conditions established in the resolution passed by the General

Meeting that approves the distribution of profits to shareholders.

SECTION IX
TRANSACTIONS WITH RELATED PARTIES

Article 23

The Company approves the transactions with related parties in compliance with the law and regulatory provisions in force, as well as with its own statutory provisions and with the procedure adopted on this matter by the Company.

Article 24

With reference to transactions with related parties of greatest importance, as identified pursuant to the procedure adopted on the matter by the Company, the Board of Directors can approve the transaction or propose the shareholders' Meeting to deliberate upon the transaction, despite the opposition of the Independent Directors, provided that the execution of the operation is authorized by the Meeting, which will decide as provided by and in compliance with the applicable law and regulatory provisions and in accordance with the provisions laid down in this regard by the procedure of the Company.

Article 25

With reference to transactions with related parties falling under the competence of the Meeting or that must be authorized by it, should emergency cases related to situations of company crisis occur, the Company can apply the special provisions laid down by the adopted procedure, insofar as allowed by and in compliance with the applicable law and regulatory provisions.

Article 26

With reference to transactions with related parties not falling under the competence of the Meeting or that must not be authorized by it, should emergency cases occur, the Company can apply the special provisions laid down in this regard by the adopted procedure, insofar as allowed by and in compliance with the applicable law and regulatory provisions.

SECTION X
LIQUIDATION

Article 27

In the event of the winding-up or liquidation of the Company, the General Meeting shall, by majority vote as required for amendments to these Articles of Association, pursuant to Art. 2487 of the Italian Civil Code, appoint one or more liquidators, determining, among other things, their powers and fees.

Article 28

Reference shall be made to established laws in relation to all other matters not provided for in these Articles of Association.