BENI STABILI S.p.A. SIIQ

INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2018

PURSUANT TO ARTICLE 2501-QUATER OF THE
ITALIAN CIVIL CODE

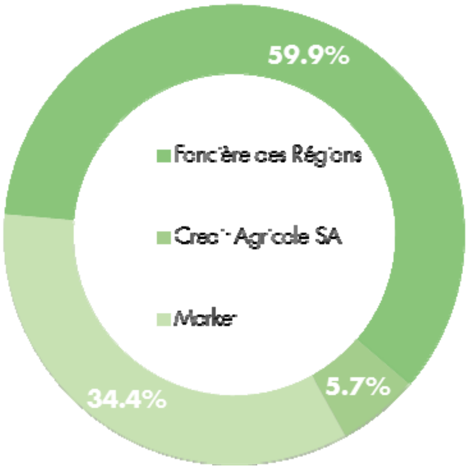
C O N T E N T S

INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2018 PURSUANT TO ARTICLE 2401-*QUATER* OF THE ITALIAN CIVIL CODE

Beni Stabili S.p.A. SIIQ

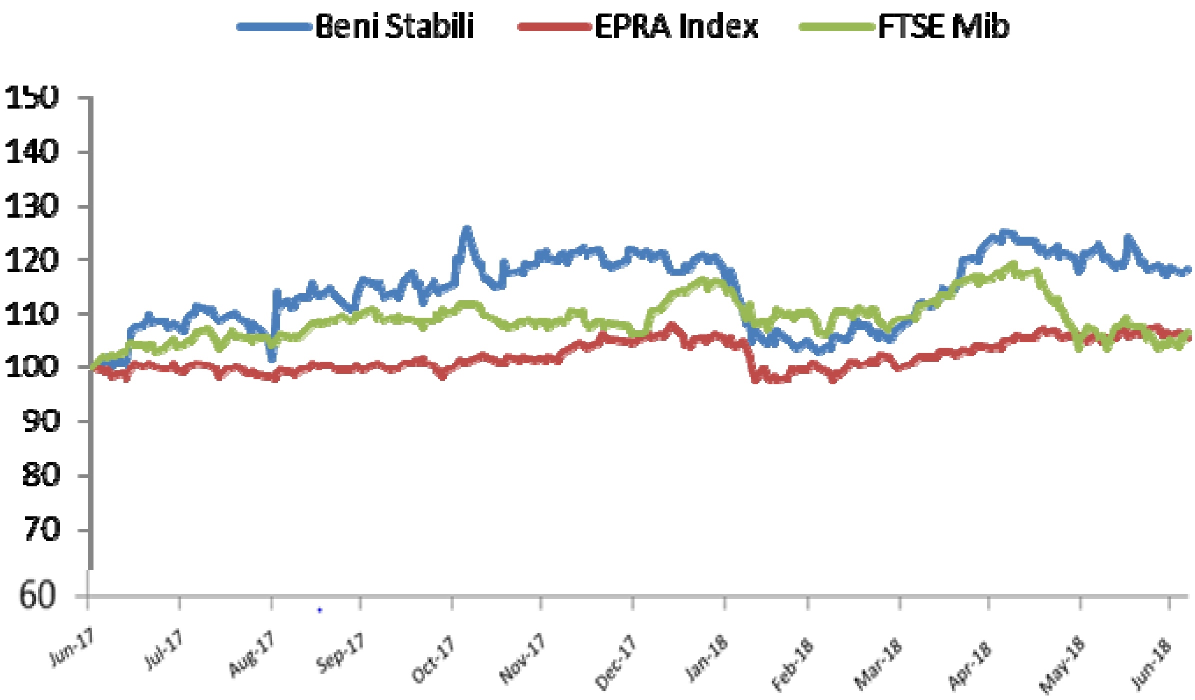
Report in Operation of the Board of Directors

SHAREHOLDERS AND MARKET PERFORMANCE



Source: Beni Stabili S.p.A. SIIQ *http://www.benistabili.it/en/investor-relations/shareholder-structure.html*

The Company's stock is composed of 59.9% by Foncière des Régions and approximately 5.7% by Credit Agricole SA, while the free float stands at 34.4%.



Source: Bloomberg - data as at 30 June 2018

From 30 June 2017 to 30 June 2018, the Beni Stabili stock recorded an extremely positive performance of +18.8%, compared with +5.1% on the FTSE MIB index and 5.8% on the EPRA index. As at 29.06.2018, the stock price amounted to €0.7505 (-1.8% from the beginning of the year, compared with +0.3% on the FTSE MIB index and -0.2% on the EPRA index).

SIGNIFICANT EVENTS OF THE HALF-YEAR

Merger with Covivio

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

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

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

1. A unique exposure to European real estate, and to its most growing markets:
   a. The combined entity would reach a portfolio[2] of around 23 billion of Euro (15 billion of Euro in group share), with respect of current 4.4 billion of Euro (3.6 billion of Euro in group share) real estate assets in Beni Stabili;
   b. Covivio group operates already in the main European metropolitan areas (such as Paris and Berlin, besides Milan), and is present in different market segments such as offices hotel and residential;
   c. In addition, the group offers the exposure to over 5 Billion of Euro of development pipeline.

2. A strengthened capital market profile and visibility of the group, through the growth of market capitalisation to over 7 billion of Euro post-merger from 1.7 Billion of Euro of Beni Stabili ([3]), the increase of free float and, more generally, the liquidity of the stock;

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

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

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

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[1] Covivio owned 52.4% of Beni Stabili at 20/04/2018 and after the proposed merger announcement they increased their stake to 59.9%, buying shares on the market a

[2] As at 30/06/2018.

[3] As at the day before announcement (19 April 2018).

[4] Based on 2017 dividends of Euro 4.50 for Covivio shares and Euro 0.033 for Beni Stabili shares.

regeneration and development of new tertiary zones in Milan and in providing premium services to its tenants.

Upon effectiveness of the Merger, Covivio will in fact establish a permanent establishment (PE) in Italy, to which all of Beni Stabili's current assets and liabilities will be assigned, including the stakes in the Company's subsidiaries and in Central SICAF S.p.A. The PE, which will apply the special tax regime provided under the Italian SIIQ law, will continue to carry out, without any interruption and through the current Beni Stabili's employees, the same activities that the Company carried out prior to the Merger being effective.

On 18 July 2018, the Board of Directors of Beni Stabili has approved, with unanimity of independent Directors, the plan (the "Merger Plan") governing the merger by incorporation of Beni Stabili into Covivio (the "Merger" or the "Transaction"). The meeting of Covivio directors to examine the same Merger Plan is scheduled to take place on 19 July 2018.

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

According to the Merger Plan and as already communicated to the market, the same Merger exchange ratio of 8.5 shares of Covivio in exchange for 1,000 shares of Beni Stabili has been confirmed[5].

The effectiveness of the Merger will be subject to the following conditions precedent:

- the approval of the Merger by the extraordinary shareholders' meetings of Beni Stabili and FdR respectively;
- admission to listing on Euronext Paris of the new FdR Shares that will be issued in favour of Beni Stabili's shareholders pursuant to the Merger Plan, in order to be traded upon the completion date of the Merger as well as any other existing FdR shares;
- delivery by the competent French authority and an Italian notary public of pre-Merger compliance certificates regarding pre-Merger acts and formalities, and of the final legality certificates, all in accordance with the provisions of the Legislative Decree 108/2008 and the corresponding provisions of the French laws.

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

The Merger Plan will be submitted for approval to the Beni Stabili shareholders at an extraordinary general meeting on 5 September 2018, in single call, at 11:00 am. A withdrawal right[6] is foreseen and the related settlement will be conditional upon the occurrence of certain conditions precedent as illustrated in the Merger Plan. The Board has also acknowledged the calculation of the withdrawal price in accordance with applicable law equal to euro 0.7281 per share. Further information and details on the terms and conditions to exercise

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

the shareholders' withdrawal right, including the withdrawal price calculated in accordance with the Italian laws, will be included in the notices and the documentation that the Company will disseminate and publish in accordance with the applicable laws and regulations.

Covivio extraordinary shareholders' meeting to approve the Merger is expected to take place on 6 September 2018, in single call[7].

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

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

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

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

Transfer of 9% of the capital of Central SICAF S.p.A.

In February 2018, Beni Stabili S.p.A. SIIQ sold a further 9% of the shareholding in Central Sicaf to companies belonging to the reference Groups of minority shareholders, for a sale price of 71.3 million of Euro, in line with the company's NAV.

Beni Stabili, holding 51% of the company's shareholding, shall maintain control of Central and shall provide real estate services thereto.

[6] Beni Stabili shareholders who will not contribute to the approval of the Merger Plan (*i.e.*, all absent, abstaining or dissenting shareholders) will be entitled to exercise a withdrawal right (*recesso*) pursuant to Art. 2437 *et seq*. of the Italian Civil Code.
[7] On that date, FdR shareholders shall also resolve on the change of FdR's legal name into "Covivio S.A.", irrespective of the completion of the Transaction.

Real estate leasing activities

In the first half of 2018, no. 13 new leases were signed, covering approximately 11,200 m^2 and corresponding to 7,424 thousand of Euro in new annual rents.
Of these contracts, no. 5 will come into effect after the end of the half-year and relate to a surface area of approximately 8,600 m^2 and 6,883 thousand of Euro in (topped-up) annual rents.
Besides the above, a further no. 3 leases were signed on properties currently under development, for a surface area of approximately 3,300 m^2 and 443 thousand of Euro in new annual rents
In addition to the new leases, no. 12 renewals were signed for a surface area of 12,227 m^2 and 2,315 thousand of Euro in annual rents.
Moreover, no. 3 new lease contracts for a surface area of 625 m^2, that had been signed in previous financial years, were activated during the half-year for a total of 221 thousand of Euro (topped-up) annual rents. Four contractual renewals were also activated, signed for a surface area of 12,411 m^2 and 1,627 thousand of Euro in annual rents.

Real estate purchase and sale activities

During the first half of 2018, Beni Stabili S.p.A. SIIQ purchased 3 properties. Specifically:

- from “Pension Fund for UniCredit Group Company Staff”, 2 properties were purchased in Milan, located at Piazza Duca d’Aosta no. 8 and Piazza San Pietro in gessate no. 2, respectively.
  The total purchase price amounted to 24,930 thousand of Euro, plus transfer taxes and accessory charges of 2,200 thousand of Euro;
- from the real estate fund called “RE Fund”, managed by InvestiRe SGR, the property in Milan at via dell’Innovazione no. 3 was purchased. The purchase price amounted to 77,000 thousand of Euro, plus transfer taxes and accessory charges of 1,596 thousand of Euro.

Sales, however, concerned one property, plus certain units of the property located in Bologna.
Sales were made at a total price of 5,642 thousand of Euro, against a book value of properties on the date of sale of 5,578 thousand of Euro and marketing costs and other expenses (directly or indirectly) related to sales for 664 thousand of Euro.

Lastly, it must be noted that, as at 30 June 2018, a preliminary sales agreement existed for a property with a carrying amount equal to 6,940 thousand of Euro. The sale of said property will take place at a price of 7,000 thousand of Euro (gross of marketing expenses and other costs connected with the sale for 60 thousand of Euro), already collected as a deposit or down payment for 150 thousand of Euro.

Financing and refinancing activities during the half year

On 22 January 2018, Beni Stabili S.p.A. SIIQ repaid the maturing Bond ‘*EUR 350.000.000 4,125% senior unsecured*”, issued in 2014 and listed on the official list of the Luxembourg Stock Exchange.

The outstanding bonds were repaid at their nominal value, for a total amount of 350,000 thousand of Euro, through the use of the financial resources already owned by the Company and collected with new long-term loans signed during 2017 (drawn-down in 2018 for 98,551 thousand of Euro).

On 20 February 2018, Beni Stabili S.p.A. SIIQ issued senior unsecured bonds totalling 300,000 thousand of Euro, with a fixed-rate annual interest coupon of 2.375% per annum and expiring in 2028.
The bonds were issued below the par value (99.063%) and have a minimum nominal value of 100 thousand of Euro per unit (and integer multiples of 1 thousand of Euro, up to a maximum of 199 thousand of Euro).
The bonds were admitted to trading on the regulated market of the Luxembourg Stock Exchange and received a rating of *BBB-,* in line with the rating assigned to the issuing company.
The placement of the loan was operated by Morgan Stanley & Co. International PLC and Natixis, which acted as *Joint Lead Managers*.

During the following month of March, the liquidity resulting from the issuance of the aforementioned Bond was substantially allocated to the early repayment of the Bond " *250,000 thousand of Euro 3.50 per cent. Notes due 2019"*.
The total repayment price was 259,835 thousand of Euro (103,9 thousand of Euro per bond), against a book value of the repaid debt of 249,271 thousand of Euro and consequent recognition in the Income Statement for the half year as early repayment charges for 10,564 thousand of Euro.

Besides the above, in March, Beni Stabili S.p.A. SIIQ partially repaid a mortgage loan expiring in June 2025, for a nominal amount of 50,549 thousand of Euro. The early repayment costs (0.50%) amounted to 253 thousand of Euro; in addition were recognised charge for 526 thousand of Euro, for the corresponding issuance costs of the loan not yet amortised.

Lastly, in order to optimise its hedging strategy from "interest rate risk", during the half year, Beni Stabili S.p.A. SIIQ early terminated certain 'IRS' (*Interest Rate Swap*) hedging instruments, with an early termination cost of 365 thousand of Euro.

It should also be noted that, during the half year, the renewal and extension process of the duration of the "committed" short-term credit line was completed.
As a result, the "*committed*" lines available to the Group for a total amount ofof 240,000 thousand of Euro, were used for 76,500 thousand of Euro and have an average maturity (as at 30 June 2018) of 28.4 months.
As at 30 June 2018, '*hot money*' credit lines were also used, for 60,000 thousand of Euro, against a total availability of 85,000 thousand of Euro.

ECONOMIC RESULTS FOR THE HALF-YEAR

(in thousands of Euro)	30.06.2018	30.06.2017
Net rental income	39.818	54.788
Profit / (loss) from property sales	(600)	(172)
Net revenues for services	1.028	738
Staff costs	*(3.413)*	*(3.408)*
Overheads	*(5.331)*	*(8.136)*
Total operating costs	(8.744)	(11.544)
Other revenues and income / (other costs and charges)	(924)	(1.335)
Operating income before revaluetions / (write-downs) of properties	**30.578**	**42.475**
Revaluetions / (write-downs) of properties in the portfolio	12.616	34.657
Operating income	**43.194**	**77.132**
Net financial income / (charges)	*(16.234)*	*(22.968)*
Valuation of the conversion option for bonds	*6.020*	*(23.396)*
Costs for early repayment of loans and related derivative instruments closed during the half-year	*(11.707)*	*(17.101)*
Financial charges related to property sales	-	-
Total net financial income / (charges)	(21.921)	(63.465)
Income / (expenses) from investments in associated companies and other companies	24.126	11.631
Earnings before taxes	**45.399**	**25.298**
Taxes	90	86
Net income for the period	**45.489**	**25.384**
Basic earnings per share (*)	0,20050	0,01119
Diluted earnings per share (*)	0,01707	0,01119

(*) For more details on how to determine earnings per share, please refer to the notes to the financial statements in section 6.6.9.

The net income for the first half of 2018 is positive for 45,489 thousand of Euro, compared with a positive result of 25,384 thousand of Euro for the first half of 2017.

These above results include the effect of the appraisal of the properties at their fair value, which led to the recognition, as at 30 June 2018, of net revaluations for 12,616 thousand of Euro, against net revaluations equal to 34,657 thousand of Euro in the first half of 2017.

The results of the two periods compared, as well as the effect of the aforementioned real estate appraisals, also include the effects:

- of the change in the fair value of conversion options of Equity Linked convertible bonds (positive for 6,020 thousand of Euro and negative for 23,396 thousand of Euro, respectively for 2018 and 2017, gross of tax);
- of the costs for early repayment of loans and derivatives, other than those related to property sales (11,707 thousand of Euro in 2018 and 17,101 thousand of Euro in 2017).

By eliminating the two results of the aforementioned effects, the change in profit for the first half of 2018, compared with that of the first half of 2017, corresponds to an increase of 7,336 thousand of Euro.

The changes recorded in the two periods compared are significantly influences by the contrinution, in 2017, of the real estate portfolio leased to Telecom Italia and the related debt to Central SICAF S.p.A. and to the subsequent sale, to third parties, of the 49% of the capital of the latter.

Having said this, the aforementioned change is attributable to an improvement in net income from equity investments (12,495 thousand of Euro), a reduction in net financial charges (6,734 thousand of Euro) and an improvement in tax items (4 thousand of Euro), net of the reduction in operating income (11,897 thousand of Euro).

Below is a detailed analysis of the individual items in the Statement of Profit / (Loss) for the period.

Net rental income

Description	Thousands of Euro 30.06.2018	30.06.2017
Rental income and guaranteed annuities	51.654	68.835
Revenue from tenants for early termination of leases	3	3
(Write-down/loss) and releases in depreciations on receivables from tenants and receivables recovery cos	(933)	(505)
Net property costs	(10.906)	(13.700)
Net rental income	**39.818**	**54.633**

Gross rental income for the first half of 2018 amount to 51,657 thousand of Euro, compared with 68,838 thousand of Euro for the first half of 2017.
The above change is due to the contribution (in 2017) to central SICAF S.p.A. of the real estate portfolio leased to telecom Italia, that for the first half of the year 2017 recognised rental revenues for 16.480 thousand of Euro (rents accrued until the date of the said contribution), and to the effects of sales and acquisitions of properties, from turnover of lease contracts and to the indexation of rents (in all -701 thousand of Euro).

The impact of the net rental margin (net rental income) on (gross) rental income (including income from penalties to tenants) decreased from 83.7% in 2017 to 82.5% in 2018.
The reduction is mainly due to the transfer to Central Sicaf S.p.A. of the real estate portfolio leased to Telecom Italia, whose maintenance costs have a lower impact on gross rental income, compared to the average of the remaining real estate portfolio and are, however, entirely borne by the tenant.

Profit / (Loss) from property sales

Sales concerned one property, plus certain units of the property located in Bologna.
Sales were made at a total price of 5,642 thousand of Euro, against a book value of properties on the date of sale of 5,578 thousand of Euro and marketing costs and other expenses (directly or indirectly) related to sales for 664 thousand of Euro.
In the first half of 2017, however, sales concerned 4 properties, plus a small unit of an owned property. These sales took place at a total price of 31,852 thousand of Euro, against the book value of the properties as at the date of sale for 31,804 thousand of Euro and marketing costs and other costs associated with sales for 220 thousand of Euro.

Net revenues from services

These amount to 1,028 thousand of Euro (738 thousand of Euro in 2017) and refer to revenues for real estate, legal, administrative and financial services mainly carried out in favour of companies that are directly or indirectly controlled or otherwise invested in. The increase, compared with the same period of the previous year, refers mainly to the administrative and property management services provided by the Company to Central Sicaf S.p.A. (established during 2017).

Operating costs

Staff costs are stable, amounting to 3,407 thousand of Euro for 2017 and 3,413 thousand of Euro in 2018. Overheads, on the other hand, amount to 5,331 thousand of Euro, against 8,136 thousand of Euro in 2017. The 2,805 thousand of Euro change is mainly due to a reduction in consultancy fees.

Other revenues and income and other costs and charges

The item other revenues and income and other costs and charges changed from a negative balance of 1,335 thousand of Euro in 2017 to a negative balance of 924 thousand of Euro in the first half of 2018.
The change recorded between the 2018 balance and the 2017 balance is mainly attributable to the reduction in the amortisation and write-downs of receivables.

Revaluations/(write-downs) of properties in the portfolio

The net change in the value of the real estate portfolio, based on preliminary sales and above all on the valuations as at 30 June 2018 made by independent experts on total assets under IAS values of 2,426,073 thousand of Euro, is equal to + 12,616 thousand of Euro (+ 34,657 thousand of Euro for the first half of 2017).

On a *like-for-like* basis, compared with 31 December 2017, the percentage change in the Market Value was +0.8%.

Net financial income/(charges)

	Thousands of Euro	
Description	**30.06.2018**	**30.06.2017**
Financial income on current accounts and bank deposits	13	12
Other financial income	42	41
Total financial income	**55**	**53**
Financial charges for medium-long term debts - monetary position	(12.612)	(19.897)
Financial charges for short-term debts - monetary portion	(154)	(467)
Medium-long term financial charges - non-monetary portion	(4.468)	(4.357)
Charges for non-use (on medium-long and short-term debts)	(908)	(324)
Ineffective portion of the change in the fair value of hedging instruments	(223)	(980)
Other financial charges	(14)	(5)
Capitalisation of financial charges	2.090	3.009
Total financial expenses	**(16.289)**	**(23.021)**
Financial charges linked to early repayment of loans and derivative instruments	(11.707)	(17.101)
Change in the fair value of the bond conversion option	6.020	(23.396)
Total	**(21.921)**	**(63.465)**

The net financial charges of the first half of 2018, determined in accordance with the reference accounting standards and excluding the measurement effect of the conversion options of the convertible bonds and the costs related to the early repayment of loans and derivative instruments, totalled 16,234 thousand of Euro, compared with a balance of 22,968 thousand of Euro in the first half of 2017.

Specifically:

- the monetary portion of financial charges (both short and medium / long term) decreased by 7,598 thousand of Euro, due to the reduction in the average cost of short, medium and long-term debt, which from 2.33% in the first half of 2017 decreased to 1.77% in the first half of 2018. The decrease in the average cost of the debt is mainly due to the reduction in the spread, due to the refinancing transaction carried out in the last year;
- charges for non-use of credit lines increased by 584 thousand of Euro, mainly for medium-/long-term loans revolving credit lines that were contracted after 30 June 2017, partially in relation to the repayment of maturing loans, but not used by the end of the first half of 2018;
- other financial charges increase by 9 thousand of Euro;
- the non-monetary portion of financial charges shows an increase of 111 thousand of Euro in charges for depreciation of *upfront* costs of loans in application of the amortised cost method, while non-cash items related to changes in the fair value of hedging instruments show an improvement of 757 thousand of Euro;
- financial income amounted to 55 thousand of Euro in 2018, compared with 53 thousand of Euro in 2017;
- lastly, the capitalisation of financial charges on redevelopment and development projects of properties has moved from 3,009 thousand of Euro in the first half of 2017 to 2,090 thousand of Euro in the first half of 2018. The reduction is attributable to both the decrease in the aforementioned financial charges and the completion of certain development initiatives.

Charges related to early repayments amounted to 11,707 thousand of Euro, compared with charges, amounting to 17,101 thousand of Euro, in 2017.

Finally, as regards the conversion options included in convertible bonds, the positive change of 6,020 thousand of Euro (compared with a negative change of 23,396 thousand of Euro in the first half of 2017) is due to the change in the Beni Stabili share price over the period (from €0.771 as at 31 December 2017 to €0.7505 as at 30 June 2018) and to the effect of the volatility of the underlying security, with a corresponding decrease in the option value.

Income and charges from investments

Income / (expenses) from investments rose from a positive balance of 11,631 thousand of Euro in 2017, to a positive balance of 24,126 thousand of Euro in 2018. The change, amounting to 12,495 thousand of Euro, is mainly attributable to dividends received in 2018 by investee companies (Central SICAF S.p.A. in particular), net of the reduction in margins on the sales of investments, the reduction in net income from financial transactions with subsidiaries and higher net write-downs of investments.

Taxes

In accordance with the provisions of SIIQ regulations, taxes for the period payable by the company refer essentially to the results of activities other than those exempt. In fact, current and deferred taxes only include the taxation of services and activities associated with trading properties.

Taxes for the year are detailed as follows:

	Thousands of Euro	
	31.06.2018	31.06.2017
Current taxes	91	358
Deferred tax liabilities	-	93
Deferred tax assets	2	(393)
Total taxes for the year (current and deferred)	**93**	**58**
Recalculation of current taxes for previous years	(3)	28
Recalculation of deferred taxes (assets and liabilities) of previous years	-	-
Total income and expenses from recalculation of the tax burden of previous years	**(3)**	**28**
Total taxes	**90**	**86**

Current taxes for the half year include IRES Income of 166 thousand of Euro (423 thousand of Euro for 2017), shown net of IRAP pertaining to the half year, amounting to 76 thousand of Euro (65 thousand of Euro for 2017).

NET FINANCIAL POSITION

The net financial position is as follows:

NET FINANCIAL POSITION	(Thousands of Euro)			
	30 June 2018		31 December 2017	
Payables to banks and financial institutions		513.533		332.815
of which:				
- short-term portions	63.347		2.420	
- medium/long term portions	450.186		330.395	
Bonds		723.751		1.042.622
of which:				
- short-term portions	6.707		373.123	
- long/medium-term portions	717.044		669.499	
Convertible bonds		190.290		188.375
of which:				
- short-term portions	741		734	
- long/medium-term portions	189.549		187.641	
Total financial debt		**1.427.574**		**1.563.812**
Cash and cash equivalents		(14.169)		(281.635)
Net financial debt		**1.413.405**		**1.282.178**

(*) With reference to the composition of cash and cash equivalents, reference must be made to paragraph 6.2.4 of the notes to the financial statements

It must be noted that the net financial position does not include debts and receivables from subsidiaries.

The net financial position as at 30 June 2018 shows a negative balance of 1,413,405 thousand of Euro, compared with the negative balance of 1,282,178 thousand of Euro as at 31 December 2017, with a negative change of 131,229 thousand of Euro.

More specifically, financial debts to book values decreased by 136,238 thousand of Euro to 1,427,574 thousand of Euro (compared with 1,563,812 thousand of Euro as at 31 December 2017), while nominal values decreased by 133,822 thousand of Euro, amounting to 1,451,625 thousand of Euro (compared with 1,585,447 thousand of Euro as at 31 December 2017).

Changes are shown in the following table:

	Thousands of Euro	
	Book value	Nominal amount
Total Financial debts as at 31 December 2017	**1.563.812**	**1.585.447**
New loans	233.902	235.050
Repayment of maturing payables and repayment of ordinary instalments (including changes of no	(3.161)	(1.869)
Early repayment of loans	(50.023)	(50.549)
Change in debt to banks and financial institutions (including short-term lines)	**180.718**	**182.632**
Interest accrued during the period at the effective interest rate (net of coupons paid)	(15.819)	(16.461)
Issuance of bonds	296.218	300.000
Repayment of bonds	(599.270)	(600.000)
Change in bonds	**(318.871)**	**(316.461)**
Interest accrued during the period at the effective interest rate (net of coupons paid)	1.915	7
Changes in convertible bonds	**1.915**	**7**
Total Financial debt as at 30 June 2018	**1.427.574**	**1.451.625**

- Debts to banks and financial institutions at book values rose from 332,815 thousand of Euro as at 31 December 2017 to 513,533 thousand of Euro as at 30 June 2018, with an increase of 180,718 thousand of Euro. The above increase is attributable to:
  - new loans (233,902 thousand of Euro);
  - to the payment of the instalments falling due on medium/long-term loans in accordance with the repayment plans, net of nominal interest accrued in the period and not yet paid and of the amortisation of up-front costs according to the amortised cost method (3,161 thousand of Euro);
  - to early repayments (50,023 thousand of Euro).

  The effective cost of debts to banks for 2018, calculated using the amortised cost method and without taking into account interest rate swaps, amounted to 1.44% (1.38% for 2017).
- Bonds in issue decreased from 1,042,622 thousand of Euro as at 31 December 2017 to 723,751 thousand of Euro as at 30 June 2018. The decrease of 318,871 thousand of Euro is attributable to the repayment of two bonds (599,270 thousand of Euro) and to interest accrued at the effective interest rate and not paid (15,819 thousand of Euro), net of the issuance of a new bond (296,218 thousand of Euro).

  The annual effective interest rate of the three existing bonds is 2.31% (2.125% annual nominal rate) for the bond maturing in 2022; 1.82% (1.625% annual nominal rate) for the bond maturing in 2024, and 2.52% (2.375% annual nominal rate) for the bond maturing in 2028.
- Convertible bonds increased from 188,375 thousand of Euro as at 31 December 2017 to 190,290 thousand of Euro as at 30 June 2018. The change of 4,398 thousand of Euro is attributable to interest accrued during the year at the effective interest rate, net of any coupons paid.

  The effective annual interest rate for the outstanding convertible bond maturing in 2021, is 3.01% (0.875% annual nominal interest rate).

Cash and cash equivalents as at 30 June 2018 totalled 14,169 thousand of Euro (compared to 281,635 thousand of Euro as at 31 December 2017). Changes in cash and cash equivalents recorded for the half-year are provided below.

	Thousands of Euro	
	1st half of 2018	2017 FY
Cash flow from operations net of tax	**51.845**	**48.625**
Changes in payables and receivables	(3.818)	(30.519)
Investing/disinvesting activities	(68.567)	275.543
Financing activity and distribution of dividends	(261.517)	(36.632)
Changes in cash and cash equivalents	**(282.057)**	**257.017**

For more information on changes in cash and cash equivalents, please refer to the Cash Flow Statement.

ENVIRONMENTAL SUSTAINABILITY

The Beni Stabili Group follows environmental sustainability policies. Since 2013, the Internal Sustainability Committee has been established and the Sustainability Report has been published on an annual basis.
The Report has always achieved the maximum score (Gold) from EPRA (European Public Real Estate Association), regarding its compliance with the *Sustainability Best Practices Recommendation*.
Beni Stabili publishes its non-financial Report voluntarily, as exempted from the information required by Legislative Decree 254/2016, provided that it does not exceed the quantitative limits in terms of number of employees.

The objective of the Report is to provide *stakeholder*s with a detailed account of the main activities undertaken annually to improve the socio-environmental performance of the property *assets*, through the commitment, declaration and monitoring of specific *targets* (and the related time frames), with a simultaneous focus on the creation of “value”.

In the latest Sustainability Report relating to 2017, new and challenging targets were announced for the period 2017/2020, including:

- a 50% increase in the green certificate portfolio by 2020 and 80% increase by 2022;
- a 50% reduction in carbon dioxide emissions (intensity compared with the data declared in 2015);
- a 15% reduction in energy consumption (intensity compared with the data declared in 2015);
- a reduction in waste production and the promotion of recycling throughout the managed portfolio and in all developments and renovations.

The results already achieved and the activities in progress have also been described:

- the increase in the percentage of green certified properties, which reached 54% and, therefore, with the early achievement, as at 31/12/2017, of the 2020 target;
- the use of certified green energy throughout the managed portfolio;
- the elimination of indirect greenhouse gas emissions from the managed portfolio, with the consequent achievement of the goal to reduce carbon dioxide emissions by 50%;

- the LEED Shell & Core or BREEAM Refurbishment & Fit-Out certification of all assets under development;
- the preparation of the first notification to the UN Global Compact Foundation of the progress achieved;
- the calculation of annual CO2 emissions per employee.

In 2017, Beni Stabili was one of 4 European companies (the only Italian company) to participate in the innovative BREEAM In-Use Volume Sampling Pilot Project certification project, in partnership with the BRE Global certification body. The certification of the "Volume" of 22 assets in use contributed, along with the certification of all new developments and renovations, to achieving the 2020 target early and its consequent increase to 80% by 2022.

At the end of 2017, Beni Stabili's Sustainability Committee formalised a Memorandum of Understanding, which will be appended to the lease agreements, as a basis for future green agreements between Beni Stabili itself and its tenant, for partnership activities for improving energy aspects, waste collection and the consumption of water by assets.
This document formalises the company's new trend in stakeholder involvement, specifically of *tenants*, which began at the end of 2016 with a green agreement with one of the main tenants: Intesa San Paolo. The agreement provided for investments aimed at increasing the sustainability performance of the property at via Montebello no. 18 in Milan, historically occupied by Banca Intesa San Paolo.
The renovation is in progress and conducted in *steps* without emptying the property. The common goal of the renovation is to achieve the LEED Core & Shell minimum Gold certification.

ORGANISATION MODEL AND CODE OF ETHICS

Since 2003, Beni Stabili S.p.A. SIIQ has adopted, its own "*Organisation, Management and Control Model*" pursuant to Legislative Decree 231/2001 (hereinafter the "Model or Model 231"), constantly updated and supplemented in light of the regulatory changes made. The latest update is dated 20 July 2016.
Said Model provides for rules, measures and preventive and regulator procedures deemed appropriate to reduce the risk of the commission of offences within the corporate organisation, thus exempting the company from administrative (criminal) liability.

Beni Stabili S.p.A. SIIQ has also adopted its own Code of Ethics, updated in September 2016, aimed at identifying and underlining the principles and values which the Company and other Beni Stabili Group companies aspire to in the performance of their business.
This code aims to recommend, promote, suggest or prohibit certain conduct, beyond and regardless of the regulatory provisions.

The adoption of Model 231 and the Code of Ethics is one of the main prerequisites for the effective operation of the internal risk control and management system.
The General Part of the Model and the Code of Ethics are published on the company's website

www.benistabili.it.

Compliance with the Model and its effective implementation are guaranteed by a collegiate body, specifically set up pursuant to the relevant legislation, with independent powers of initiative and control, known as the “Supervisory Body”.
Among its functions, the Supervisory Body has the task of ensuring the adequacy of the Model, its constant implementation, monitoring the effective application of the rules contained therein and ensuring its effective implementation.

STOCK OPTIONS

Currently, no Stock Option plans have been launched by Beni Stabili S.p.A. SIIQ (nor by other Group companies).

RESEARCH ACTIVITIES

Beni Stabili S.p.A. SIIQ nor the other Group companies carry out research activities.

OWN SHARES AND SHARES OR SHARES OF CONTROLLING COMPANIES

As at 30 June 2018, Beni Stabili S.p.A. SIIQ held 961 thousand of Euro treasury shares for a counter value equal to the purchase cost of 655 thousand of Euro.

TRANSACTIONS WITH CONTROLLED, ASSOCIATES AND CONTROLLING COMPANIES

With reference to the type of relations existing between the Group companies and the parent company, please refer to what is described in the notes to the financial statements (paragraph 9).

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE AND PROCEDURE FOR GOVERNING RELATED-PARTY TRANSACTIONS

The Report on Corporate Governance and the ownership structure of Beni Stabili S.p.A. SIIQ, for financial year 2017, prepared in accordance with Article 123-*bis*, paragraph 3, of the TUF [Consolidated Law on Financial Intermediation] (Legislative Decree 58/98 and subsequent amendments and additions) is published on the Company's website www.benistabili.it.
It should also be noted that the Company, in accordance with the provisions of Article 2391-bis of the Italian Civil Code and in implementation of the Consob Regulation containing provisions on related-party transactions (adopted by Resolution no. 17221 dated 12 March 2010 and subsequent amendments and additions), adopted its own “Procedure for Governing Related-Party Transactions”. This Procedure was published, pursuant to law, on the Company's website (www.benistabili.it) as of 1 December 2010 and has been in effect since 1 January 2011.

SUBSEQUENT EVENTS

Galleria del Corso: new lease agreement with the Percassi Group

On 2 July 2018, Beni Stabili S.p.A. SIIQ signed a new lease agreements with Hexagon per a surface area of 4,781 m2 for the property located in Milan, Galleria del Corso (approximately 98% of the building), to replace the current COIN Excelsior lease.

Hexagon is 100% owned by the Percassi Group and is a company dedicated to development of the Victoria's Secret franchising network. The property will accommodate the largest Victoria's Secret flagship store in Italy.

The lease agreement provides for an annual rental fee, when fully effective, of 5.85 million of Euro, has a term of 14 years as of 1 February 2019 and does not provide for early termination options (extendable for 9+9 years at the tenant's option).

The property shall also be subject to renovation works totalling 16.5 million of Euro.

FORESEEABLE PERFORMANCE TREND

During this first half of the year, the macro-economic scenario, despite moments of volatility, substantially confirmed the signs of recovery that were previously manifested and consolidated during 2017.

The ECB's monetary policy continued to support the economic recovery, albeit with a gradual reduction in policies to support the liquidity towards their "normalisation", considering the presence of a strong economy, but with a major uncertainty in relation to global risks on economic and financial policies.

However, the expectation of an increase in interest rates is an element of uncertainty and significantly influences the activity of all operators on the market, including the financial market.

In Italy, a substantial stabilisation in the economic recovery is recorded. European monetary policies have certainly had a positive impact but, despite government instability, structural reforms remain essential to support medium-/long-term growth. GDP growth forecasts are confirmed.

Overall, therefore, all the elements necessary to maintain the current expansionary cycle seem to continue at present, including in the real estate sector, especially in the Milan market. An important signal in this sense is represented by the volumes of transactions, that even if down compared to 2017 they remain above the average of the last ten years and the low returns required by investors in recent transactions involving high quality office and commercial properties in favourable locations.

In the first half of 2018, the Beni Stabili Group also continued to speed up the achievement of its strategic objectives. The asset management business was particularly active during the first six months of the year, with major property purchases (approximately 100 million) and with a sustained development activity in the reference market, such as, for example the "Symbiosis" and "The Sign" area in Milan. Also in terms of divestitures, the half year saw the conclusion of a binding agreement with Telecom Italia which, *inter alia*, provides for the repurchase, by Telecom Italia, of approximately 158 million of properties located in *non-core* sites for Beni Stabili. The leasing business also continued with the signing of important agreements on both areas under development (AON for "The Sign" and Ludum – International School for "Symbiosis") and on stabilised properties, but still with potential for enhancement, such as the Excelsior in Milan (Percassi Group / Victoria's Secrets).

Furthermore, on 25 May, an agreement was signed between Beni Stabili and the parent company Fonciere des Regions (which recently changed its name to Covivio, in confirmation of the desire for European confirmation), containing the terms and conditions of a transaction involving the merger by incorporation of the Company into FdR (exchange ratio amounting to 8.5 shares in FdR per 1 thousand of Euro shares in Beni Stabili).

The proposed merger represents an important milestone for the Beni Stabili Group and Fonciere des Regions, which will become more proactive in Italy through the establishment of a dedicated branch, in order to accelerate the implementation of its property strategy and portfolio rotation. The branch will continue to focus on the “prime” offices sector in Milan, remaining actively involved in the development and redevelopment of properties and areas in the Municipality of Milan and continuing, at the same time, to offer quality services to its Customers.

Financial Statements:

Statement of equity and financial position

Statement of Profit/(Loss) for the period

Statement of Comprehensive Income

Statement of changes in equity items

Statement of Cash Flows

1 STATEMENT OF FINANCIAL POSITION

(in Euro)

	Notes	30.06.2018	31.12.2017
ASSETS			
Investment properties	6.1.1	2,252,049,891	2,081,121,795
Properties under development	6.1.2	140,200,470	165,200,000
Operating properties and other assets	6.1.3	9,909,037	10,116,178
Intangible assets	6.1.4	308,332	80,779
Investments			
- in subsidiaries	6.1.5	780,443,048	555,449,264
- in associated companies	6.1.5	3,000	3,000
- in other companies	6.1.5	227,331	842,276
Securities	6.1.6	5,751,954	5,923,986
Trade receivables and other receivables	6.1.7	30,346,095	31,582,317
Receivables from subsidiaries and associated companies	6.1.8	1,345,395	2,408,769
Derivative assets	6.1.8	1,171,594	967,497
Deferred tax assets	61.9	1,153,477	1,151,416
Total non-current assets		**3,222,909,624**	**2,854,847,277**
Trading properties	6.2.1	18,024,705	22,559,772
Trade receivables and other receivables	6.2.2	18,782,778	20,210,467
Receivables from subsidiaries and associated companies	6.2.3	30,504,174	236,012,776
Cash and cash equivalents	6.2.4	14,168,874	281,634,945
Total current assets		**81,480,531**	**560,417,960**
Assets available for sale	6.2.5	6,940,000	74,143,506
Total assets		**3,311,330,155**	**3,489,408,743**
EQUITY			
Share capital		226,959,280	226,959,280
Share premium reserve		279,041,460	279,041,460
Other reserves		1,235,652,318	1,277,328,202
Retained earnings		67,855,670	54,389,716
Total Shareholders' equity	6.3	**1,809,508,728**	**1,837,718,658**
LIABILITIES			
Financial payables	6.4.1	1,356,779,381	1,187,535,418
Derivative liabilities	6.4.2	14,159,204	22,691,259
Severance indemnity	6.4.3	131,931	152,857
Deferred tax liabilities	6.4.4	624,000	624,000
Total non-current liabilities		**1,371,694,516**	**1,211,003,534**
Financial payables	6.5.1	70,794,811	376,277,057
Payables from subsidiaries and affiliate companies	6.5.2	10,262,142	6,776,497
Trade payables and other payables	6.5.3	40,746,937	49,252,961
Provisions for risks and charges	6.5.4	8,323,021	8,380,036
Total current liabilities		**130,126,911**	**440,686,551**
Total liabilities		**1,501,821,427**	**1,651,690,085**
Total shareholders' equity and total liabilities		**3,311,330,155**	**3,489,408,743**

With reference to the provisions of Consob Resolution no. 15519 of 27/07/06 concerning related-parties and non-recurring transactions, please refer, respectively, to what is stated in paragraph 9 of the Notes to the Financial Statements and to what is stated in the Report on operations of the Board of Directors , in the paragraph "Economic Results for the half-year".

2 STATEMENT OF PROFIT/(LOSS) FOR THE PERIOD

(in Euro)

	Notes	30.06.2018	30.06.2017
Rent revenues		51,656,671	68,837,819
Costs pertaining to real estate assets		(11,839,023)	(14,050,104)
Net rental income	6.6.1	**39,817,648**	**54,787,715**
Net revenues for services	6.6.3	**1,028,313**	**737,511**
Staff costs		(3,413,182)	(3,407,536)
Overheads		(5,331,342)	(8,136,276)
Total operating costs	6.6.4	**(8,744,524)**	**(11,543,812)**
Other revenues and income	6.6.5	376,376	231,398
Other cost and charges	6.6.5	(1,300,006)	(1,566,319)
Total other revenues and income / other costs and charges		**(923,630)**	**(1,334,921)**
Revenues from the sale of trading properties		4,500,000	2,000
Cost of sales		(4,580,395)	(2,000)
Profit / (Loss) from the sale of trading properties	6.6.2	**(80,395)**	**-**
Revenues from the sale of investment properties, properties under development and investments		-	-
Cost of sales		(500,000)	-
Profit (Loss) from the sale of investment properties, properties under development and investments	6.6.2	**(500,000)**	**-**
Revenues from the sale of properties held for sale		1,141,600	31,850,000
Cost of sales		(1,161,655)	(32,021,899)
Profit / (loss) of sale of properties held for sale	6.6.2	**(20,055)**	**(171,899)**
Revaluations of property	6.1.1/6.1.2	39,320,101	51,931,792
Write-downs of property	6.2.2/6.2.6	(26,703,962)	(17,275,171)
Revaluations / (Write-downs) of property		**12,616,139**	**34,656,621**
Operating income		**43,193,496**	**77,131,215**
Net financial income / (charges)	6.6.6	(21,920,661)	(63,464,903)
Income (charges) from subsidiaries and associated companies	6.6.7	24,225,762	11,649,373
Income / (charges) from other companies	6.6.7	(99,921)	(18,023)
Profit before tax		**45,398,676**	**25,297,662**
Taxes	6.6.8	90,008	85,909
NET PROFIT OF THE PERIOD		**45,488,684**	**25,383,571**
Earnings per share in Euro			
- Basic		0.02005	0.01119
- Diluted		0.01707	0.01119

With reference to the provisions of Consob Resolution no. 15519 of 27/07/06 concerning related-parties and non-recurring transactions, please refer, respectively, to what is stated in paragraph 9 of the Notes to the Financial Statements and to what is stated in the Report on operations of the Board of Directors , in the paragraph "Economic Results for the half-year".

3 STATEMENT OF COMPREHENSIVE INCOME

(in Euro)

	30.06.2018	30.06.2017
Net profit for the period	**45,488,684**	**25,383,571**
Other components of comprehensive income (which will subsequently be reclassified to the Statement of profit/(loss))		
Gross changes in the cash flow hedge reserve	1,166,234	4,986,806
Income tax relating to the change described above	-	-
Total other components of the Statement of Comprehensive Income (that will be subsequently reclassified to the Statement of profit/(loss))	**1,166,234**	**4,986,806**
Total other components of the statement of comprehensive income (that will not be subsequently reclassified to the Statement of profit/(loss))	**-**	**-**
Comprehensive income	**46,654,918**	**30,370,377**

4 STATEMENT OF CHANGES IN EQUITY

(in Euro)

	Share capital	Share premium reserve	Other reserves	Retained earnings	Total Shareholders' equity
Balance as at 01.01.2016	**226,959,280**	**341,448,613**	**1,254,322,671**	**(75,931,080)**	**1,746,799,484**
Distribution of dividends and reserve		(54,447,163)			(54,447,163)
Internal changes of Equity for reallocation of reserves		(7,959,989)	(67,971,090)	75,931,079	-
Comprehensive income of the first half of 2016			(23,546,820)	136,310,552	112,763,732
Balance at 30.06.2016	**226,959,280**	**279,041,461**	**1,162,804,761**	**136,310,551**	**1,805,116,053**
Comprehensive income of the second half of 2016			35,643,982	28,243,042	63,887,024
Balance at 31.12.2016	**226,959,280**	**279,041,461**	**1,198,448,743**	**164,553,593**	**1,869,003,077**
Distribution of dividends and reserve				(74,864,849)	(74,864,849)
Internal changes of Equity for reallocation of reserves			79,667,375	(79,667,375)	-
Comprehensive income of the first half of 2017			4,986,806	25,383,571	30,370,377
Balance at 30.06.2017	**226,959,280**	**279,041,461**	**1,283,102,923**	**35,404,941**	**1,824,508,605**
Comprehensive income of the second half of 2017			(5,774,722)	18,984,775	13,210,053
Balance at 31.12.2017	**226,959,280**	**279,041,461**	**1,277,328,202**	**54,389,716**	**1,837,718,658**
Distribution of dividends and reserve				(74,864,849)	(74,864,849)
Internal changes of Equity for reallocation of reserves			(42,842,120)	42,842,120	-
Comprehensive income of the first half of 2018			1,166,234	45,488,684	46,654,918
Balance at 30.06.2018	**226,959,280**	**279,041,461**	**1,235,652,316**	**67,855,671**	**1,809,508,728**

5 CASH FLOW STATEMENT

(in Euro)

	30 June 2018	30 June 2017
Results of the period before taxes	**45,398,676**	**25,297,662**
Depreciation and write-downs of intangible assets	18,293	35,917
Depreciation of operating properties and other assets	220,217	264,570
Property (revaluations)/write-downs	(12,616,139)	(34,656,621)
(Write-ups)/ write-downs of investments and securities	127,737	20,223
Positive margin from the sale of shares in Central SICAF S.p.A.	(5,204,075)	(7,443,619)
Non-monetary financial charges / (income) for derivative instruments and amortised cost	290,407	40,645,128
Provisions for doubtful debts and risks and charges	-	132,959
Release of provisions for doubtful debts and risks and charges	(34,916)	(83,223)
Cash flow from operating activities	**28,200,200**	**24,212,996**
Current taxes	87,947	386,221
Cash flow from operating activities after taxes	**28,288,147**	**24,599,217**
Chages in net working capital		
Other assets/other liabilities (including the change in receivables and payables from/to subsidiaries)	205,162,163	(44,012,494)
Receivables / payables for sale / purchase of properties and equity investments	(1,000,000)	4,321,398
Cash flow before investment and financing activities	**232,450,310**	**(15,091,879)**
Investing and divesting activities		
Increase of intangible assets	(245,846)	(7,499)
Increase in operating assets	(13,902)	(81,884)
Increase in property	(133,231,268)	(92,577,013)
Purchase / increase in investments and securities	(225,000,000)	(115,866,082)
Sale of property	5,578,257	31,803,500
Sale of other assets and investments and redemption of shares	666,282	21,471,212
Sale of shares in Central Sicaf S.p.A.	71,283,232	273,307,890
Financing activities		
Dividends distribution	(74,864,850)	(74,864,850)
Early closing of derivative instruments	(3,629,787)	(25,123,967)
Increase / (decrease) in financial debt	(140,458,499)	(20,298,629)
Cash and cash equivalents generated during the period	**(267,466,071)**	**(17,329,201)**
Initial cash and cash equivalents	**281,634,945**	**24,618,439**
Final cash and cash equivalents	**14,168,874**	**7,289,238**

Beni Stabili S.p.A. SIIQ

Notes to the financial statements

1 GENERAL INFORMATION

Beni Stabili S.p.A. SIIQ (hereinafter also the "Company") is one of the leading Italian investment and property management companies. The Company invests directly and through subsidiaries in properties mainly for office use and generally located in Italy, leased to leading industrial and financial operators with medium and long-term rental contracts. It also performs, albeit not predominantly, service activities mainly for Group companies and real estate redevelopment, as well as development activities, including through subsidiaries.

The Company is a public limited company incorporated and domiciled in Italy, with registered office in Rome, Via Piemonte n. 38 and a secondary office in Milan, Via Carlo Ottavio Cornaggia no. 10 and is listed on the Italian Stock Exchange and on the Euronext market in Paris.
As of 2011, the Company has adhered to the special regime of listed real estate investment companies - SIIQ and holds: i) 100% of B.S. Immobiliare 9 S.p.A. SIINQ joined the special regime of Non-listed Real Estate Investment Companies - SIINQ (from its Italian initials) in 2013 and ii) 100% of Beni Stabili Development S.p.A. SIINQ which adhered to the special regime of unlisted real estate investment companies – SIINQ starting from 1 January 2018; iii) 51% of Central SICAF S.p.A. which benefits of the special regime reserved for SICAFs.

2 DRAFTING CRITERIA AND ACCOUNTING PRINCIPLES

2.1 Drafting criteria

These Financial Statements as at 30 June 2018, pursuant to Article 2501-*quater* of the Italian Civil Code (hereinafter the “Financial Statements”) have been drafted in compliance with international accounting standards *(International Accounting Standards – IAS and International Financial Reporting Standards - IFRS*), supplemented with the interpretations (*Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee – IFRIC*) issued by the International Accounting Standards Boards (IASB) and adopted by the European Commission according to the procedure set out in Article 6 of Regulation (EC) no. 1606/2002.

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

The basis for preparation followed for preparing these Financial Statements comply with those adopted for preparing the Financial Statements as at 31 December 2017, except for the adoption of the new standards and amendments in force as of 1 January 2018. For the first time, the Company applies IFRS 15 “Revenues from Contracts with Customers" and IFRS 9 "Financial Instruments", which require the restatement of previous financial statements.

Following the execution of the Merger, FdR plans to establish a permanent organization (branch) in Italy, to which all the assets and liabilities currently owned by Beni Stabili will be contributed, including its investments in subsidiaries and in Central SICAF S.p.A..
The branch, which will benefit of the SIIQ special tax regime to the extent applicable to branches primarily operating in leasing real estate activity, will continue to carry out, without interruption and by employing the same staff currently employed by Beni Stabili, the same activities currently carried out by the latter as of the effective date of the Merger.
The deferred taxes recorded as of June 30, 2018 are based on the tax rules applicable to Beni Stabili at that date, since the change in tax regime that could eventually occur from the modified legal company structure as a consequence of the Merger will be recorded when such Merger is effective, by applying the accounting and tax rules that are then applicable.

The drafting of these financial statements requires the use of estimates and assumptions that are reflected in the value of assets and liabilities. The estimates and assumptions made and the most significant accounting principles are indicated in Note 4.

The classification adopted for the statement of financial position divides assets and liabilities between "current" and "non-current", while that adopted for the statement of profit / (loss) for the period classifies costs and revenues by their nature. In fact, it is considered that the above classifications, compared to that for the degree of liquidity with reference to the Statement of financial position and by allocation in relation to the Profit / (loss) for the period, allow a better representation of the financial position, results of operations and cash flows of the Company.
The statement of cash flows adopted shows a separate disclosure of cash flows generated by operations, from those generated by investing and financing activities. 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 as required by the aforementioned reference standards. The financial statements and the notes to the financial statements include, where applicable, also the additional disclosures envisaged in relation to financial statements and disclosures by Consob Resolution no. 15519 of 27 July 2006 and the Consob Notice no. 6064293 of 28 July 2006.

All figures shown in these Financial Statements are expressed, unless otherwise stated, in thousands of euros.
The Statement of financial position, the Statement of profit/(loss), the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows are instead expressed in euros.

Please note that the following Approval Regulations have been issued of new IAS / IFRS standards that will be applied after 30 June 2018:

- Regulation (EU) 2017/1986 which adopts IFRS 16 "*Leases*" (which will be applicable from 1 January 2019), aimed at improving the accounting reporting of leasing contracts.

It should be finally pointed out that the IASB issued the following principles or changes to the existing principles which had not yet been approved by 30 June 2018:

- amendments to IAS 28 "*Sale or Contribution of assets between an investor and its associate or joint venture*" (issued by the IASB in September 2014);
- IFRS 17 "*Insurance Contracts",* which replaces IFRS 4 (issued by the IAS in May 2017);
- the interpretation IFRIC 23 "*Uncertainty over Income Tax Treatments",* (issued by the IASB in June 2017);
- amendments to IAS 28 "*Investments in Associates and Joint Ventures"* in order to facilitate their implementation (issued by the IASB in October 2017);
- *"Annual Improvements to IFRSs 2015-2017 Cycle",* which include amendments to IAS 12, IAS 23, IFRS 3 and IFRS 11 (issued by the IASB in December 2017).
- *"Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)",* clarifying the methods for determining pension expenditure when there is a change in the defined benefits plan (issued by the IASB in February 2018).

With reference to the requirements of Consob Notification no. 0031948 of 10 March 2017, for the first time, the Company has applied IFRS 15 "Revenues from Contracts from Customers" and IFRS 9 "Financial Instruments", whilst it has not applied IFRS 16 "Leases" in advance, the application of which will be mandatory as of 1 January 2019.

Below are some considerations regarding the effects of the application of the new standards, IFRS 9 and IFRS 15.

However, reference must be made to the information provided in the notes to the financial statements as at 31 December 2017 for the expected effects of the application of IFRS 16.

IFRS 15 "Revenue from Contracts with Customers"

Under EU Regulation 2016/1905, the process involving the approval of international accounting standard IFRS 15, mandatorily applicable to the financial statements for years as of 1 January 2018, was completed.

The standard dictates the rules for measuring and accounting for revenues from contracts for the sale of assets and services, which replace and/or clarify those defined by the pre-existing standards and interpretations. The standard specifically introduces a new five-phase model which shall apply to revenues resulting from contracts with customers and provides for the reporting of revenues for an amount that reflects the fee to which the entity considers itself to be entitled in exchange for the transfer of assets or services to the customer.

No significant effects on the Company's financial statements emerged from the application of this new standard, given that the previous rules for measuring and reporting revenues from customers, as specified below, are aligned with the provisions of the new standard.

The Company's revenues from sales of assets and services are based on the following three types:

(1) leasing of the real estate portfolio;
(2) sale of properties (or minor assets);
(3) provision of services.

The measurement and accounting of "rental revenues", fall outside of the scope of application of IFRS 15 and are, instead, governed by IAS 17 "Leasing", to be replaced, as of 1 January 2019, by IFRS 16 "Leases". Furthermore, lease agreements entered into by the Company do not provide for the provision, to tenants, of additional services to leases, which may fall within the scope of IFRS 15. Costs may be charged to tenants, which do not qualify as provisions of services (the Company acts as "*agent*" rather than "*principal*" in the management of underlying relationships).

Property sales take place by means of a notarial deed and, as a rule, the only obligation undertaken by the Company relates to the sale of the asset, with no additional obligations or special guarantees. The transaction price is fixed and clearly defined in the deed of sale and it is the Company's rule to demand the settlement at the date of the deed of sale, without payment extensions. No other additional non-monetary payments nor, usually, fees to be paid to the buyer, are provided for.

It is possible for potential buyers to make deposits or advance payments upon the stipulation of preliminary sales agreements. However, the period between the definition of the preliminary agreement and stipulating the final deed of sale is usually short (generally less than one year), without significant implicit financial items featuring in the price. In fact, these deposits or advances are not paid with the purpose of granting a loan, but as confirmation of the commitment undertaken by the customer or protection for the Company in the event of non-fulfilment (by the customer) of the obligations to which it has committed (IFRS 15, paragraph 62C).

The identification of the time of accounting for the sale already takes place in accordance with the rules set forth by IFRS 15. In fact, sales are reported with the fulfilment of the obligation of sale undertaken, at the time of transferring the properties to the buyers. The transfer is considered to have taken place when the buyer acquires control of the purchased property, understood as its ability to decide upon its use and to substantially derive all benefits therefrom.

This criterion applies both in the case of the sale of trading properties and in the case of the sale of properties held for leasing. In the case of the latter, in fact, the disinvestment of the real estate investment is generally achieved through the sale. The date of disposal of the real estate investment coincides with the date on which the buyer obtains control of the asset, i.e., in accordance with IFRS 15, with the time in which the "obligation to do" is fulfilled. On the other hand, there are not the disposal of real estate investments through a finance lease or by sale and lease back agreements, which would involve an assessment of the time when control is transferred, in accordance with the provisions of IFRS 16.

Finally, real estate sales are not usually accompanied by repurchase agreements or obligations for guarantees.

Further to the analyses described above, there were no impacts on Company's revenues.

These considerations apply, *mutatis mutandis*, to any residual disposals of other minor assets (in any case, for non-significant amounts).

Revenues from services relate to corporate (administrative, accounting and financial) and property management (administrative and technical property) services and are governed by written agreements, which explicitly identify the services promised and, therefore, the contractual obligations undertaken (performance obligations). There are no implicit promises that can create, amongst customers, the expectation of services in addition to those explicitly mentioned in the contracts.
The contractual fee is, in some cases, fixed and, in other cases, variable. Variable fees always refer to well-defined parameters (e.g. rental income generated by the customer in a given year, cost of works managed during project management services, etc.), without there being any difficulty or limits to their quantification. However, the contracts are formulated in such a way as to enable the clear identification of the “unit of accounting” of the transaction (i.e., separate services or combinations of services).
For repetitive service contracts that are progressively fulfilled over time, the reference time basis of the fees is generally the year. For services other than repetitive services, the fee is defined for the specific service provided.
Revenues for services provided are accounted for on the basis of the services actually provided to the customer. For contracts between two or more financial years, the revenue is recorded progressively in the financial statements based on the services already provided to the customer, with respect to the overall obligation (e.g. based on the progress status of the works managed on behalf of customers in cases of project management).
Fees are settled by customers in cash. There are no non-monetary fees or payments to be made to customers. The payment terms are usually short, with respect to the issuance of invoices. Contracts may provide for the advance invoicing to customers of a portion of the fees (e.g. quarterly or half-yearly advance payments for repetitive contracts with an annual basis), with annual adjustments. However, there are no advances from customers that may incorporate significant financial benefits.
Based on these considerations, there were no significant impacts on the Company’s revenues.

IFRS 9 “Financial Instruments”

Under EU Regulation 2016/2067, the process involving the approval of international accounting standard IFRS 9, mandatorily applicable to the financial statements for years as of 1 January 2018, was completed. Compared with IAS 39, the standard defines rules for the best financial information concerning financial assets and liabilities. The application of this new standard had not significant effects on the Company’s financial statements, as the previous accounting rules for assets and liabilities in the financial statements, as specified below, are already substantially in line with the provisions of the new standard.
Firstly, it should be noted that the new standard does not apply to: i) the initial recognition and subsequent valuation of investments in subsidiaries, associated companies or joint ventures which, instead, fall within the scope of application of IFRS 10, IAS 27 and IAS 28; ii) post-employment employee benefit plans, such as employee severance indemnity, which are governed by IAS 19; iii) the rights and obligations resulting from lease agreements that fall within the scope of application of IFRS 16 (except for receivables from tenants, to which the rules of derecognition and impairment defined by IFRS 9 apply); iv) financial instruments that qualify, pursuant to IAS 32, as equity instruments.
Having said this, the Company’s financial assets (other than deposits with banks available on demand) and liabilities to which the new standard applies are based on the following categories:

(a) shares in Real Estate Funds and minor investments;
(b) short, medium and long-term bank loans and the bond loans;
(c) derivative instruments for hedging the risk of changes in interest rates (referring to financial liabilities);
(d) trade receivables and payables (from leasing, property sales and services), tax and other payables and receivables.

The valuation of the shares held in Real Estate Funds (currently classified as instruments "available for sale") was already in line with their fair value (assuming that equal to the NAV of said Funds). Furthermore, in the past (and on 30 June 2018), all shares in Funds held by the Company were written down in the Income Statement. The valuation at fair value, with Income Statement contra entry, provided for by the new standard, did not, therefore, entail adjustments to the financial statement balances.
The same applies to minor investments, valued at their stock exchange price, if listed, or at the equity value, taken, for operative simplicity, as representative of the fair value, taking into account both the nature of the activity carried out by the investee company and the non-significance of the investment.
Financial liabilities represented by bank debts and bond loans are accounted for using the amortised cost method, following the effective interest rate criterion. The valuation method adopted therefore was already compliant with the provisions of IFRS 9 and no adjustments were necessary.
Furthermore, current loans have not been subject to changes or renegotiations in the past, the effect of which, unlike the provisions of IAS 39 (absorption in the remaining period, with the revision of the effective interest rate), should be recognised in the Income Statement (with the expected "leap" in the amortised cost value, due to the discounting of new cash flows from the original IRR).
It should also be noted that, in the case of convertible bonds, the conversion option was accounted for and valued separately from the debt item and, where qualifying as a financial liability (not as an equity instrument) pursuant to IAS 32, was already been valued at fair value with Income Statement contra entry.
There are no other cases of financial liabilities that incorporate implicit derivatives.
Derivatives for hedging the risk of fluctuating interest rates are measured at fair value. The contra entry is the Income Statement, in cases in which these instruments are not formally used in hedging relationships that can be represented according to cash flow hedge rules. In the case of the latter, however, the aforementioned rules are applied with recognition against OCI of the fair value change corresponding to the effectiveness of the hedge and against the Income Statement for any portion of the change corresponding to the ineffectiveness of the hedge. The rules for accounting for these types of instruments defined by IFRS 9 are largely in line with those set out in IAS 39 and, in this specific case, no adjustments have been made to the values previously stated in the 2017 financial statements (in addition to the possibility to opt for the continuation of the application of the hedge accounting rules required by IAS 39, without applying the new standard).
The Company does not hold financial assets and/or liabilities held for trading.
Trade receivables, with the exception of certain impaired old positions, which have already been fully written down (also in line with the impairment provisions set out by IFRS 9), consist of receivables from tenants of properties in the portfolio and from customers for services and from advance payments for property purchases and sales. All receivables have a short-term maturity, do not accrue interest and do not contain

significant financial items and, as regards the valuation of their recoverability ("impairment"), are subject to the simplified valuation approach provided for in paragraph 5.5.15 of IFRS 9, without the need to track changes in counterparty credit risk. The same rule applies to the measurement of expected losses according to the so-called "lifetime ECL" methodology, estimating them on the basis of all available information and taking into account existing guarantees.

For the valuation of receivables from tenants, the Company has adopted a write-down rule based on a defined default rate, according to past due dates, based on historical data, whilst taking account of the specific circumstances on a case-by-case basis. This standard rule may be subject to revision and therefore confirmed or changed according to new evidence that will be collected. However, significant impacts are not expected from any adjustments to the default rate used at the date to which refer the Condensed Consolidated Half-Year Report.

Trade payables for goods and services purchased by the Company and payables to employees for unregulated competences are all short-term payables and do not accrue interest. It is possible that to certain suppliers may be retained some amounts as collateral whilst waiting for the testing of the work carried out by the Company. The balances of said collateral are not generically significant and the retention times are generally short or, in any case, not inclusive of significant financial items.

Tax receivables and payables are classified under current items, except in cases of claims for credit reimbursement (for which recovery times are not estimated to be short) or credits for amounts paid to the Tax Authority pending a judgement (following the result of assessments), which, in any case, are interest bearing pursuant to law. Receivables are immediately deleted from the financial statements if there is evidence of total or partial irrecoverability.

Receivables and payables other than those mentioned above are not significant, generally non-interest bearing and valued on a case-by-case basis, according to methodologies that are substantially in line with the provisions of IFRS 9.

2.2 Segment reporting

An operating segment consists of a set of business activities that generate costs and revenues, for which separate accounting information is available and whose results are periodically reviewed by the operations department for the purpose of making decisions regarding the resources to be allocated to the sector and evaluating the relevant results.

The information by operating segment presented by the Company is defined according to the representation scheme by business area, distinguishing between real estate and service provision. Property-related activities are then further broken down on the basis of the accounting categories into which the property assets are divided. Information by geographical area is also provided on a secondary basis, defined according to the location of the property.

2.3 Functional and presentation currency

The financial statements are presented in euros, while the relevant notes are prepared in thousands of euros. Indeed, the Euro represents the functional and presentation currency of the Company.

2.4 Investment properties

Investment properties are those held to earn rental revenues and for capital appreciation.
Investment properties are initially recorded at cost, including ancillary charges for the purchase and are subsequently measured at their fair value, recording any changes in fair value in the Profit and Loss Account, according to the provisions of IAS 40.
The Company values the real estate portfolio twice a year, on 30 June and 31 December, with the support of 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 process is entrusted to independent experts, providing for their replacement every three years, without prejudice to the possibility of postponing such replacement for a further three years, where deemed operationally appropriate.

The fair value of the properties is based on the market value, represented (in accordance with the provisions of IFRS 13 "Fair value measurement") from the estimate of the price at which the property would be traded on the valuation date at current market conditions, within the framework of an ordinary transaction between market operators who act to best suit their economic interest (refer to paragraph 4.1 for the description of fair value measurement methods).

When a property classified among operating properties is transferred to the investment property cluster, following a change in its destination, any differences on the transfer date between the book value and the fair value on the same date are accounted for directly in equity, if there is a profit. Where instead the difference represents a loss, this is recognised immediately in the Profit and Loss Account.

2.5 Properties under development

This category includes properties undergoing renovations, transformation, construction and development (hereinafter generically referred to as "development activities") for which future use is envisaged as investment properties.
These properties are accounted for using the cost criterion (initially corresponding to the purchase cost or to the last book value in the case of reclassification in this category from other categories of properties) applied, for each property, until the relevant fair value cannot be reliably determined on an ongoing basis. From that moment on, the fair value measurement criterion is adopted (refer to paragraph 4.1 for the description of fair value measurement methods). At the balance sheet date, all properties classified in this category are eligible for valuation at fair value.

The book value of the property is increased by all the costs incurred for development activities, financial charges and any costs of personnel employed in this activity.
The capitalisation of financial charges is made for the period between the start of development activities and the moment in which the properties are substantially ready for their intended use, considering in addition to the charges related to loans specifically assumed for the purchase or development of properties, including

charges relating to loans not directly guaranteed by them (within the terms and according to the procedures set out in IAS 23 "Financial charges"), assuming that the development initiative (for the part not covered by said specific loans) is however, financed at a weighted average rate.

2.6 Leases

Leases are classified as finance leases or operating leases. Under the terms of a finance lease, the majority of risks and rewards of ownership of an asset is 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 lessee in a finance lease contract

At the date of initial recognition, the lessee company records assets in fixed assets and, in return, recognises a financial debt for an amount equal to the lower of the fair value of the asset subject to the lease and the current value of the minimum payments due at the start date of the contract, using the implicit interest rate of the contract. At each reporting date, the financial charges for the period are recorded in the Profit and Loss Account, calculated by separating them from the instalments on the basis of the aforementioned implicit interest rate. The principal amount of the rent paid is instead recorded as a reduction of the financial debt.

(ii) Beni Stabili S.p.A. SIIQ lessor in a finance lease contract

On the date of initial recognition, the value of the asset is reversed from the assets, despite legal ownership, and a receivable corresponding to the current value of the sum of the minimum payments expected at the start date of the contract and of the unsecured residual value is recorded. The discount rate used is the implicit interest rate of the leasing contract. At each reporting date, the financial income for the period is recorded in the Profit and Loss Account, calculated on the basis of the implicit rate of return of the contract applied on a constant basis over the entire duration of the latter. The estimate of the non-guaranteed residual value is periodically reviewed to detect the existence of any loss in value.

(b) Operating leases

Lease payments under operating leases are recognised as revenues or costs in the Profit and Loss Account 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 what is reported in the following paragraph 2.19 (i).

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.

The costs incurred subsequently are included in the book value of the assets or accounted for as a separate asset, as appropriate, only if it is probable that they will produce economic benefits for the Company in the future and whether these benefits can be measured reliably. All other repair and maintenance costs are recognised as costs in the Profit and Loss Account in the period in which they are incurred.

After initial recognition, properties used for operating purposes and other assets are valued at cost net of accumulated depreciation and any loss in value.

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.

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

- Properties used for operating purposes 33.33 years
- Land unlimited
- Other assets 3 - 6 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 book value 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 book value and are recognised in the Profit and Loss Account.

2.8 Intangible assets

Intangible assets consist of non-monetary elements, identifiable even if they lack physical consistency and are capable of generating future economic benefits for the Company.

Intangible assets are recognised at their purchase cost. After initial recognition, intangible assets are valued at cost, net of accumulated depreciation and any loss in value.

Currently, intangible assets only include software and are represented by the cost of licenses acquired from third parties and internally developed software (limited to costs incurred in the development stage). These costs are depreciated on the basis of the estimated economic-technical useful life, up to a maximum of 5 years.

Costs relating to the provision of medium / long-term loans are considered in calculating the relevant financial payables, in application of the amortised cost method.

2.9 Investments and financial assets

2.9.1 Investments in subsidiaries and associated companies

According to the provisions of IFRS 10, there is control over an entity (subsidiary) if and only if, at the same time:

- there is power over the investee entity, qualifying as having valid rights for addressing its relevant activities, i.e. those activities impacting significantly on its profitability;

- there is the effective ability to exercise this power over the investee entity so as to affect its profitability;
- the profitability (positive and negative) of the Company's investment varies depending on the profitability of the investee entity.

In compliance with the provisions of IFRS 11 a jointly controlled entity (*joint venture*) is a company over which the Company exercises control jointly with third parties. Joint control of a company can be qualified as a contractually agreed share of control over it and exists when the relevant decisions are taken through the unanimous control of the parties involved (*joint ventures*).

According to IAS 28, an associated company is an entity over which Beni Stabili 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 associated companies are initially recorded at the cost incurred for the purchase or incorporation, represented by the fair value at the exchange date and by any other ancillary charge.
The cost initially incurred for the purchase of investments is maintained in the financial statements of subsequent years, except in the following cases:

- following capital increases;
- upon the occurrence of a loss in value, in order to align the book value with the value of the investment deemed recoverable.

Profits distributed by the subsidiaries, jointly controlled companies and associated companies are recorded in the Profit and Loss Account, in compliance with the accruals principle, when the right to the claim arises (generally coinciding with the distribution resolution adopted by the shareholders' meeting of investee companies). Dividends deriving from profits referring to periods prior to the purchase of the investment, constitute a correction of the value of the latter, and therefore are brought to decrease the book value of the investment.

2.9.2 Financial assets

Except for certain trade receivables, under IFRS 9, The Company initially measures a financial assets at its fair value plus, in the case of financial asset not at fair value through profit and loss, transaction costs.

Under IFRS 9, after the initial recognition, financial assets are measured at fair value through profit and loss (FVPL), amortised cost, or at fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interests on the principal amount outstanding.

(a) *Financial assets at amortised cost*

This category includes financial assets that are held within a business model with objective to hold the financial assets in order to collect payments of principal and interests on the principal amount outstanding.

In particular, this category includes “trade and other receivables” (for which reference is also made to the following paragraph 2.11) and loans.

The classification among current or non-current assets depends on the expectation of realization within or after 12 months after the balance sheet date.

(b) Financial assets at fair value through “other comprehensive income” (“OCI”)

Tis category includes financial assets that are held both to collect payments of principal and interests on the principal amount outstanding and for the sale.

Interests accrued are recorded in the Profit and Loss Accounts, while changes in fair value against “other comprehensive income” that are then reversed to the Profit and Loss Accounts when realized.

Are classified in this category also equity instruments that are not held for trading, with the only difference that, changes in fair value recorded against “other comprehensive income” are not reversed to the Profit and Loss Accounts when realized.

(c) Financial assets at fair value through profit and loss

This category includes derivative instruments (for which reference is also made to the following paragraph 2.18), equity instruments held for trading and those financial assets that are held for purposes different from those reported in the previous points (a) and (b).

The Company, as a choice, record in this category also the unit held in real estate funds and minor investments (not applying the so-called “FVOCI option”).

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 cost of production is represented by the fair value of all costs directly attributable to the property, as well as the costs incurred for financing the construction and costs of staff directly employed in such activities. Financial charges are accounted for only for the period between the start of the loan and the moment when the property is substantially ready for use (within the terms and according to the procedures set out in IAS 23 "Borrowing costs").
The net realisable value is calculated on the basis of the fair value, net of the estimated costs necessary to carry out the sale.

2.11 Trade receivables and other receivables

Trade receivables and other receivables are initially recorded at fair value and subsequently valued with the depreciated cost method, using the effective interest rate method, net of provisions for losses in value.

Provisions for impairment of trade receivables or other receivables are made when there is objective evidence that the Company will not be able to collect the entire amount of the receivable originally due. The amount of the provision is equal to the difference between the book value of the receivable and the present value of expected future cash flows, calculated using the effective interest rate. Provisions are recognised in the Profit and Loss Account.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash and cash equivalents, 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 book value 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. This circumstance is generally considered to exist only at the time of signing preliminary sales agreements. In order for the sale to be highly probable, the assets must be included in a disposal program, activities must be carried out to identify a buyer and complete the disposal program, the sale must take place at a reasonable price with respect to the fair value of the assets sold and it must be scheduled within one year or beyond one year, provided that the delay is caused by events or circumstances outside the control of the Company and there is sufficient evidence to attest that the Company remains committed to implement 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 book value 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 is disposed of, meets the criteria for classification in this category and its purchase is part of a business combination, their initial recognition is at fair value less sales costs.

After initial recognition, any losses due to fair value reductions, net of selling costs, are recorded in the Profit and Loss Account. Differently, revaluations for increases in fair value less costs to sell are recorded in the Profit and Loss Account only up to the amount of previous write-downs

On the other hand, properties previously classified as "Investment Properties" and "Properties under development" valued using the fair value method, as required by the reference standards (IFRS 5, par. 5d), continue to be valued at their fair value (see section 4.1 for the description of fair value measurement methods).

Assets coming under this category are not depreciated.

For properties for which a preliminary contract has been signed, the sale price net of the costs connected to the sale represents the value taken as a reference as a fair value.

2.14 Financial payables

Financial debts are initially recognised at fair value, less transaction costs incurred. These are subsequently recorded using the amortised cost method; any difference between the amount received (net of transaction costs) and the total amount of repayments is recorded in the Profit and Loss Account on the basis of the duration of the loan, using the effective interest rate method. Transaction costs are taken into account when determining the relevant financial payables in application of the amortised cost method.

Financial payables are classified as current liabilities, unless the Company has the unconditional right to repay the liability beyond twelve months following the balance-sheet date; in this case only the portion of debt falling within the twelve months following that date is classified as a current liability.

2.15 Current and deferred taxation

The Company benefits from the SIIQ tax regime.

The special regime of Listed Real Estate Investment Companies, introduced and governed by Italian Law no. 296/2006 and subsequent amendments, as well as by Italian Ministerial Decree no. 174/2007 (the "Special Scheme"), involves the exemption from the taxation for IRES and IRAP purposes of income deriving from real estate leasing (the so-called “exempt management”). For the purposes of applying the Special Scheme, income deriving from exempt management is destined to be taxed by the shareholders, as a consequence of its distribution. The distribution must compulsorily be resolved upon approval of the financial statements for the year during which the exempt profit was formed.

The requirements for admission to this special scheme, the application of which may have complex interpretations that are verified with the support of specialists, are subject to specific monitoring by the Company, as they are significant for its financial statements.

(a) Current taxes

Current taxes for the year are valued at the amount expected to be paid to the tax authorities and are determined on the basis of the rates and tax regulations in force, or substantially in force, at the reporting date.

Current taxes relating to items recorded directly in equity are also recorded in equity and not in the Profit Loss Account for the year.

Management periodically assesses the position taken in tax returns in cases where tax rules are subject to interpretation and, where appropriate, allocates provisions.

(b) Deferred tax assets and liabilities

Deferred taxes are calculated by applying the so-called "liability method" to temporary differences at the balance sheet date between the tax values of assets and liabilities and the corresponding book values.

Deferred tax liabilities are recorded on all taxable temporary differences, with the following exceptions:

- deferred taxes derive from the initial recognition of the goodwill or an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not influence either the profit or loss of the financial statements or the tax results;
- the reversal of taxable temporary differences associated with investments in subsidiaries, associated companies and joint ventures can be controlled and it is probable that this will not occur in the foreseeable future.

Deferred tax assets are recorded against all temporary deductible differences and on unused tax losses that can be carried forward, to the extent where it is probable that sufficient future taxable income will be available to allow the use of temporary deductible differences and of tax losses carried forward, except in cases where:

- prepaid tax linked to the temporary deductible differences derives from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect either profit or loss of the financial statements or the tax results;
- in the case of deductible temporary differences associated with investments in subsidiaries, associated companies and joint ventures, deferred tax assets are recorded only to the extent where they are likely to be reversed in the foreseeable future and that sufficient taxable income will be available to allow the recovery of these temporary differences.

The book value of prepaid tax assets is reviewed at each balance sheet date and reduced to the extent where it is no longer probable that sufficient taxable income will be available in the future to allow all or part of the use of this credit.

Prepaid tax assets not recorded are reviewed at each balance sheet date and are recognised to the extent where it is probable that the expected taxable income will be sufficient to allow recovery.

Deferred taxes and prepaid tax assets are measured based on the tax rates that are expected to be applied in the year in which these liabilities will be extinguished or these assets will be realised, considering the rates in force and those already issued, or substantially in force, on the balance sheet date.

Deferred taxes and prepaid tax assets relating to elements recorded outside the Profit and Loss Account are also recognised outside the Profit and Loss Account and, therefore, in the shareholders' equity or in the Statement of Comprehensive Income, in line with the element to which they refer.

Prepaid taxes and deferred taxes are offset where there is a legal right to compensation.

The tax benefits acquired as a result of a business combination, but which do not meet the criteria for separate recognition on the purchase date, are subsequently recognised when the conditions are met. The adjustment is recorded as a reduction in goodwill (up to the amount of goodwill), if it is recognised during the measurement period, or in the profit and loss account, if it is subsequently recognised.

2.16 Severance indemnity

(a) Post-employment benefits

The only form of benefits subsequent to the employment relationship guaranteed by the Company to its employees is represented by Staff termination benefit (TFR, from its Italian Initials).

Following the amendments made to the relevant regulation by the "2007 Budget Law" (Law No. 296 of 27 December, 2006), for the Company, the accounting of severance indemnity is carried out according to the rules:

i) of "defined benefit plans" for the portion of the provision accrued as at 31 December 2006, through actuarial statements that exclude the component relating to future salary increases;

ii) of "defined contribution plans" for the portions of staff termination benefits accrued from 1 January 2007, both in the event of a supplementary pension option and in the event of allocation to the treasury fund at the INPS.

(b) Termination benefits and incentive plans

Benefits due to employees for termination of employment are recorded in the Profit and Loss Account and recorded under liabilities when the Company is demonstrably committed to terminate the employment relationship with an employee or group of employees before the natural expiry date of the relationship itself and at the same time granting a benefit to the employee or group of employees in order to encourage voluntary resignation. The Company considers itself committed at the time of signing with the employee of an agreement governing the termination of the employment relationship and the recognition of incentives.
The aforementioned benefits are immediately recorded in the Profit and Loss Account as they are not capable of generating future economic benefits.

(c) Share-based plans

The Company also remunerates some employees through stock option and free share plans. The theoretical benefits attributed to the beneficiaries of these plans are charged to the Profit and Loss Account for the financial years of the plan, crediting the Equity reserves or a debit item to the beneficiaries depending on whether the plans are settled with instruments representing capital or for cash. The above benefits are calculated by determining the fair value of the options assigned, through the use of financial valuation techniques, also taking into account market conditions. The number of options assigned is adjusted, where appropriate, at each balance sheet date.

2.17 Provisions for risks and charges

Provisions for risks and charges are recognized when:

- the Company is subject to a current obligation (legal or implicit) as a result of a past event;
- it is highly probable that in order to fulfil this obligation it will be necessary to use economic resources to satisfy the obligation;
- the amount necessary for the fulfilment of the obligation can be reliably estimated.

Provisions are calculated on the basis of the best estimate made by the Directors of the present value of the sums necessary to settle obligations outstanding at the balance sheet date. The discount rate used reflects the current market conditions of the cost of money, taking into account the time between the balance sheet date and the date on which the obligation will be settled, as well as the specific risks related to the type of liability.

With reference to risks connected with tax assessments, the Company records as receivables the amounts paid pending the judgement, for the part of their amount that exceeds the amount of the liability deemed probable.

2.18 Derivative and hedge accounting

Derivatives are initially recognized and subsequently measured at their fair value. Derivatives opened by the Company are mainly classified as hedges of highly probable cash flows.
Beni Stabili S.p.A. SIIQ documents, on the date of signing the contract, the hedging relationship, as well as its objectives and its risk management strategy; it also documents its assessments on a regular basis, to check whether derivatives used in hedging transactions are highly effective in offsetting changes in cash flows relating to hedged items.
The effective portion of the change in the fair value of derivatives classified or qualified as cash flow hedging derivatives, is recorded in equity. Profits or losses relating to the ineffective portion are instead recorded under the Profit and Loss Account.
Amounts accumulated in Equity are reversed to the Profit and Loss Account in correspondence with the periods in which the item subject to hedging will affect profits or losses.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for the recognition of the hedging relationship, any accumulated gains or losses suspended in equity are recorded in the Profit and Loss Account only upon the occurrence of the hedged transaction. If it is assumed, instead, that the covered transaction will not take place, profits or losses suspended in equity are immediately transferred to the Profit or Loss Account.

2.19 Revenues

Revenues are recognized 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 there is another systematic criterion 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.

Rents deriving from the leasing of properties, in accordance with rental contracts similar to financial leasing contracts, are recorded according to methods that reflect a constant return on the net investment made, subdividing their amount between the repayment of the receivable from the tenants, initially recorded, and relevant financial income.

(ii) *Revenues from property sales*

Revenues from the sale of properties are recorded under the Profit and Loss Account upon transfer to the buyer of the relevant risks and rewards connected to ownership, which are normally transferred on the date of signing of the notarial deed.

(iii) *Revenues from services*

Service revenues are recognised in the accounting period in which the services are provided. The recognition of revenues from the provision of services between two different financial years is carried out in proportion to the services rendered, compared to the total contractual services.

(iv) Dividend revenues are recognised when the right to receive payment arises.

2.20 Financial income and charges, income from subsidiaries, associated companies and other companies

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

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

2.21 Seasonal nature of the business

The Company's activity is generally not influenced by seasonal phenomena.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The activities carried out by the Company expose it to a series of financial risks: market risks, credit risks and liquidity risks. The Company's operating and financial policies are aimed, among other things, at minimising the negative impact of these risks on the Company's financial performance. As a hedge against exposure to certain risks, the Company uses derivative financial instruments.

(a) Market risks

(i) Property value risk

The Company adopts the fair value criterion in the valuation subsequent to the purchase of investment properties and properties under development. The fair value valuation process is entrusted to independent experts, with recognition of the changes thereto in the Profit and Loss Account. The estimation of the fair value involves the application of the selection process by the experts and valuation models described in paragraph 4.1, which imply a forecast estimate of costs and revenues associated with each vesting and the formulation of assumptions that depend on forecasts of the property occupancy rate, the performance of the real estate and financial markets, as well as the general economic conditions that affect rent levels and the reliability of tenants. The above estimates and assumptions, in consideration of the uncertainty connected to the occurrence of any future event, both with regards to the materialisation of the event itself, and with regard to the extent and timing of its manifestation, are able to determine changes, even significant in the short term, of the conclusions of the experts and therefore of the results of the financial statements, albeit in constant evaluation models.

The fluctuations of the real estate market, therefore, can also significantly affect the Company's economic results. A part of the Group's economic results is also generated, albeit marginally, by the sale and purchase of properties, which is also significantly influenced by the trend in real estate values and the volume of possible 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. The different national markets are characterised by different cyclical trends and often not in sync with each other, depending on the specific economic situations and the sector. 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 rate trend;
- liquidity on the market and presence of alternative profitable 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, especially in the office sector in which the Company mainly operates, has a positive effect on the demand for leased space and on the level of rents and, consequently, has a positive effect on the price of the properties. It is necessary to observe, however, that in the medium term, economic growth normally generates an increase in inflation and therefore in interest rates, also favouring the identification of profitable investment alternatives; factors that contribute to reducing the price listings of properties.

The Company's investment policy is aimed at minimising the effects of the various phases of the cycle, selecting investments, also through subsidiaries or jointly controlled companies:

- with long-term contracts entered into with high-standing tenants, which mitigate the effects of a reduction in market rents and the consequent reduction in property prices;
- mainly located in the centres of the main Italian cities (in particular Rome and Milan) characterised by a structural lack of supply of good quality offices;
- with a low “vacancy rate”, in order to avoid the risk of re-renting during periods of limited demand for lease space.

(ii) Interest rate risk

Loans signed by the Company are mainly settled at a variable rate increased by a spread. The Company's economic results are therefore significantly influenced by the trend in interest rates. Beni Stabili S.p.A. SIIQ's policy is to minimise the risk linked to interest rates as much as possible, so as to remain substantially exposed only to risks associated with real estate activities. In any case, it must be noted that the Company does not carry out purely speculative transactions or transactions that are not directly linked to its debt exposure.
Beni Stabili S.p.A. SIIQ manages the risk related to interest rates using derivative contracts: swaps and cap.
Interest rate swaps have the effect of converting the floating rate into a fixed rate for a period or for the entire duration of the loan, for a portion or for all the amount financed.
Cap contracts have the effect of fixing a maximum ceiling to the fluctuations of the interest rates of the various loans, for a period or for the entire duration of the same.
The Company constantly monitors the interest rate risk, through the quarterly drawing up of tests to assess the effectiveness of derivative hedging instruments, combining them with the drafting of a summary document.
Considering fixed rate loans and hedging transactions in place on floating rate loans, the Company's nominal long, medium and short term financial exposure is settled at a fixed rate for 93.22% (95.44% as at 31 December 2017).

The table below shows the effects on nominal flows of interest, net of the corresponding effects on the relevant hedges, connected to financial liabilities outstanding at the end of the half year and referred to the following 12 months, as resulting from a sensitivity analysis, conducted assuming a possible change in interest rates, of more or less 50 basis points, compared to those recorded as at 30 June 2018.

	+ 50 bp	- 50 bp
30 June 2018		
Change in nominal interest on loans	(818)	818
Change in spreads connected to derivatives	224	(224)
Tax effect related to the aforementioned changes	-	-
Total net income effect	**(594)**	**594**

A table is presented that summarises the overall effects that would have been produced on the fair values of existing derivative financial instruments, if the interest rates as at 30 June 2018 were higher or lower than the effective rates of 50 basis points. The same table also shows the portion of these effects, net of the related tax burden, which would have been charged directly to equity.

	Change in fair value		Effect in equity of fair value changes	
30 June 2018	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp
Derivatives - assets and liabilities	9,811	(10,942)	9,811	(10,942)
Total	**9,811**	**(10,942)**	**9,811**	**(10,942)**

	Change in fair value		Effect in equity of fair value changes	
30 June 2017	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp
Derivatives - assets and liabilities	(451)	(50,950)	(451)	(50,950)
Total	**(451)**	**(50,950)**	**(451)**	**(50,950)**

(iii) Foreign exchange risk

As at 30 June 2018, the Company operates exclusively in the Euro area and is therefore not exposed to exchange rate risk.

(b) Concentration risks of rental income on a limited number of tenants

41.4% of the Company’s annual rental income is concentrated on the four main tenants.

The Company constantly monitors the creditworthiness of the main tenants. Nevertheless, a prolonged period of economic recession could result in a substantial breach of the lease contract by one or more of the main tenants, or by other tenants, or a deterioration in their creditworthiness or their ability to fulfil their rental obligations. This could have a negative effect on the Company's financial conditions and operating results.

(c) Credit risk

A table summarising the company's maximum exposure to credit risk is presented below.

Description	Balance as at 30.06.2018	Balance as at 31.12.2017
Trade and other receivables (current and non-current)	49,129	51,792
Receivables from subsidiaries and associates (current and non-current)	31,849	238,422
Derivative assets	1,172	967
Cash and cash equivalent (net of cash on hand)	14,169	281,634
Total	**96,319**	**572,815**

The financial assets listed above are all related to relations held at national level. The book value of these financial assets coincide with their fair values.

With reference to trade receivables and other receivables, both current and non-current, information is provided below which shows the gross amount, the portion overdue, the relative write-downs and the portion not expired, with indication of the due date within or beyond twelve months.

Description	Gross receivables as at 30.06.2018	Gross receivables past due	Depreciations of receivables past due	Receivables not yet due	Receivables due	
					within 12 months	beyond 12 months
Customers for property sales and investment disposals	1,607	1,607	(1,607)	-	-	-
Receivables from tenants	42,904	20,418	(19,190)	22,486	11,004	11,482
Customers for services provided	46	-	-	46	46	-
Receivable from the Municipality of Rome	8,887	8,887	(2,222)	-	-	-
Guarantee deposits	127	17	(17)	110	54	56
Tax receivables	15,699	18	(18)	15,681	3,538	12,143
Other receivables (including accrued income and prepaid expense)	3,780	996	(867)	2,784	2,784	-
Total	**73,050**	**31,943**	**(23,921)**	**41,107**	**17,426**	**23,681**

Below is a table showing the breakdown of gross receivables due by maturity bands.

Description	Gross outstanding receivables as at 30.06.2018	Past due			Total
		less than 6 months	from 6 months to a year	by more than a year	
Customers for property sales and investment disposals	1,607	-	-	1,607	1,607
Receivables from tenants	20,418	2,471	448	17,499	20,418
Receivables from the Municipality of Rome	8,887	-	-	8,887	8,887
Guarantee deposits	17	-	-	17	17
Tax receivables	18	-	-	18	18
Other receivables (including accrued income and prepaid expense)	996	-	-	996	996
Total	**31,943**	**2,471**	**448**	**29,024**	**31,943**

The recovery prospects of any amounts owed are assessed on a case by case basis, taking into account recovery practices. All receivables on which a loss is probable as at the balance sheet date are written down. With reference to changes in the provision for doubtful debts, please refer to sections 6.1.7 and 6.2.2 below.

As shown in the tables above, receivables as at 30 June 2018 (gross) mainly include:

- "Receivables from tenants", "Customers for services provided" and "other receivables": these categories of receivables are constantly monitored. In particular, with reference to receivables due from tenants, the Company believes that it is not subject to significant credit risks, as tenants are selected on the basis of their creditworthiness and the economic prospects linked to their activity. The economic and financial situation of the main tenants is also constantly monitored.

Investments in properties rented to tenants, whose creditworthiness may be subject to risks or high variability, are only carried out if the quality of the properties offers adequate guarantees of being able to lease the property again to third parties in a short time, in the event of a tenant's insolvency. Furthermore, as at 30 June 2018, the Company holds guarantees, consisting of bank guarantees and guarantee deposits, which cover more than one quarter of the total rental revenues on that date.

It must be noted that gross receivables from tenants expired as of 30 June 2018 include an amount totalling 10,024 thousand of Euro, relating to the position with the former tenant of the "Darsena City" shopping centre in Ferrara, whose recoverability was assessed when calculating the provision for doubtful accounts. To this regard, please refer to the contents of the following section 7;

- "Customers for property sales and investment disposals" refers to other receivables (see the following section 6.2.2).
- "Receivables from the Municipality of Rome": these are positions that were the subject of legal proceedings that were completed in previous years, with the recognition in favour of Beni Stabili S.p.A. SIIQ of the gross balances recorded in the balance sheet. Appropriate actions are in place for the collection of the above mentioned receivables.
- "Tax receivables": mainly relating to: i) payments made while proceedings are in progress (plus accrued interest), relating to outstanding tax disputes. In this regard, please see section 7 below; ii) VAT and IRES receivables requested as reimbursements in previous years and inclusive of interest income accrued at 30 June 2018 (shown in the table above as non-expired receivables); iii) VAT, IRES and IRAP credits, arising in the current financial year, to be used for offsetting in the coming months.

With reference to bank deposits and assets for derivative instruments, it must be noted that the Company operates on a continuous and lasting basis with counterparties of primary standing, with an acceptable credit rating, thereby limiting the relevant credit risk.

(d) 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's objective is not to expand the use of financial leverage, at Group level, over 60% of the consolidated real estate portfolio. Liquidity risk is thus considered to be low.

The tables below show the breakdown by maturity of the nominal value - including interest accrued - of financial liabilities other than hedging instruments.

	Balance as at 30 June 2018					
	Book value	Nominal amount	within 1 year	from 1 to 2 years	from 2 to 5 years	more than 5 years
Borrowings other than hedging instruments (current and non-current portions)						
Short-term loans and other financial debts	60,000	60,000	60,000	-	-	-
Mortgage loans	377,034	382,677	3,780	3,741	16,606	358,550
Other bank loans (committed lines)	76,500	76,500	-	20,000	56,500	-
Bonds	723,750	731,707	6,707	-	125,000	600,000
Convertible bonds	190,290	200,741	741	-	200,000	-
Total	**1,427,574**	**1,451,625**	**71,228**	**23,741**	**398,106**	**958,550**

	Balance as at 31 December 2017					
	Book value	Nominal amount	within 1 year	from 1 to 2 years	from 2 to 5 years	more than 5 years
Borrowings other than hedging instruments (current and non-current portions)						
Short-term loans and other financial debts	-	-	-	-	-	-
Mortgage loans	332,815	336,545	2,793	2,757	8,488	322,507
Other bank loans (committed lines)	-	-	-	-	-	-
Bonds	1,042,622	1,048,168	373,168	250,000	125,000	300,000
Convertible bonds	188,375	200,734	734	-	200,000	-
Total	**1,563,812**	**1,585,447**	**376,695**	**252,757**	**333,488**	**622,507**

The tables below report the breakdown of the fair value of financial assets and liabilities for derivatives by the periods when the hedged cash flows are expected to affect the Profit and Loss Account.

	Fair value (*)		Within 1 year		from 1 to 2 years		from 2 to 5 years		More than 5 years	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Derivatives - Liabilities										
IRS	2,233	4,976	2,107	1,537	2,033	2,052	1,953	2,719	(3,860)	(1,332)
Total	**2,233**	**4,976**	**2,107**	**1,537**	**2,033**	**2,052**	**1,953**	**2,719**	**(3,860)**	**(1,332)**

(*) Since this concerns the time-scale of expected cash flows, the fair value presented here does not include the positive effect (+ 218 thousand of Euro as at 30 June 2018 and + 14 thousand of Euro as at 31 December 2017) deriving from the inclusion in the valuation of the variable "credit rating" as required by IFRS 13.

	Fair value (*)		Within 1 year		from 1 to 2 years		from 2 to 5 years		More than 5 years	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Derivatives - Assets										
IRS	-	471	-	(644)	-	(1,037)	-	(669)	-	2,821
Swaption	1,249	651	14	-	76	14	534	262	625	375
Cap	2	15	1	1	1	14	-	-	-	-
Total	**1,251**	**1,137**	**15**	**(643)**	**77**	**(1,009)**	**534**	**(407)**	**625**	**3,196**

(*) Since this concerns the time-scale of expected cash flows, the fair value presented here does not include the negative effect (- 79 thousand of Euro as at 30 June 2018 and - 170 thousand of Euro as at 31 December 2017) deriving from the inclusion in the valuation of the variable "credit rating" as required by IFRS 13.

Instead, a table is presented below that shows the breakdown by maturity of non-discounted cash flows of derivative instruments as at 30 June 2018.

	Total undiscounted cash flows	within 1 year	from 1 year up to 2 years	from 3 years up to 5 years	beyond 5 years
Derivatives - assets and liabilities					
IRS + CAP	44,945	2,673	4,596	17,342	20,333
Total	**44,945**	**2,673**	**4,596**	**17,342**	**20,333**

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

As at 30 June 2018, the average financial maturity of borrowings, other than hedging instruments, is equal to 6.58 years (3.94 years as at 31 December 2017), while the average financial maturity of interest rate hedges is equal to 6.29 years (4.40 years as at 31 December 2017).

As at 30 June 2018, there were 85,000 thousand of Euro of short-term *hot - money* lines, used in the amount of 60,000 thousand of Euro.
In addition, there were a total committed medium-term credit line of 240,000 thousand of Euro, used as at 30 June 2018 for 76,500 thousand of Euro.

All of the medium-term committed credit lines as at 30 June 2018 have a residual average life of 28.39 months (19.41 months at the end of 2017).
The average cost of the short-term debt for the first half of 2018 amounted to 0.09% (0.40% for 2017).

(e) Risks related to disputes

As at the date of these financial statements, the Company is involved in some legal and tax disputes resulting from the ordinary context of their business (please refer to paragraph 7 below for a description of the main disputes).
The Company monitors the developments of these proceedings with the support of external consultants and, when necessary, has recognised provisions for risks and charges, in consideration of the circumstances and following a prudent analysis of all disputes and related risks.
However, the risk assessment is subjective and necessarily involves estimates of the potential liabilities. There is no guarantee that the final result of these disputes will not have a negative impact on the company's financial conditions and operating results and there can be no guarantee that further disputes, currently unknown, will not be launched in the future.

3.2 Capital management

The Company's policy, aimed at safeguarding an optimal capital structure, is pursued through the maintenance, at group level, of the following ratios:

– a ratio between the net financial debt and shareholders' equity not exceeding 1.5;
– a ratio between the net financial debt and the value of real estate portfolio of less than 60%.

4. VALUATIONS, ESTIMATES AND SIGNIFICANT ACCOUNTING PRINCIPLES

4.1 Valuation of the real estate portfolio

The Company assesses the properties twice a year, on 30 June and 31 December, with the support of independent experts renowned for their professionalism and integrity.
The assignments for the property appraisals, in fact, are only conferred to experts who commit to operate independently, with integrity and objectivity.
Subject to compliance with such requirement, the selection of the experts is made by weighing the offers for services received also in terms of cost-effectiveness.
For the year 2018, specifically, the valuation was assigned to Jones Lang LaSalle S.p.A. (hereinafter “JLL”) and to CBRE VALUATION S.p.A..
The property valuation costs for the first half of 2018 represented by fees paid to independent experts amounted to 94 thousand of Euro (202 thousand of Euro for the first half 2017). The above fees are flat-rate and fixed for the entire duration of the assignment.

The Company, in addition to following the recommendations of the supervisory authorities and the various *best practices* of the sector, has adopted a specific company procedure which, on the basis of current legislation, defines, inter alia, the rules for selecting and appointing independent experts, providing (as specified above) that only those persons who meet pre-established professional, independence and integrity requirements can be appointed. The tasks assigned to the above appraisal companies have a five-year duration (from the next renewal the Company will be able to withdraw every year).

Valuations are carried out using various valuation criteria (compatible with the provisions of IFRS 13):

- *comparative or market method,* based on the comparison between the asset in question and other similar assets recently sold or currently offered on the same market or on competitive markets;
- *income method,* which takes into consideration two different methodological approaches:
  - *direct capitalisation*, based on the current value of a property's future income, obtained by capitalising income at an appropriate market rate;
  - *DCF – discounted cash-flow method,* based on discounting (for a variable period with reference to the duration of existing contracts) future net income deriving from the rental of the building. At the end of this period it is assumed that the property is sold at a value obtained by capitalising the income of the last year at a market rate for investments similar to those estimated;
- *transformation method,* developed through a forecast of economic feasibility of both revenues and development costs necessary to complete the real estate transaction. The market value obtained is the difference between the market value of the optimised property, including the value of the area on which it is located, and its production cost (restructuring and transformation).

Each property is valued using one of the above methods or combined, depending on the specific nature of each property. The assessments are carried out on the basis of the maximum and best use of the assessed properties, taking into account, among all the technically possible, legally permissible and financially feasible uses only those potentially capable of conferring the maximum value on the properties themselves. The maximum and best use is determined on the basis of specific considerations according to the type / location / urban characteristics of the valued property and the reference real estate market.

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

- the type of tenant currently occupying the building or responsible for compliance with the leasing obligations and possible future occupants of vacant properties, as well as the general perception by the market of their creditworthiness;
- the division of insurance and maintenance responsibilities between landlord and tenant;
- the residual economic life of the building, and
- for initiatives subject to development, risks associated with their completion and subsequent marketing.

Operating procedures for the periodic assessment of buildings are governed by a specific internal procedure that regulates all activities of the process: from the selection and appointment of experts, documentation that is sent to them, assessment methods, inspection of the properties being appraised, operating rules and coordination with the experts, to monitoring the whole process.

The information and data used for the valuations include:

- information supplied to the experts by the Company, such as current lease payments, terms and conditions of existing leases, property taxes, costs related to property management, including any expected incremental costs (*capital expenditure*). The above information is obtained from management systems in use, under the monitoring of the internal audit system;
- assumptions made directly by the experts (typically linked to the reference market, such as the discount rate, the capitalisation rate, the inflation curve, etc.). The definition of the above evaluation elements is based on their professional opinion, taking into account a careful observation of the reference market.

Information forwarded to the experts, the assumptions and the evaluation models used by them are reviewed by the asset managers and the General Manager, who is responsible for organising, coordinating appraisal activities, as well as their monitoring and verification.

A table is presented below which (separately for the accounting category of properties) classifies the values resulting from the appraisals drawn up by the independent expert at 30 June 2018, depending on the valuation technique used.

	EVALUATION METHOD			
	COMPARATIVE OR MARKET METHOD	INCOME METHOD (DIRECT CAPITALISATION - DCF: DISCOUNTED CASH FLOW)	TRANSFORMATION METHOD	Total
Property category				
Investment properties	9,410	2,134,168	-	2,143,578
Properties under development	-	140,200	-	140,200
Operating properties	-	13,292	-	13,292
Trading properties	5,578	1,430	11,200	18,208
Total fair value resulting from appraisals drawn up by independent experts (*)	**14,988**	**2,289,090**	**11,200**	**2,315,278**

(*) For reconciliation between the market value of the properties resulting from the appraisals of independent experts and the market value of the consolidated real estate portfolio, please refer to section 5.3. It must be noted that in the above table the market value of the property of the Shopping Centre in Ferrara is already 50% owned by the Group.

The following table, on the other hand, presents the classification of real estate appraisals as at 30 June 2018 (distinctly by accounting category of properties), according to the three levels of fair value hierarchy required by IFRS 13 "Fair value measurement":

	FAIR VALUE HIERARCHY LEVELS (*)			
	LEVEL 1	LEVEL 2	LEVEL 3	total
Property category				
Investment properties	-	-	2,143,578	2,143,578
Properties under development	-	-	140,200	140,200
Operating properties	-	-	13,292	13,292
Trading properties	-	-	18,208	18,208
Total fair value resulting from appraisals drawn up by independent experts (**)	**-**	**-**	**2,315,278**	**2,315,278**

(*) The hierarchical levels to which the fair value of properties are assigned, are defined on the basis of the input data used in the valuation, in accordance with the provisions of paragraphs 72-90 of IFRS 13 "Fair value measurement".

(**) For reconciliation between the market value of the properties resulting from the appraisals of independent experts and the market value of the consolidated real estate portfolio, please refer to section 5.3. It must be noted that in the above table the market value of the property of the Shopping Centre in Ferrara is already 50% owned by the Group.

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:

Property category	Fair value (level 3) as at 30 June 2018	Evaluation method	Unobservable inputs	Range (weighted average) (*)
Investment properties	2,134,168	**Income method**	Annual rent per s.q.m. Discount rate Capitalization rate for the terminal value	€6,8-€850 (€193,73) 4,37%-9,64% (5,72%) 3,21%-9,14% (5,50%)
	9,410	**Comparative or market method**	Annual rent per s.q.m. Discount rate	€ 43 5%
Properties under development	140,200	**Income method**	Costs for completing the initiative Discount rate Capitalization rate for the terminal value	circa 14€M complessivi (**) 5,5%-6,00% 4,32% - 6,02%
Trading properties	1,430	**Income method**	Annual fee per sq.m. Discount rate Capitalization rate for the terminal value	€ 146.52 4.50% 5.950%
	11,200	**Transformation method**	Costs for completing the initiative Discount rate on completion of initiative	circa €/000 23.769 (**) 13.8%
	5,578	**Comparative or market method**	Annual fee per sq.m. Discount rate on completion of initiative	€ 18.81 4,8% - 14% (7%)
Operating properties	13,292	**Income method**	Annual fee per sq.m. Discount rate Capitalization rate for the terminal value	€ 406.33 5.00% 4.06%
Total level 3 "fair value"	**2,315,278**			

(*) The average annual rent per square metre was obtained by weighting the data of the individual properties for their 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.mt.

(**) The cost for the completion of initiatives evaluated using the transformation method was defined on the basis of the estimates of expenditure contained in the business plans of the individual initiatives.

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.mt.;
- an increase in discount rates and / or capitalisation rate;
- the occurrence of capex on properties not contemplated;
- for properties on which future incremental expenses are expected (capex), an increase in the estimate of such expenses and / or an extension of the timing thereof;
- 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 Valuation of derivative financial instruments

Derivative financial instruments are valued (with the clarifications indicated in the following paragraphs) using the present value method of cash flows (*Discounted Cash Flow*). 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 Derivative financial instruments on interest rates

Expected variable flows relating to derivative financial instruments on interest rates without optional components are determined on the basis of the Euribor forward curve. In order to determine the fair value, the above mentioned expected flows are discounted at the spot rates implicit in the Euribor curve, built using Euribor fixing and swap listings on the valuation date.
As regards interest rate derivatives with options, 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 to calculate the forward rates to be included in the model is similar to that used for derivatives without optional components. Volatilities that are used, however, are the implied volatilities listed at the time of the valuation.

4.2.2 Conversion options relating to 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 Hierarchy level of valuations at fair value 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":

	FAIR VALUE HIERARCHY LEVELS (*)			
Derivative assets	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**total**
Derivatives on interest rates	-	1,172	-	1,172
Total derivative assets	**-**	**1,172**	**-**	**1,172**
Derivative liabilities				
Derivatives on interest rates	-	2,451	-	2,451
Conversion option of convertible bonds	-	11,708	-	11,708
Total derivative liabilities	**-**	**14,159**	**-**	**14,159**

(*) 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 shown in the table above, fair value measurements of derivative instruments, carried out according to the valuation models referred to in the preceding paragraphs, fall within the "level 2" of the hierarchical scale for the evaluation of the fair value identified by IFRS 7 "Financial instruments : additional information "and from IFRS 13" Fair value measurement ". In fact, for measuring fair value, input data directly or indirectly observable on the market is used (other than non-adjusted listed prices), adjusted, where necessary, according to specific factors linked to the assessed instrument.

5 SEGMENT REPORTING

5.1 Breakdown by operating segment

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2018

Description (Euro thousands)	REAL STATE ASSETS											Services	OTHER	Total
	Investment properties			Assets held for sale			Properties under developme nt	Trading properties					Assets / Liabilities not specifically attributable	
	Offices	Business /Hotel	Total	Offices	Busine ss /Hotel	Total		Offices	Busine ss /Hotel	Other	Total			
Investment properties	1,963,050	289,000	2,252,050	-	-	-	-	-	-	-	-	-	(0)	2,252,050
Properties under development	-	-	-	-	-	-	140,200	-	-	-	-	-	0	140,200
Operating properties and other assets	-	-	-	-	-	-	-	-	-	-	-	-	9,909	9,909
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	308	308
Investments and securities	-	-	-	-	-	-	-	-	-	-	-	-	786,425	786,425
Trade receivables and other receivables	10,451	500	10,951	-	-	-	459	72	-	-	72	-	18,864	30,346
Receivables from subsidiaries and associated companies	-	-	-	-	-	-	-	-	-	-	-	-	1,345	1,345
Derivatives - assets	-	-	-	-	-	-	-	-	-	-	-	-	1,172	1,172
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	1,153	1,153
Total non-current assets	**1,973,501**	**289,500**	**2,263,001**	**-**	**-**	**-**	**140,659**	**72**	**-**	**-**	**72**	**-**	**819,177**	**3,222,910**
Trading properties	-	-	-	-	-	-	-	16,140	-	1,885	18,025	-	(0)	18,025
Trade receivables and other receivables	11,536	1,155	12,691	3	-	3	523	8	-	1	9	-	5,556	18,783
Receivables from subsidiaries and associated companies	-	-	-	-	-	-	-	-	-	-	-	-	30,504	30,504
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	14,169	14,169
Total current assets	**11,536**	**1,155**	**12,691**	**3**	**-**	**3**	**523**	**16,148**	**-**	**1,886**	**18,034**	**-**	**50,229**	**81,481**
Assets available for sale	-	-	-	6,940	-	6,940	-	-	-	-	-	-	-	6,940
Total assets	**1,985,037**	**290,655**	**2,275,692**	**6,943**	**-**	**6,943**	**141,183**	**16,220**	**-**	**1,886**	**18,106**	**-**	**869,406**	**3,311,330**
Financial payables	349,893	23,793	373,686	-	-	-	-	-	-	-	-	-	983,094	1,356,779
Derivatives liabilities	2,149	302	2,451	-	-	-	-	-	-	-	-	-	11,708	14,159
Severance indemnity	-	-	-	-	-	-	-	-	-	-	-	-	132	132
Deferred tax liabilities	-	624	624	-	-	-	-	-	-	-	-	-	-	624
Total non-current liabilities	**352,042**	**24,719**	**376,761**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**994,933**	**1,371,695**
Financial payables	3,040	306	3,346	-	-	-	-	-	-	-	-	-	67,449	70,795
Payables from subsidiaries and affiliate companies	-	-	-	-	-	-	-	-	-	-	-	-	10,262	10,262
Trade payables and other payables	27,949	3,291	31,241	123	94	217	7,528	641	-	161	802	-	960	40,747
Provisions for risks and charges	210	191	401	-	3,200	3,200	-	-	-	-	-	-	4,722	8,323
Total current liabilities	**31,199**	**3,788**	**34,988**	**123**	**3,294**	**3,417**	**7,528**	**641**	**-**	**161**	**802**	**-**	**83,393**	**130,127**
Total liabilities	**383,242**	**28,507**	**411,749**	**123**	**3,294**	**3,417**	**7,528**	**641**	**0**	**161**	**802**	**-**	**1,078,326**	**1,501,822**

STATEMENT OF PROFIT / (LOSS) AS AT 30 JUNE 2018

Descrizione	REAL ESTATE ACTIVITY											Services	OTHER	Total
	Investment properties			Assets held for sale			Properties under development	Trading properties					Revenues / Costs not specifically attributable	
	Offices	Business /Hotel	Total	Offices	Busines s /Hotel	Total		Offices	Business /Hotel	Other	Total			
Rent revenues	43,392	7,844	51,236	-	-	-	350	71	-	-	71	-	0	51,657
Property sales revenues	0	0	-	1,142	-	1,142	-	4,500	-	-	4,500	-		5,642
Service revenues	0	0	-	-	-	-	-	-	-	-	-	-	1,686	1,686
Total Revenues	**43,392**	**7,844**	**51,236**	**1,142**	**-**	**1,142**	**350**	**4,571**	**-**	**-**	**4,571**	**-**	**1,686**	**58,985**
Net real estate assets costs	(9,131)	(1,704)	(10,835)	(20)	0	(20)	(748)	(207)	-	(30)	(236)	-	(0)	(11,839)
of which costs	(11,571)	(2,021)	(13,592)	(20)	0	(20)	(801)	(175)	-	(30)	(204)	-	(0)	(14,616)
of which recoveries	3,192	457	3,649	-	-	-	53	9	-	-	9	-	0	3,711
of which write-downs/losses from receivables of tenants	(752)	(140)	(891)	-	-	-	-	(41)	-	-	(41)	-	(0)	(933)
Cost of sales	(500)	-	(500)	(1,243)	-	(1,243)	-	(4,499)	-	-	(4,499)	-		(6,242)
Service costs	-	-		-	-		-	-	-	-		-	(658)	(658)
Gross Operating Margin	**33,761**	**6,140**	**39,901**	**(121)**	**0**	**(121)**	**(398)**	**(135)**	**-**	**(30)**	**(164)**	**-**	**1,028**	**40,246**
Staff costs	-	-	-	-	-	-	-	-	-	-	-	-	(3,413)	(3,413)
Overheads	-	-	-	-	-	-	-	-	-	-	-	-	(5,331)	(5,331)
Operating income before rev./write-downs net of real estate and other revenues and income / items and charges	**33,761**	**6,140**	**39,901**	**(121)**	**0**	**(121)**	**(398)**	**(135)**	**-**	**(30)**	**(164)**	**-**	**(7,716)**	**31,502**
Revalutations/(Write-downs) of properties	13,358	135	13,493	-	-	-	(339)	(508)	-	(30)	(538)	-	(0)	12,616
Other revenues and income	-	-	-	-	-	-	-	-	-	-	-	-	376	376
Other costs and charges	-	-	-	-	-	-	-	-	-	-	-	-	(1,300)	(1,300)
Operating income	**47,119**	**6,275**	**53,394**	**(121)**	**0**	**(121)**	**(737)**	**(643)**	**-**	**(60)**	**(702)**	**-**	**(8,641)**	**43,194**
Net financial income / (charges)	(5,213)	(558)	(5,772)	0	(0)	(0)	-	-	-	-	-	-	(16,149)	(21,921)
Income / (charges) from associates	-	-	-	0	0	-	-	-	-	-	-	-	24,226	24,226
Income / (charges) from other companies	-	-	-	0	0	-	-	-	-	-	-	-	(100)	(100)
Profit before tax	**41,906**	**5,717**	**47,622**	**(121)**	**0**	**(121)**	**(737)**	**(643)**	**-**	**(60)**	**(702)**	**-**	**(664)**	**45,399**
Taxes	-	-	-	-	-	-	-	-	-	-	-	0	90	90
NET PROFIT OF THE PERIOD	**41,906**	**5,717**	**47,622**	**(121)**	**0**	**(121)**	**(737)**	**(643)**	**-**	**(60)**	**(702)**	**-**	**(574)**	**45,489**

5.2 Breakdown by geographic area

RENTAL AND SALES REVENUES

Description	NORTH Jun - 18	CENTER Jun - 18	SOUTH Jun - 18	ISLANDS Jun - 18	TOTAL Jun - 18
Rental revenues	48,189	2,509	913	45	51,657
Property sales revenues	1,142	4,500	-	-	5,642
Total Revenues	**49,331**	**7,009**	**913**	**45**	**57,299**

REAL ESTATE PORTFOLIO

Description	NORTH Jun - 18	CENTER Jun - 18	SOUTH Jun - 18	ISLANDS Jun - 18	TOTAL Jun - 18
Investment properties	2,162,055	67,175	20,160	2,660	2,252,050
Properties under development	140,200	-	-	-	140,200
Assets held for sale	6,940	-	-	-	6,940
Trading properties	16,195	1,830	-	-	18,025
Operating properties	9,909	-	-	-	9,909
Total real estate	**2,335,300**	**69,005**	**20,160**	**2,660**	**2,427,125**

5.3 Information on the real estate portfolio as at 30 June 2018

The table below shows details of the real estate portfolio as at 30 June 2018, along with the related accounting criteria and compared to market values as at that date.

Description	Book value at 30.06.2018	Accounting criteria	Market Value at 30.06.2018	Date last appraisal
Investment properties	**2,252,050**	IAS 40 - (fair value)	**2,252,050**	30.06.2018
Offices	1,963,050		1,963,050	
Retail	289,000		289,000	
Assets held for sale	**6,940**	IFRS5 - (fair value)	**6,940**	30.06.2018
Offices	6,940		6,940	
Retail	-		-	
Properties under development	**140,200**	IAS 40 -Fair value	**140,200**	30.06.2018
Areas under development	-		-	
Offices subject to development / redevelopment	140,200		140,200	
Trading properties	**18,025**	IAS 2 - Lower between purchase cost and net realisable value	**18,208**	30.06.2018
Offices	16,140		16,140	
other	1,885		2,068	
Operating properties	**8,858**	IAS 16 - Purchase cost net of any amortization or impairment	**13,292**	30.06.2018
Total Real Estate portfolio	**2,426,073**		**2,430,690**	

The book value of the real estate portfolio at 30 June 2018 amounted to 2,426,073 thousand of Euro, against a market value as at 30 June 2018 of 2,430,690 thousand of Euro.

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

	Market value at 30.06.2018	Market value at 31.12.2017
REAG Real Estate Advisory Group S.p.A.	-	-
Jones Lange LaSalle S.p.A.	300,140	301,665
CBRE Valuation S.p.A. (Yard Valtech S.r.l. for the 2017 financial year)	2,028,938	1,991,208
Total from appraisals by independent experts	**2,329,078**	**2,292,873**
Adjustment of the appraisal value of the shopping centre located in Ferrara owned at 50% with third parties	(13,800)	(15,115)
Total from appraisals by independent experts pertaining to the Company	**2,315,278**	**2,277,758**
Properties not appraised because subject to preliminary sales agreements	9,600	12,519
Properties not appraised because recently purchased	105,812	-
Total real estate portfolio at market values	**2,430,690**	**2,290,277**

Changes in the real estate portfolio for the first half of 2018 are shown in the following table:

Real estate portfolio as at 31/12/2017	**2,290,277**
Capex	29,711
Purchases	105,812
Sales	(7,726)
Net revaluations / write-downs	12,616
Real estate portfolio as at 30.06.2018	**2,430,690**

A table is provided below summarising the changes in the real estate portfolio (at appraisal value), broken down by "fair value hierarchy" level.

	CHANGE IN REAL ESTATE PORTFOLIO BY HIERARCHY LEVELS OF FAIR VALUE		
	LEVEL 2	LEVEL 3	total
Balance as at 31 December 2017	**17,826**	**2,272,451**	**2,290,277**
Purchases	105,812	-	105,812
Capex	-	29,711	29,711
Sales	(7,726)	-	(7,726)
Revaluations / write-downs	(3,160)	15,776	12,616
Reclassifications between level 2 and level 3	2,660	(2,660)	-
Balance as at 30 June 2018	**115,412**	**2,315,278**	**2,430,690**

It must be noted that the transfer of fair value hierarchy levels takes place in the event of signing preliminary sales agreements and when in the valuation of properties, based on specific circumstances, independent external evaluators assume different inputs from those adopted in the previous assessments and that according to IFRS 13 (paragraphs 76 to 90) qualify at different levels. On the occurrence of the latter case, an adequate description of the circumstances that justified the adoption of the new and diverse input by the valuers is provided. Furthermore, properties not appraised due to recent acquisition were classified in level 2.

Reclassifications from level 2 to level 3 of the fair value hierarchy recorded during the half year are exclusively attributable to the properties for which sale agreements were signed during the period under review.

5.3.1 Information on the main development projects as at 30 June 2018

The current development projects are as follows:

- Turin, C.so Ferrucci. The project refers to the redevelopment of an existing building complex with a surface area (*Gross Lettable Area*) of approximately 46,000 square metres, of which 36,000 square metres are intended primarily for offices and partly for commercial activities.

  The building, built in 1982 as Fiat's headquarters, was in a good state of preservation: architectural composition, structures and systems were in fact built according to the best quality standards of the time. However, the management complex has required adjustment work to make it easier and cheaper to market it. Therefore, a technical solution was designed to allow the renting of the areas to multiple tenants and to improve the whole air-conditioning system. The works, begun in April 2016 and aimed at the complete reconstruction of the common areas of access to the building, the external layout, the entire ground floor and the sixth floor, have been completed in December 2017. In addition, the first areas rented on the ground floor, first floor and basement, were handed over to the tenants in the months of August and December 2017.

  The restructuring of the remaining areas of the building, which will be the subject of successive blocks of activities and refers to system engineering works and internal finishing works. The timing for the implementation of the above activities will also be planned in line with the trend in the marketing of the spaces, which will be fully occupied by 2020.

Rental activities for the first half of 2018 led to the signing of 3 new lease agreements for an area of approximately 3,300 m^2, increasing the financial occupancy of the asset including pre-let to 44%.

- Milan, Via Principe Amedeo. The property was purchased in March 2017. The development strategy involves the complete renovation of the interior spaces, the façade and the construction of a new attic floor resulting from the recovery of the attic. The works, began in April 2017, will be performed according to the highest quality standards and it is expected to be completed by March 2019. In February 2018, a lease contract was signed for a surface area of approximately 4,000 m^2 and a financial occupancy of 57%.

It should be noted that during the first half of 2018, development initiatives on the properties in Milan, Piazza Monte Titano and via Colonna, were completed and handed over.

Please refer to the following section 8 in which a table is presented summarising expenditure forecasts for the completion of each initiative, with the distinction between what has been achieved and the commitment to future expenditure.

Reference must also be made to the following section 6.1.2 for the analysis of changes of the accounting balance relating to properties under development.

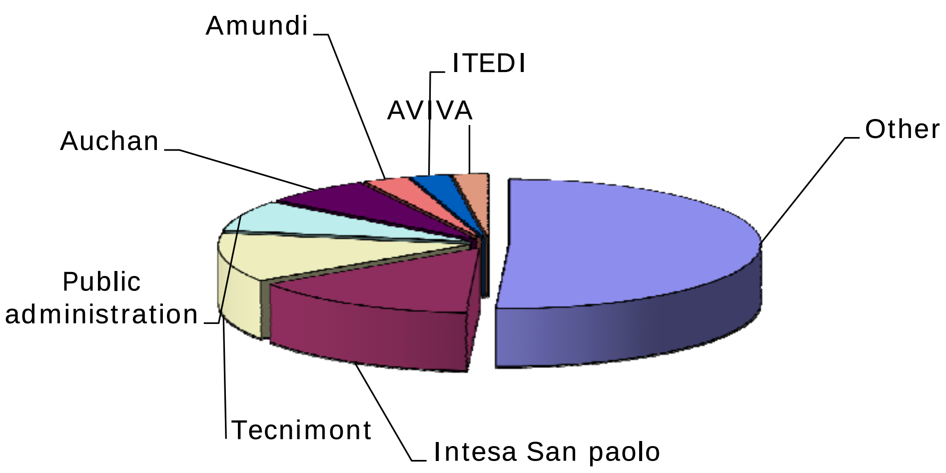
5.3.2 Information on investment properties

	MARKET VALUE AS AT 31.12.2017	BOOK VALUE AS AT 31.12.2017	CURRENT ANNUAL RENTAL REVENUES	% GROSS AVERAGE YIELD (calculated on the market value)	GROSS LEASED SQ M	GROSS LEASABLE SQ M	PHYSICAL OCCUPANCY RATE
INVESTMENT PROPERTIES	2,252,049	2,252,049	106,948	4.7%	552,489	595,631	92.8%

As shown in the table above, the properties used for the lease activity have a total average annual yield of 4.7% for annual rental revenues (calculated on the basis of current lease contracts) of 106,948 thousand of Euro.

Below is information on the level of concentration of rental fees by tenant:

TENANTS	CURRENT ANNUAL RENTAL REVENUES	%
Other	54.375	50.8%
Intesa San paolo	15.773	14.7%
Tecnimont	13.089	12.2%
Public administration	8.137	7.6%
Auchan	7.322	6.8%
Amundi	3.100	2.9%
ITEDI	2.727	2.5%
AVIVA	2.426	2.3%
TOTAL RENTAL REVENUES	**106.948**	**100.0%**



5.4 Information on the Company's medium / long-term debt situation

Below is a summary table of the main information relating to the medium / long-term debt exposure of Beni Stabili S.p.A. SIIQ (data in thousands of euros).

Thousand of Euro Type of loan	Transaction	Carrying amount 30.06.2018	Number of properties pledged as collateral	Market value 30.06.2018 of property pledged to guarantee financing	Last repayment date	Repayment	Financial covenants
Mortgage loans	Directional real estate portfolio in Milan and Rome.	195,615	6	400,450	9-giu-25	annual amortisation of €2.757 million (1.08%)	LTV <= 60%; LTV Cons. <= 60% ICR Cons >=150%; DSCR>=130%
Mortgage loans	Milan Real Estate Portfolio	86,072	5	171,900	30-nov-27	no depreciation for the first 5 years, 1% from the 6th to 8th year 1.5%for the 9th and 10th year	LTV <= 65%; LTV Group Share <= 60% ICR Cons Group Share>=125%; DSCR>=130%
Mortgage loans	Milan Real Estate Portfolio	95,347	6	476,080	1-feb-16	TERM LINES: from 31 March 2018 to 30 June 2021: 0.25% from 1 July 2021 to 1 Feb 2026 : 0.375% REVOLVING LINES: Being unused, the amount is not reimbursed but derecognised from the amount of the available revolving lines.	LTV <= 65%; LTV Group Share <= 60% ICR Cons Group Share>=150%; DSCR>=130%
Total financing with properties granted as collateral		**377,034**		**1,048,430**			
Other banks loans	**Committed lines**	**76,500**	**linee di credito non assistite da garanzia**	**-**			
Convertible bond	BOND 0,875% 2021	190,290			31-gen-21	Bullet	N/A
Total convertible bonds		**190,290**		**-**			
Bonds	Babylon	124,847			30-mar-22	Bullet	1) Secured Debt <= 40% Tot Assets 2)Unencumbered Tot Assets >= Unsecured Debt
Bonds	King	300,015			17-ott-24	Bullet	1) Unencumbered Tot Assets >= Unsecured Debt
Bonds	Queen	298,888			20-feb-28	Bullet	1) Unencumbered Tot Assets >= Unsecured Debt
Total Bonds		**723,750**					
Total financial debt		1,367,574		1,048,430			
	-	0					

Key with definitions and notes:
- DSCR Ratio between EBITDA and debt service;
- LTV Value ratio or "loan to value": ratio of loan (nominal) not reimbursed and the commercial value of the properties granted as collateral;
- DSA Debt Service Ability: ratio between lease payments and residual loan capital;
- ICR Interest Coverage Ratio: ratio between EBITDA and the amount of interest relating to the reference period;
- Fixed Debt Ratio: Fixed and hedged ML debt to total ML debt.

It is worth noting that during the half year, all "financial covenants" required by loan agreements and summarised in the table shown above were respected.

5.5 Information relating to the sale of properties in the first half of 2018 and on preliminary sale contracts in effect as at 30 June 2018

We provide the following financial information regarding the sales proceeds and repayment of the related borrowings with reference to sales completed during the first half of 2018.

	Sales price (nominal values)	Amount collected as at 30.06.2018	Nominal amount of the loan repaid
Assets held for sale	1,142	1,142	-
Trading properties	4,500	4,500	-
Total real estate sold as at 30.06.2018	**5,642**	**5,642**	**-**

On the other hand, with reference to preliminary sales contracts in place as at 30 June 2018, the following information is provided below regarding the price, the down-payment collected and the nominal amount at 30 June 2018 of loans related to the properties subject to preliminary agreements, to be repaid at the date of sale.

	Preliminary sale price	Amount collected at 30.06.2018	Down-payment collected at 30.06.2018
Assets held for sale	7,000	150	-
Total related to preliminary sales contract as at 30.06.2018	**7,000**	**150**	**-**

6 COMMENT ON THE ITEMS OF THE FINANCIAL STATEMENTS

6.1. NON-CURRENT ASSETS

6.1.1 Investment properties

	Land and buildings (*)
Balance as at 31 December 2017	**2,081,122**
Purchases	105,796
Capex (incremental costs)	13,045
Net revaluations	13,183
Reclassifications	38,904
Balance as at 30 June 2018	**2,252,050**

(*) On land and properties recorded at a value of 1,048,430 thousand of Euro, mortgages are recorded for a total of 2,229,577 thousand of Euro to guarantee the loans obtained.

The item *"Purchases"* refers to purchases:

- from the Pension Fund for UniCredit Group Staff, of 2 properties located in Milan, Piazza Duca d'Aosta no. 8 and in Milano, Piazza San Pietro in Gessate no. 2, at a total price of 24,930 thousand of Euro, plus transfer taxes and ancillary charges of 2,270 thousand of Euro;
- from a R.E. Fund managed by InvestiRe SGR S.p.A., of the property located in Milan, Via dell'Innovazione no. 3 at a price of 77,000 thousand of Euro, plus taxes and other ancillary charges of

1,596 thousand of Euro.

The item "*Capex*" refers to the expenses incurred for renovations and system replacements on various buildings.
The main initiatives are listed below:

City	Address	Capex € / k
Milan	Via Montebello	2,761
Milan	Via Cernaia	2,334
Milan	Galleria del Corso	1,519
Milan	Piazza Freud	1,434
Nerviano	SS 33 del Sempione	608
Milan	Via Rombon	491
Milan	Via Jenner	460
Ferrara	Via Darsena	399
Montenero	SS 16 Adriatica	309
Milan	Via Dante	265
Milan	Piazza S. Fedele	261
Milan	Piazza Monte Titano	254
Milan	Via dell'Unione/Via Torino	240
Beinasco	Via Falcone	231
Milan	Via Boscovich	224
Milan	Via Messina Torre D	206
Milan	Viale Certosa	156
Milan	Via Amedei	137
Total		**12,289**

It should be noted that, as of 2018, for an application more in line with the provisions of the reference standards, the Company has capitalised, on the value of properties, the effects of the linearisation of rents over the term of the respective contracts, as well as the initial direct costs of the lease contracts. For the first half of 2018, these capitalisations amounted to 5,993 thousand of Euro.

The item "*Net revaluations*" refers to the adjustments made during the period to the value of properties to align them to their fair value (in accordance with the provisions of the relevant accounting standards).

The item "*Reclassifications*", amounting to 38,904 thousand of Euro, refers to the reclassification of two properties from the category "properties under development" to the category "investment properties", following the completion of their redevelopment activities.

6.1.2 Properties under development

	Land and buildings
Balance as at 31 December 2017	**165,200**
Capex	13,917
Net write-downs	(13)
Reclassifications	(38,904)
Balance as at 30 June 2018	**140,200**

"*Capex*" refers to redevelopment activities carried out on the properties located in Milan, Via Principe Amedeo (4,935 thousand of Euro), in Turin, Corso Ferrucci (4,428 thousand of Euro), in Milan, Piazza Monte Titano (3,304 thousand of Euro) and in Milan, Via Colonna (1,250 thousand of Euro).
The development initiatives in Milan, Via Colonna and Piazza Monte Titano were completed during the half-year.
The above costs include: a) expenses incurred for construction works, technical activities, various consultancy services and other charges for 10,961 thousand of Euro; b) financial expenses for 2,090 thousand of Euro; c) remuneration paid to Company employees and recurring consultants employed directly on individual development initiatives for 37 thousand of Euro.
As stated above, as of 2018, for an application more in line with the provisions of the reference standards, the Company has capitalised, on the value of properties, the effects of the linearisation rents over the term of the respective contracts, as well as the initial direct costs of the lease contracts. For the first half of 2018, these capitalisations amounted to 829 thousand of Euro.

The item "*net write-downs*" refers to the adjustments made during the year to the value of properties to align them to their fair value (in accordance with the provisions of the relevant accounting standards).

With regard to "*reclassifications*" please refer to the previous section 6.1.1.

6.1.3 Operating properties and other assets

Description	Balance as at 31 December 2017			Sale					Balance as at 30 June 2018		
	Historical cost	Accumulated depreciation	Total	Historical cost	Accumulated depreciation	2018 increases	2018 depreciation	2018 Impairment	Historical cost	Accumulated depreciation	Total
Operating properties	9,873	(869)	9,004	-	-	2	(148)	-	9,875	(1,017)	8,858
Sub- total operating properties	**9,873**	**(869)**	**9,004**	**-**	**-**	**2**	**(148)**	**-**	**9,875**	**(1,017)**	**8,858**
Furniture/office equipment	1,195	(356)	839	-	-	-	(34)	-	1,195	(390)	805
Electronic equipment	204	(110)	94	(2)	1	12	(17)	-	214	(126)	88
Vehicles	146	(111)	35	(65)	65	-	(9)	-	81	(55)	26
Various equipment and other assets	200	(56)	144	-	-	-	(12)	-	200	(68)	132
Sub-total other assets	**1,745**	**(633)**	**1,112**	**(67)**	**66**	**12**	**(72)**	**-**	**1,690**	**(639)**	**1,051**
Total	**11,618**	**(1,502)**	**10,116**	**(67)**	**66**	**14**	**(220)**	**-**	**11,565**	**(1,656)**	**9,909**

The balance of the item "operating properties" refers to the portion of the property in Milan via Cornaggia, used as offices by the Company.

6.1.4 Intangible assets

Description	Balance as at 31.12.2017					Balance as at 30.06.2018		
	Historical cost	Accumulated depreciation	Balance at 31.12.2017	Depreciation	Increases	Historical cost	Accumulated depreciation	Balance at 30.06.2018
Software	495	(414)	81	(18)	245	740	(432)	308
General total	**495**	**(414)**	**81**	**(18)**	**245**	**740**	**(432)**	**308**

6.1.5 Investments

	Subsidiaries	Associates	Other companies	Total
Balance as at 31 December 2017	**555,449**	**3**	**842**	**556,294**
Capital increases and other contributions	225,000	-	-	225,000
Decreases from distributions of capital and reserves	-	-	(626)	(626)
Write-downs	(6)	-	-	(6)
Write-ups	-	-	11	11
Balance as at 30 June 2018	**780,443**	**3**	**227**	**780,673**

For information of subsidiaries, associates and other companies as at 30 June 2018, please refer to attachment no. 2.

Subsidiaries

The item "*capital increases and other contributions*", amounting to 225,000 thousand of Euro, refers entirely to the contribution, made during the half year, to the 100% subsidiary Beni Stabili Development S.p.A. SIINQ, with the aim of providing it with the financial resources necessary for the advancement of the development initiatives, of which it is the owner.

"*Write-downs*" for the half-year refer entirely to the investments in B.S. Attività Commerciali 3 S.r.l., by way of losses incurred by the latter.

The table below shows the comparison between the book value of investments in subsidiaries and the corresponding amount of their equity as at 30 June 2018.

(in thousands of Euro)	% shareholding	Shareholders' equity (IAS) of the investee company as at 30.06.2018	Book value of investments as at 30.06.2018	% shareholders' equity of BS	Delta between the book value of the investments and the corresponding % of shareholders' equity
B.S. Immobiliare 9 S.p.A. SIINQ	100%	123,667	115,184	123,667	(8,483)
B.S. Development S.p.A. SIINQ	100%	256,056	266,145	256,056	10,089
B.S. 7 S.p.A (*)	100%	24,650	22,207	24,650	(2,443)
RGD Gestioni S.r.l.	100%	1,581	2,334	1,581	753
B.S. Attività Commerciali 1 S.r.l.	100%	29	21	29	(8)
B.S. Attività Commerciali 2 S.r.l.	100%	91	25	91	(66)
B.S. Attività Commerciali 3 S.r.l.	100%	10	10	10	-
Central Sicaf S.p.A.	51%	798,306	374,449	407,136	(32,687)
RGD Ferrara S.r.l.	50%	97	68	49	20
Total		**1,204,487**	**780,443**	**813,269**	**(32,826)**

(*) The shareholders' equity specified for this company is that consolidated by B.S. 7 S.p.A. and its subsidiaries.

As regards B.S. Development S.p.A. SIINQ, it should be noted that the difference between the book value of the investment and the related shareholders' equity corresponds to the losses incurred by the company for costs that could not be capitalised on the initiated owned by it. These losses are not considered permanent as they can be fully recovered with the value creation expected from the two development initiatives that the subsidiary is implementing ("Symbiosis" and "The Sign" projects) and which will only be stated in its accounts gradually, given that the two projects are eventually completed (unlike losses, which, on the other hand, are already stated in its accounts) and having considered, however, that the two initiatives are now accounted for at the value of the June 2018 report, prepared by an independent expert, which incorporates the assessment of the risks associated with the completion of the aforementioned development projects and their subsequent marketing under market conditions (so-called value reduction due to "developer margin").
However, with reference to the investment in RGD Gestioni S.r.l., it should be noted that the company's shareholders' equity does not reflect the value commercial licensed owned by the Company, which is also estimated based on the value attributed to it with reports as at 30 June 2018, prepared by independent experts.
With reference to the investment in RGD Ferrara 2013 S.r.l., it was not considered necessary to write down the investment in order to align it to the corresponding shareholders' equity, considering that the misalignment between the two values is due to the loss incurred by the investee company during the first half of 2018, which is attributable to a specific, non-repeatable events and, as such, is expected to be absorbed as early as with the result of the second half of 2018.

As mentioned above, all subsidiaries are 100% owned by Beni Stabili, with the exception of Central Sicaf S.p.A., RGD Ferrara 2013 S.r.l..

Associated companies

The balance as at 30 June 2018 refers entirely to the value of the 30% stake in the capital of Real Estate Solution & Technology S.r.l, dedicated to the performance of Information Technology services for companies operating in the real estate sector.
It must be noted that the Company also holds 20% in the share capital of Beni Stabili Hotel S.A., whose value has been written off against the write-downs recorded in previous years, which also required the recognition of a specific provision for risks of a total of 32 thousand of Euro. This provision for risks for the first half of 2018 did not undergo any change.

Other companies

The balance as at 30 June 2018 of investments in other companies (investments included in the category of financial assets available for sale) includes the value: i) of the 4.09% investment in the share capital of Nomisma S.p.A. for 224 thousand of Euro (213 thousand of Euro as at 31 December 2017). This investment was subject to a write-up in value during the year for 11 thousand of Euro; ii) of the 17.18% interest in the consortium company Le Fornaci a r.l., for the management of the real estate units of the shopping centre of Beinasco (3 thousand of Euro).
During the half year, the investment in Mittel S.p.A. (amounting to 0.41% of the share capital) was sold. The sale took place at a price of 648 thousand of Euro.
In addition, the Company holds a 10% investment in the share capital of RSE Projekt Management AG and a 2.981% investment in Consorzio Census, the carrying amounts of which equal zero.

6.1.6 Securities

The item refers entirely to the units (no. 99) held in the real estate fund called Securis Real Estate managed by Investire SGR S.p.A.. The decrease during the half year referred to: i) the write-down of the fund units (for 133 thousand of Euro) for losses suffered and considered durable; ii) partial repayment of the units (for 39 thousand of Euro).

6.1.7 Trade receivables and other receivables

	30.06.2018	31.12.2017
Trade receivables		
Receivables form tenants	11,482	12,670
Total trade receivables	**11,482**	**12,670**
Other receivables		
Receivables from the Municipality of Rome for "reverse accession" and expropriations	8,887	8,972
Tax receivables	12,161	12,141
Provision for tax receivables	(18)	(18)
Guarantee deposits	73	56
Provision for write- down of other receivables	(2,239)	(2,239)
Total other receivables	**18,864**	**18,912**
Total trade receivables and other non-current receivables	**30,346**	**31,582**

The item "*Receivables from tenants*", for both financial years, fully accepts receivables for invoices to be issued to tenants that were recognised in compliance with the provisions of IAS 17 "Leases", linearising the total contractual payment over the duration of the lease and which, based on the forecasts contracts, will be payable only after 12 months compared to the reference date.

The item *"Receivables from the Municipality of Rome due to reverse accession and expropriations"* refers to: i) the indemnity, of residuals 7,432 thousand of Euro, due from the Municipality of Rome in respect of land subject to "reverse accession" without a legitimate administrative provision. In previous years, legal actions were filed against the Municipality of Rome, aimed at recognising an indemnity proportionate to the damage suffered by Beni Stabili, which was definitively settled in 2014. The receivable granted to the Company in court, partly already collected in previous years, was prudentially written down by 1,858 thousand of Euro, to take account of the actual prospects of recovery; ii) the receivable of 1,455 thousand of Euro, written down by 364 thousand of Euro and corresponding to the portion of the indemnity yet to be collected for a plot of land located in the Pietralata district in Rome, which was the subject of expropriation.
Activities aimed at collecting the aforementioned receivables from the Municipality undergoing completion. In view of the expected recovery times, the aforementioned receivables are classified among non-current assets.
The decrease recorded in this item during the half year refers to the collection of the receivable, amounting to 85 thousand of Euro, relating to the indemnity for expropriation (which occurred in financial year 2015), of a land located in Rome, Via di Tor Pagnotta.

The item "*Tax receivables*" mainly includes: i) the IRES tax receivable of 539 thousand of Euro resulting from the partial deductibility, for IRES purposes, of IRAP tax paid in previous years, as required by Italian Law no. 2/2009 and Italian Law no. 214/2011, unchanged compared with 31 December 2017; ii) receivables, totalling 7,595 thousand of Euro (the same amount as at 31 December 2017), resulting from payments made pursuant to the law pending the ongoing tax disputes, for information please see the following paragraph 7; iii) the IRES tax credit of the Group tax consolidation unit which arose in the 2014 tax period and in respect of which a reimbursement was requested in September 2015 for 4,013 thousand of Euro (3,993 thousand of Euro as at 31 December 2017).

"*Guarantee deposits*": the balance of the item as at 30 June 2018 refers entirely to guarantee deposits for 73 thousand of Euro (56 thousand of Euro as at 31 December 2017). These receivables are written down for 17 thousand of Euro.

6.1.8 Receivables from subsidiaries and associated companies

The balance of the item as at 30 June 2018 refers entirely to receivables from certain subsidiaries, for rents that will be invoiced in future years, but already recorded in the financial statements in compliance with the provisions of IAS 17 “Leasing”.

Below is a table with the changes in the half year of the aforementioned receivables:

	B.S. Attività Commerciali 1 S.r.l.	B.S. Attività Commerciali 2 S.r.l.	R.G.D. Gestioni S.r.l.	Central Sicaf S.p.A.	Revalo S.p.A.	Total
Balance as at 31 December 2017	**288**	**932**	**1,105**	**23**	**61**	**2,409**
Receivables from IAS rents linearization	(288)	(932)	140	4	11	(1,065)
Balance as at 30 June 2018	**-**	**-**	**1,245**	**27**	**72**	**1,344**

With regard to relations with subsidiaries and associated companies, please refer also to what is described in section 9 below

6.1.9 Derivative assets

The balance of the item as at 30 June 2018 refers to derivative instruments to hedge the risk of fluctuations in the interest rate of outstanding floating bank loans and, in particular: i) to two *Swaptions*, whose fair value is positive at 1,170 thousand of Euro (633 thousand of Euro as at 31 December 2017); and ii) to a CAP instrument, whose fair positive value is equal to 2 thousand of Euro (14 thousand of Euro as at 31 December 2017). As at 31 December 2017, this item also included the value of IRS (*Interest Rate Swap)* instruments totalling 320 thousand of Euro.

“*Derivatives instruments on interest rates*”: the fair value of these transactions is shown in the following table:

	30.06.2018	31.12.2017
IRS	-	320
Swaption	1,170	633
Cap	2	14
Total	**1,172**	**967**

“*Interest rate Swap*”*:* these are contracts that convert the variable rate into a fixed rate; the fixed rate of these contracts is shown in the following table:

Description	30.06.2018		31.12.2017	
	Min	Max	Min	Max
Euribor	-	-	0.71%	0.71%

“*Swaptions*”: these are financial products that involve the purchase of an option to enter into an interest rate swap and at the same time the transfer to the counterparty itself of an option to enter into an *interest rate swap*. In particular, the contract signed by the Company involves the purchase of a payer *swaption* and the sale of a *receiver swaption*. The fixed IRS rate underlying the *payer swaption* is higher than the fixed rate of the IRS underlying the *receiver swaption*. This product ensures a minimum level and a fixed rate maximum level at which to convert the interest flows of a variable rate debt that is expected to be entered into at a future date. In fact, on the exercise date of the options, if the reference fixed rate is higher than the maximum fixed rate defined contractually, the Company will exercise the right to subscribe an IRS in which it will pay said fixed rate (in the event of the Company's exercise of the *payer swaption*) and will receive the variable reference rate. If, on the other hand, the fixed reference rate is lower than the minimum contractually defined rate, the Company will be obliged to underwrite an IRS in which it will pay the fixed rate (in the event the *receiver swaption* is exercised by the bank counterparty) and receive the variable reference rate.

“*Cap*”: is an optional derivative financial instrument. For the payment of a premium, the Company is entitled to receive, in the periods in which the Euribor rate is higher than a maximum level (known as the *strike-rate*), equal, for the existing instrument, to 0.50% , the differential between the Euribor rate and the aforementioned strike rate. However, nothing is due to the Company for the period in which the Euribor is lower than the strike-rate.

Changes in the item during the half year are shown in the following table:

Balance as at 31 December 2017	**967**
Spreads paid / (collected)	-
Change in fair value recognised in Profit and Loss Account (*)	(204)
Change in fair value recognised against Cash Flow Hedge Reserve	(294)
Early repayment	702
Balance as at 30 June 2018	**1,172**

(*) This change is attributable for 61 thousand of Euro to changes in the assumptions on creditworthiness (DVA / CVA) of the contractual parties.

6.1.10 Deferred tax assets

	Tax Losses	Total
Balance as at 31 December 2017	**1,151**	**1,151**
Increases recognised in Profit and Loss Account	*2*	*2*
Decreases recognised in Profit and Loss Account	-	-
Balance as at 30 June 2018	**1,153**	**1,153**

The balance of the item refers entirely to deferred tax assets recognised on tax losses, based on the prospects for future taxable income of the companies participating in the Group's tax consolidation.

To complete the above, it must be noted that the Company accumulates tax losses, usable as compensation for taxable future IRES of the national tax consolidation of the Beni Stabili Group, for a total of 77,941 thousand of Euro, used only for 4,804 thousand of Euro to apply the aforementioned IRES prepaid taxes, calculated at a rate of 24%. Consequently, there is a balance of 73,137 thousand of Euro of tax losses in respect of which deferred tax assets have not been recorded.

6.2 CURRENT ASSETS

6.2.1 Trading properties

	Land and buildings
Balance as at 31 December 2017	**22,560**
Capex	473
Sales	(4,454)
Net write-downs	(554)
Balance as at 30 June 2018	**18,025**

The item "*Capex*" primarily refers to expenses borne for restructuring of the property located in Padua, Via degli Zabarella (385 thousand of Euro) and of the property located in Gorizia, Via XX Settembre (75 thousand of Euro).

On the other hand, the item "*Sales*" refers to the sale of a unit of the same Gorizia property.

The item "*Net write-downs*" refers to the adjustments that became necessary to adjust the book value of the properties to their estimated realisable value.

6.2.2 Trade receivables and other receivables

	30.06.2018	31.12.2017
Trade receivables		
Property sales and investment disposals	1,607	1,607
Receivables from tenants	31,422	28,766
Receivables from customers for services	46	137
Provision for write-downs of trade receivables	(20,797)	(20,156)
Total trade receivables	**12,278**	**10,354**
Other receivables		
Tax receivables	3,539	2,514
Bail and guarantee deposits	54	54
Sundry receivables	3,780	8,155
Provision for write-down of other receivables	(867)	(867)
Total other receivables	**6,506**	**9,856**
Total trade and other receivables	**18,784**	**20,210**

"Property sales and investment disposals" the balance at 30 June 2018, as well as at 30 June 2017, refers to: i) the remaining balance of 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. SGR (207 thousand of Euro). These receivables have been fully written down.

"Receivables from tenants": includes the following receivables: i) from tenants of properties equal to 29,990 thousand of Euro (27,334 thousand of Euro as at 31 December 2017); ii) relating to the guaranteed return recognised in previous years and due from the sellers of the property located in Bologna, Via Nanni Costa, amounting to 1,432 thousand of Euro (the same amount as at 31 December 2017).

It must be noted that receivables from tenants include: i) receivables for invoices to be issued recorded in accordance with IAS 17 "Leases", linearising the total contractual consideration over the duration of the lease (4,297 thousand of Euro and 4,189 thousand of Euro, respectively, for 30 June 2018 and 31 December 2017); ii) a position of 10,024 thousand of Euro (the same amount as at 31 December 2017) towards the bankruptcy of the former tenant of the Shopping Centre of Ferrara, for which reference must be made to paragraph 7 below.

"Receivables from customers for services": the balance of the item as at 30 June 2018 refers to services rendered to third parties by the Company.

With reference to the allowance for trade receivables, changes for the period are shown below.

	Provision for write-down of trade receivables
Balance as at 31 December 2017	**20,156**
Provisions	1,297
Uses	(162)
Releases	(494)
Balance as at 30 June 2018	**20,797**

The item *"Tax receivables"* is mainly represented by: i) the IRAP credit of 118 thousand of Euro, equal to the credit carried forward from the previous year (195 thousand of Euro), shown net of the tax due for the period (77 thousand of Euro); ii) the IRES tax credit of 3 thousand of Euro, equal to the amount of withholding taxes incurred by the Company during the current tax period; iii) the VAT credit for the period of 1,108 thousand of Euro; iv) the IMU credit of 440 thousand of Euro resulting from higher payments respect to the amount really due (the same amount as at 31 December 2017); v) the receivable of 1,823 thousand of Euro, resulting from payments made pending tax dispute established for the audit on tax periods 2008, 2009 and 2010, defined in the previous financial year and the reimbursement of which is expected.

"Sundry receivables": this item mainly includes: i) accrued income and prepaid expenses for 2,254 thousand of Euro (6,653 thousand of Euro as at 31 December 2017) relating to registration tax for lease contracts for 392 thousand of Euro (482 thousand of Euro as at 31 December 2017), commissions on loans not yet paid, sureties and prepaid commissions on "committed" and "revolving" credit lines for 703 thousand of Euro (2,640 thousand of Euro as at 31 December 2017). As at 31 December 2017, this item included significant prepaid expenses on other costs that were closed during the half year (3,250 thousand of Euro); ii) interest on other credit positions of 650 thousand of Euro (the same amount as at 31 December 2017), fully written down; iii) miscellaneous advances amounting to 218 thousand of Euro, written down for 77 thousand of Euro (200 thousand of Euro and 77 thousand of Euro as at 31 December 2017, respectively); iv) receivables from loans granted to the investee company RGD Ferrara S.r.l. for 96 thousand of Euro (the same amount as at 31 December 2017).

6.2.3 Receivables from subsidiaries and associated companies

	30.06.2018	31.12.2017
Receivables from subsidiaries		
Loans	-	179,959
Current accounts	25,632	40,994
Total of receivables for loans and current accounts	***25,632***	***220,953***
Trade receivables for the services and leases	4,705	5,761
Receivables arising from the consolidation of the IRES taxable income	167	9,299
Total receivables from subsidiaries	**30,504**	**236,013**

The item "*loans*" to subsidiaries was cleared to zero during the half year due to the repayment of the loan that the Company had granted to Beni Stabili Development S.p.A. SIINQ.

"Current accounts" are interest bearing and are used to transfer financial resources from/to subsidiaries, with a view to optimising Group finance.

"*Trade receivables*" refer to infra-group leases and to services provided by Beni Stabili S.p.A. SIIQ to subsidiaries (mainly administrative, accounting, tax, personnel management and information technology services). The above receivables will be settled by agreement through the current accounts.

The agreements for the consolidation of IRES taxable income (national tax consolidation) involve Beni Stabili

S.p.A. SIIQ for the recognition of a credit or a payable in relation respectively to the transfer, by companies participating in the consolidation procedure of the IRES taxable income, of a tax income or a tax loss. The above credit / debit corresponds to 24% of the positive or negative taxable amount transferred and to the nominal value of the transferred tax credits. The above positions will be settled by agreement through the current accounts, when the balance of taxes will be due for the 2018.

For information on receivables from subsidiaries and associated companies, broken down by investee company, please refer to attachment no. 3.

6.2.4 Cash and cash equivalents

These total 14,169 thousand of Euro (281,635 thousand of Euro as at 31 December 2017) and are entirely represented by bank deposits.
For more information on changes in cash and cash equivalents at 30 June 2018, please refer to the "Cash Flow Statement".

6.2.5 Assets available for sale

The balance of the item refers to the value of assets whose value will reasonably be recovered through disposal activities. In particular, the balance of the item as at 30 June 2018 refers entirely to the value of the properties (other than those trading properties), the sale of which is considered highly likely in the short term.

Below is a table that summarises the changes recorded for the period in the value of the property portfolio classified under this item:

	Land and buildings (*)
Balance as at 31 December 2017	**8,064**
Sales	(1,124)
Capex	-
Net write-downs	-
Reclassifications	-
Balance as at 30 June 2018	**6,940**

The item "*sales*" for the period, for a total book value of 1,124 thousand of Euro, refers to the sale of certain units of a property located in Bologna.

As at 31 December 2017, the item also included the balance of 66,080 thousand of Euro, relating to a 9% stake in the capital of Central SICAF S.p.A., which was sold during the half year at a price of 71,284 thousand of Euro, with a positive margin of 5,204 thousand of Euro.

6.3 EQUITY

The Shareholder's equity is as follows:

	30.06.2018		31.12.2017	
Share Capital		226,959		226,959
Share premium reserve		279,042		279,042
Legal reserve	45,392		45,392	
Reserve pursuant to Law 266/05	911,942		911,942	
Reserve pursuant to Law 72/83	191		191	
Reserve pursuant to Law 413/91	53		53	
Reserve pursuant to Law 2/2009	24,130		24,130	
Reserve pursuant to Law 917/86	12		12	
Unavailable reserve pursuant to Leg. Decree 38/2005	266,987		309,828	
Cash flow hedge reserve	(12,400)		(13,566)	
Reserve for the purchase of treasury shares	(655)		(655)	
Total other reserves		1,235,652		1,277,327
Retained earnings	22,367		10,027	
Profit/(Loss) for the period	45,489		44,364	
Total net profits not distributed		67,856		54,391
Total Equity		**1,809,509**		**1,837,719**

(*) *As at 30 June 2018, the authorised share capital amounted to 246,957,280.40 of Euro and is subscribed and paid in for 226,959,280.30 of Euro. The subscribed and paid-up share capital is made up of 2,269,592,803 ordinary shares with a par value of 0.10 of Euro each (the same figure as at 31 December 2017). It must be stated that Beni Stabili S.p.A. SIIQ holds 961,000 treasury shares.*

With regards to the analysis of changes in the Shareholders' Equity from 1 January 2016 to 30 June 2018, please refer to the "Statement of changes in equity".

It must be noted that the Shareholders' Meeting of 12 April 2018, which approved the separate financial statements of Beni Stabili S.p.A. SIIQ as at 31 December 2017, also resolved:

i) to reclassify 42,842 thousand of Euro of the Reserve subject to the unavailability constraint according to Article 6 of Italian Legislative Decree no. 38/2005, increasing the Reserve for retained earnings;

ii) to distribute, to shareholders, a total dividend of 74,865 thousand of Euro (0.033 of Euro per share, excluding treasury shares in the portfolio), drawn down in the amount of 44,364 thousand of Euro from the net profit for the year and in the amount of 30,501 thousand of Euro from the Retained Earnings.

As at 30 June 2018, the reserve relating to the application of *hedge accounting* to hedging derivatives (*Cash Flow Hedge* reserve) was negative for 12,400 thousand of Euro (the negative balance was equal to 13,566 thousand of Euro as at 31 December 2017). The following table shows the changes in this reserve for the first half of 2018 and for financial year 2017:

Description	1st half 2018	2017 FY
Opening balance of the Cash Flow Hedge Reserve	**(13,566)**	**(12,778)**
Releases corresponding to the underlying cash flows appearing in the Profit and Loss Account	1,647	2,191
Releases as a result of early settlements of hedging instruments and/or interrupted hedges	365	(2,188)
Contribution to Central SICAF	-	(3,945)
(Increases)/decreases due to changes in fair value of hedging instruments (effective changes)	(846)	3,154
Closing balance of the Cash Flow Hedge Reserve	**(12,400)**	**(13,566)**

In the following table, instead, the time interval with which the *Cash Flow Hedge* reserve will flow into the Profit and Loss Account, on the assumption that the underlying cash flows remain unchanged.

	Balance at 30.06.2018						Balance at 31.12.2017					
	Book value	up to 6 months	from 6 month to 12 months	from 1 year to 2 years	for over 2 year up to 5 Years	More than 5 years	Balance sheet value	up to 6 months	from 6 month to 12 months	from 1 year to 2 years	for over 2 year up to 5 Years	More than 5 years
Cash flow hedge reserve	(12,400)	(1,150)	(1,185)	(2,528)	(5,167)	(2,370)	(13,566)	(1,648)	(1,125)	(2,693)	(5,486)	(2,614)
Total	**(12,400)**	**(1,150)**	**(1,185)**	**(2,528)**	**(5,167)**	**(2,370)**	**(13,566)**	**(1,648)**	**(1,125)**	**(2,693)**	**(5,486)**	**(2,614)**

The table below summarises the reserves shown in the financial statements as at 30 June 2018, highlighting their nature and possible use, also taking into account any specific statutory destinations:

Reserve	Type	Amount	Possible use
- Share premium reserve	Capital	279,042	A, B, C
- Reserve for the purchase of treasury share	Capital	(655)	-
- Legal reserve	Profit	12	B
- Legal reserve	Capital	45,380	B
- Reserve pursuant to Law 266/2005	Profit	233,641	A, B, C
- Reserve pursuant Law 266/2005	Capital	678,301	A, B, C
- Reserve pursuant Law 2/2009	Capital	6,908	A, B, C
- Reserve pursuant Law 2/2009	Profit	17,222	A, B, C
- Reserve pursuant Law 72/1983	Profit	191	A, B, C
- Reserve pursuant Law 413/1991	Profit	53	A, B, C
- Reserve pursuant art. 89 Decree 917/1986	Profit	12	A, B, C
- Unavailable reserve pursuant to leg. Decree 38/2005	Profit	266,987	-
- Cash flow hedge reserve	Capital	(12,400)	-
- Retained earnings	Profit	67,856	A, B, C
Total Capital reserves		**996,576**	
Total Profit reserves		**585,974**	

A: Share capital increase; B: To cover losses; C: Distribution.

It must be noted that the following reserves are untaxed, for a total of 936,328 thousand of Euro : i) revaluation reserve Law no. 266/05, for 911,942 thousand of Euro; ii) revaluation reserve Law 78/83, for 191 thousand of Euro ; iii) revaluation reserve Law 413/91, for 53 thousand of Euro ; iv) reserve for contributions pursuant to Art. 55 (now 89) of Italian Presidential Decree no. 917/86, for 12 thousand of Euro; v) revaluation reserve pursuant to Law 2/2009, for 24,130 thousand of Euro.

It must also be noted that as early as 2015, in relation to the obligations of non-distribution of dividends pursuant to Art. 6 of Italian Legislative Decree 38/2005, was subject to the non-distribution constraint for 24,226 thousand of Euro, the free amount of the revaluation reserve pursuant to Law 266/05, which is consequently therefore burdened, in addition to the constraint for tax purposes and limited to this amount, also by a constraint of non-distribution.

6.4 NON-CURRENT LIABILITIES

6.4.1 Financial payables

	30.06.2018	31.12.2017
Mortgage loans	373,686	330,395
Other bank loans	76,500	-
Bonds	717,044	669,499
Convertible bonds	189,549	187,641
Total non-current financial debts	**1,356,779**	**1,187,535**

“Mortgage loans”

This item comprises payables, with a maturity "beyond 12 months", for medium and long-term loans secured by a mortgage. Capital repayments of mortgages with a maturity within 12 months are shown as part of current financial payables (see section 6.5.1).

The subdivision of the non-current portion of these payables by due date is shown below:

	30.06.2018	31.12.2017
More than 12 months, but within 24 months	3,311	2,387
More than 24 months, but within 5 years	11,088	7,161
More than 5 years	359,287	320,847
Total non-current portion	**373,686**	**330,395**

Mortgage loans outstanding as at 30 June 2018 are mainly regulated at a variable rate. The following table shows the relative average effective interest rate that was calculated without taking into account hedging transactions against the risk of fluctuation of the interest rates:

	Average effective interest rate on an annual basis	
	30.06.2018	31.12.2017
Euribor	1.44%	1.38%

In relation to the above loans, there are some hedging transactions against the risk of fluctuation of the interest rates. The table below shows the nominal amount of debt hedged as at 30 June 2018, compared with 31 December 2017:

Description		30.06.2018	31.12.2017
Nominal outstanding of variable rate debt (excluding accrued coupon rate)	(a)	317,372	271,242
Outstanding hedging instruments (IRS-CAP)	(b)	175,000	200,000
% of variable rate hedging of payables (IRS) - (b) / (a)		55.14%	73.73%

"Other bank loans"

This item, amounting to 76,500 thousand of Euro as at 30 June 2018, refers entirely to the debt for use of committed credit lines, which is expected to be maintained over the next 12 months.

"Bonds"

At 30 June 2018, this item refers to the non-current portion of the bonds issued by Beni Stabili S.p.A. SIIQ, in particular:

1) the unsecured bond issued in 2015 for a total nominal amount of 125,000 thousand of Euro, with a duration of 7 years and with a fixed coupon of 2.125% on an annual basis;
2) the unsecured bond issued in 2017 for a total nominal amount of 300,000 thousand of Euro, with a duration of 7 years and with a fixed coupon of 1.625% on an annual basis;
3) the unsecured bond issued in 2018 for a total nominal amount of 300,000 thousand of Euro, with a duration of 10 years and with a fixed coupon of 2.375% on an annual basis;

The changes in the non-current portions of the trhee aforementioned bonds outstanding during the half-year are shown in the tables below.

"Bond with a nominal value of 125 million of Euro"

	Nominal amount	Issue costs	Book value
Balance as at 31 December 2017	**125,000**	**(958)**	**124,042**
Interest accrued in the period	-	86	86
Adjustment of issue costs	-	47	47
Balance as at 30 June 2018	**125,000**	**(825)**	**124,175**

It must be noted that against a nominal rate of 2.125%, the effective interest rate, calculated solely for accounting purposes, was instead equal to 2.319%. The nominal interest coupon accrued as at 30 June 2018 (673 thousand of Euro) is classified under financial payables.

" Bond with a nominal value of 300 million of Euro – due 2024"

	Nominal amount	Issue costs	Book value
Balance as at 31 December 2017	**300,000**	**(3,678)**	**296,322**
Interest accrued in the period	-	253	253
Balance as at 30 June 2018	**300,000**	**(3,425)**	**296,575**

It must be noted that against a nominal rate of 1.625%, the effective interest rate, calculated solely for accounting purposes, was instead equal to 1.817%. The nominal interest coupon accrued as at 30 June 2018 (3,440 thousand of Euro) is classified under financial payables.

" Bond with a nominal value of 300 million of Euro – due 2028"

	Nominal amount	Issue costs	Book value
Issue date	**300,000**	**(3,829)**	**296,171**
Interest accrued in the period	-	123	123
Balance as at 30 June 2018	**300,000**	**(3,706)**	**296,294**

It must be noted that against a nominal rate of 2.375%, the effective interest rate, calculated solely for accounting purposes, was instead equal to 2.521%. The nominal interest coupon accrued as at 30 June 2018 (2,594 thousand of Euro) is classified under financial payables.

The balance in the item as at 31 December 2017 also included the unsecured bond issued in 2014 for a total nominal amount of 250,000 thousand of Euro, with a duration of 5 years and with a fixed coupon of 3.5% on an annual basis, which was repaid early during the half year; The change is as follows:

	Nominal amount	Issue costs	Carrying amount
Balance as at 31 December 2017	**250,000**	**(865)**	**249,135**
Interest accrued in the period	-	136	136
Early repayment	(250,000)	729	(249,271)
Balance as at 30 June 2018	**-**	**-**	**-**

"Convertible bonds"

The item refers to the non-current portion of the debt relating to the nominal 200,000 thousand of Euro convertible bond issued to Beni Stabili S.p.A. SIIQ during 2015 and maturing in 2021.

The table below shows changes recorded in the half-year of the non-current portion of the convertible loan:

	Nominal amount	Effect of initial biforcation of the conversion option component	Issue costs	Book value
Balance as at 31 December 2017	**200,000**	**(11,468)**	**(891)**	**187,641**
Interest accrued in the period - quota related to the value of the conversion option and to issue costs	-	1,774	134	1,908
Balance as at 30 June 2018	**200,000**	**(9,694)**	**(757)**	**189,549**

The portion relating to the nominal interest accrued from the last coupon detachment (January 2018) as at 30 June 2018 for the aforementioned Bond stood at 741 thousand of Euro. This amount is recorded under current financial payables. It must be noted that against a nominal rate of 0.875%, the effective interest rate calculated for accounting purposes also taking into account initial biforcation of the optional component from the debt one was, instead, equal to 3.014%.

"Fair value of financial payables"

The *fair value* as at 31 December 2018 and 31 December 2017, of the various categories of current and non-current financial payables, compared with the respective book values, is shown in the following table:

	Borrowings Current and non-current portions as at 30.06.2018			Borrowings Current and non-current portions at 31/12/2017		
	Book value	Nominal amount	Fair value (*)	Book value	Nominal amount	Fair value (*)
Loans and other short-term debts	60,000	60,000	60,000			-
Mortgage loans	377,034	382,677	383,537	332,815	336,545	336,545
Other bank loans	76,500	76,500	76,500	-	-	-
Bonds	723,750	731,707	739,693	1,042,622	1,048,168	1,039,760
Convertible bonds	190,290	200,741	193,881	188,375	200,734	191,939
Total	**1,427,574**	**1,451,625**	**1,453,611**	**1,563,812**	**1,585,447**	**1,568,244**

(*) The fair value of floating-rate financial debts was calculated considering it coinciding with the nominal value of the latter. The nominal value includes the portion of interest accrued and not paid. The fair value of fixed rate financial payables is valued using the Discounted Cash Flow method. On the basis of this method, the fair value of these loans is calculated by determining the expected cash flows and discounting them at the spot rates implicit in the Euribor curve, increased by the credit spread.

6.4.2 Derivative liabilities

The balance as at 30 June 2018, relates to: i) interest rate derivative contracts whose fair value loss totalled 2,451 thousand of Euro (4,962 thousand of Euro as at 31 December 2017); ii) the fair value of the conversion options relating to the convertible bonds amounting to 11,708 thousand of Euro (17,729 thousand of Euro as at 31 December 2017). The value of this option has been recorded under liabilities as there are no conditions to qualify it as a component of equity (in accordance with the provisions of IAS 32 "Financial Instruments: Exposure and Supplementary Information").

"*Derivatives instruments on interest rates*": the fair value of these transactions is shown in the following table:

	30.06.2018 Fair value	31.12.2017 Fair value
Interest Rate Swap	2,451	4,962
Total	**2,451**	**4,962**

"*Interest rate Swap*": these are contracts that convert the variable rate into a fixed rate; the fixed rate of these contracts is shown in the following table:

Description	30.06.2018		31.12.2017	
	Min	Max	Min	Max
Euribor	0.71%	0.85%	0.81%	1.44%

The table below provides details of changes recorded during the first half of 2018 in interest rate derivative contracts:

	"Hedge accounting" derivative instruments	"Held for trading" derivative instruments	Total
Balance at 30.06.2017	**4,962**	**-**	**4,962**
Spreads (paid)/collected	(154)	-	(154)
Decreases due to early repayments	(2,928)	-	(2,928)
Change in the fair value recorded against the Cash Flow Hedge reserve	551	-	551
Change in the fair value recorded in the profit and loss account (*)	20	-	20
Balance at 30.06.2018	**2,451**	**-**	**2,451**

(*) This change is attributable for 37 thousand of Euro to changes in the assumptions on creditworthiness (DVA / CVA) of the contractual parties.

Please refer to the previous section 6.1.9 with reference to derivative instruments which, as at 30 June 2018, present a positive fair value.

6.4.3 Severance indemnity

Below is a table that summarises the changes in the half-year of payables for severance indemnity.

Balance as at 31 December 2017	**153**
Cost of the service rendered	
- recorded in the profit and loss account	168
- recorded as an increase in the value of "properties under development" as it refers to personnel directly involved in development activities	2
Changes due to actuarial differences recorded under Equity	-
Settlement and payment to pension funds	(191)
Balance as at 30 June 2018	**132**

It must be noted that the number of staff at the closing date is equal to 54 (52 employees as at 31 December 2017), represented as follows:

	30.06.2018	31.12.2017
Managers	8	8
Executives	14	12
Employees	32	32
Total	**54**	**52**

The average number of staff employed during the half-year was equal to 53 people (52.5 people in 2017).

6.4.4 Deferred tax liabilities

	Difference in the book value / tax value of properties	Total
Balance as at 31 December 2017	**624**	**624**
Increases for the half year	-	-
Decreases for the half year	-	-
Balance as at 30 June 2018	**624**	**624**

Deferred taxes refers to the difference between the book and tax value of properties excluded from the SIIQ regime and did not undergo any changes during the half-year.

6.5 CURRENT LIABILITIES

6.5.1 Financial payables

	30.06.2018	31.12.2017
Loans and other short-term debts	60,000	-
Mortgage loans	3,348	2,420
bonds	6,706	373,123
Convertible bonds	741	734
Total financial payables	**70,795**	**376,277**

"*Loans and other short-term debts*": as at 30 June 2018, this item included hot-money short-term loans.

"*Mortgage loans*": include the portion of medium and long-term loans secured by a mortgage maturing "within 12 months" (3,311 thousand of Euro) and the relevant payable for accrued and unpaid accrued interest (37 thousand).

"*Bonds*": the balance as at 30 June 2018, amounting to 6,706 thousand, refers to the debt for nominal coupons of interest accrued and not yet paid on bonds (non-convertible) issued by the Company.

As at 31 December 2017, this item included the Bond issued in 2014 for a total nominal amount of 350,000 thousand of Euro, maturing in January 2018 and with a book value of 363,550 thousand of Euro. The change in book values recorded during the period are shown below:

	Nominal amount	Issue costs	Coupon accrued	Book value
Balance as at 31 December 2017	**350,000**	**(45)**	**13,595**	**363,550**
Interest accrued in the period	-	45	842	887
Coupons paid in the period	-	-	(14,437)	(14,437)
Repayment on maturity	(350,000)	-	-	(350,000)
Balance as at 30 June 2018	**-**	**-**	**-**	**-**

It must be noted that against a nominal rate of 4.125%, the effective interest rate, calculated solely for accounting purposes, was instead equal to 4.354%.

"*Convertible bonds*": the balance of the item as at 30 June 2018 is 741 thousand of Euro and refers to the nominal interest coupon currently being accrued on the convertible bond expiring in 2021.

For the fair value of financial payables, refer to the table in paragraph 6.4.1 above.

6.5.2 Payables to subsidiaries and associated companies

	30.06.2018	31.12.2017
Payables to subsidiaries		
Current accounts	4,659	942
Loans	3,985	3,978
Commercial relations	1,618	1,856
Total payables to subsidiaries	**10,262**	**6,776**

In relation to the current accounts, commercial transactions and payables arising from the tax consolidation, reference must also be made to the comments already reported in the context of receivables from subsidiaries (section 6.2.3).

A breakdown per investee company of these payables is shown in Attachment no. 4.

6.5.3 Trade payables and other payables

	30.06.2018	31.12.2017
Trade payables		
Suppliers	26,634	31,641
Advance payments	150	1,150
Payables due to the parent company FdR	580	1,504
Total trade payables	**27,364**	**34,295**
Tax payables		
Current taxes for the period	-	321
VAT	1	135
IMU/TASI	1	1
Other tax payables	476	1,249
Total tax payables	**478**	**1,706**
Other payables		
Social security institutions	216	223
Employees	711	567
Payables from leases	8,475	8,906
Sundry payables	3,502	3,387
Total other payables	**12,904**	**13,083**
Trade and other payables	**40,746**	**49,084**

"*Suppliers*": the item mainly refers to payables for invoices to be received for 19,827 thousand of Euro (18,023 thousand of Euro as at 31 December 2017) and payables kept as guarantee for 5,553 thousand of Euro (4,399 thousand of Euro as at 31 December 2017). These payables refer to property costs, costs for redevelopment / renovation of properties and overheads associated with various kind of services received and various purchases made.

"*Advance payments*": the balance of the item refers entirely to deposits paid by promissory buyers of properties subject to preliminary sales agreements.

"*Payables due to the parent company FdR*": the balance refers to the amount due to the parent company for services provided to the Company, for which reference must be made to the contents of paragraph 9 below.

"*Other tax payables*": this item includes payables for withholding taxes withheld as a withholding agent. For both periods compared, this item also includes the debt arising for the definition, through judicial settlement, of the dispute arising with Agenzia delle Entrate (Tax Authority), with regard to the deductibility of interest expense, for the 2008, 2009 and 2010 tax periods, which shall soon be settled.

"*Employees*": this item includes payables to employees mainly for holidays accrued but not taken and additional monthly payments.

"*Payables from leases*": the balance relates to: i) rents and ancillary charges invoiced in advance, but of future accrual (4,335 thousand of Euro as at 30 June 2018 and 4,361 thousand of Euro as at 31 December 2017); ii) to guarantee deposits (3,798 thousand of Euro as at 31 December 2017 and 3,895 thousand of Euro as at 31 December 2017); iii) payables for adjustments of the rental revenues and advances received from tenants (342 thousand of Euro as at 30 June 2018 and 650 thousand of Euro as at 31 December 2017).

"*Sundry payables*": this item mainly includes: i) 2,136 thousand of Euro (2,148 thousand of Euro as at 31 December 2017), the quota of the contribution received from Ferrovie dello Stato S.p.A., not yet used, relating to urbanisation costs of the Garibaldi Complex; ii) for 279 thousand of Euro (361 thousand of Euro as at 31 December 2017), payables to directors and statutory auditors; iii) 233 thousand of Euro for condominium expenses (the same amount as at 31 December 2017); iv) for 107 thousand of Euro, payables for disputes to be settled (the same amount as at 31 December 2017).

6.5.4 Provisions for risks and charges

	31/12/2017	Provisions	Releases	Uses	Reclassifications	30.06.2018
Provisions for taxes	507	-	-	-	-	507
Other provisions for risks and charges	7,873	-	(35)	(22)	-	7,816
Total	**8,380**	**-**	**(35)**	**(22)**	**-**	**8,323**

"*Provision for taxes*": includes provisions made to cover charges that may arise in relation to tax assessments and other tax liabilities.

"*Other provisions for risks and charges*": includes provisions for risks connected to outstanding disputes and provisions for probable future charges related to the properties in the portfolio.
The decrease refers to certain uses for expenses that became certain and were incurred during the half year, whilst the releases refer entirely to presumed liabilities for commitments associated with certain lease contracts that exceeded actual needs.

6.6 STATEMENT OF PROFIT (LOSS) FOR THE PERIOD (INCOME STATEMENT)

Information on the main profit and loss items for the half year is shown below.

6.6.1 Net rental income

	30.06.2018	30.06.2017
Rental income	48,240	65,458
Intragroup rental income (1)	3,414	3,377
Revenue from penalities due from tenants	3	3
Total rent revenues	**51,657**	**68,838**
Write-downs / losses and release of provision on receivables from tenants	(901)	(449)
Legal consulting for disputes with tenants	(32)	(56)
Total write-downs / losses (and release) of provision on receivables from tenants and recovery costs	**(933)**	**(505)**
Costs of resolution of rental agreements	0	(289)
Registration tax on rental contracts	(487)	(761)
Municipal Property Tax (IMU)/TASI	(5,936)	(7,945)
Maintenance and property management expenses	(6,493)	(6,010)
Maintenance and property management expenses from subsidiaries (1)	(1,091)	(1,268)
Costs for leasing of properties subleased	(837)	(684)
Intragroup costs incurred on properties subleased	(12)	(10)
Recovery of expenses from tenants	3,961	3,722
Recovery of expenses from tenants (subsidiaries) (1)	26	29
Marketing costs	(37)	(329)
Total costs	**(10,906)**	**(13,545)**
Property costs	**(11,839)**	**(14,050)**
Net rental revenues	**39,818**	**54,788**

(1) For a breakdown of intragroup costs and revenues, please refer to attachment no. 5. These revenues, in particular, refer to the leasing of the property located in Milan, Galleria del Corso, of portions of the properties located in Milan, Via Cornaggia, of portions of the shopping centre located in Beinasco (TO) and of the shopping centre located in Vigevano (PV). The above costs refer to property management services rendered by Revalo S.p.A.

6.6.2 Net revenues for services

	30.06.2018	30.06.2017
Revenues for services to third parties	15	21
Revenues for "Corporate", "Legal" and "Asset Management" services (1)	1,671	1,204
Total revenues for services	**1,686**	**1,225**
Intragroup costs for the provision of services (1)	(658)	(487)
Total costs for services	**(658)**	**(487)**
Total net revenue	**1,028**	**738**

(1) A breakdown of intragroup costs and revenues is provided in attachment no. 6.

6.6.3 Operating costs

	30.06.2018	30.06.2017
Wages and salaries	(2,103)	(2,133)
Social security charges	(615)	(619)
Severance indemnity	(168)	(149)
Free Share [(1)]	(127)	(251)
Early resignation incentive	(400)	(256)
Total staff costs	**(3,413)**	**(3,408)**
Securities management and listing costs	(239)	(227)
Board of Directors and control body remuneration	(659)	(749)
Costs for leasing of properties	(450)	(580)
Consultancy and other expenses for services	(3,731)	(6,260)
Legal consulting for property disputes	(69)	(129)
Other legal advice	(126)	(87)
Costs for intragroup services [(2)]	(57)	(104)
Total overheads	**(5,331)**	**(8,136)**
Total operating costs	**(8,744)**	**(11,544)**

(1) This cost was recorded for the entire amount of 127 thousand of Euro against payables to the parent company FdR, due to the forms for settlement of the underlying plans. In particular, for all the plans assigned, the Company makes to FdR a payment equal to the fair value (at the grant date) of the options assigned to its employees. For this reason, the cost was recorded against a corresponding debt item, rather than an increase in Shareholders' Equity.

(2) Information on the above costs is provided in Attachment no.7.

6.6.4 Other revenues and income and other costs and charges

Other revenues and income and other costs and charges can be detailed as follows:

	30.06.2018	30.06.2017
Intragroup revenues from the charge-back of costs[(1)]	65	45
Other revenues and income and exceptional write-downs of liabilities	311	186
Other revenues and income	**376**	**231**
Amortisation, depreciation and write-downs	(408)	(589)
Sundry taxes and other levies	(778)	(963)
Other costs and charges	(114)	(14)
Other costs and charges	**(1,300)**	**(1,566)**
Total	**(924)**	**(1,335)**

(1) Information on the above costs is provided in Attachment no. 8.

6.6.5 Property sales

	30.06.2018			30.06.2017		
	Trading properties	Investment properties	Assets held for sale	Trading properties	Investment properties	Assets held for sale
Sales revenues	**4,500**	**-**	**1,142**	**2**	**-**	**31,850**
Book value of properties sold	(4,454)	-	(1,124)	(2)	-	(31,802)
Brokerage costs and ancillary charges from sales (1)	(126)	(500)	(38)	-	-	(220)
Total cost of sales and sales charges	**(4,580)**	**(500)**	**(1,162)**	**(2)**	**-**	**(32,022)**
Profit / (loss) from properties sales	**(80)**	**(500)**	**(20)**	**-**	**-**	**(172)**

(1) This item includes expenses for intermediation and other costs directly and/or indirectly associated with property sales.

6.6.6 Financial income and expense

Description	30.06.2018	30.06.2017
Financial income on current accounts and bank deposits	13	12
Other financial income	42	41
Total financial income	**55**	**53**
Financial charges on mortgage loans	(2,570)	(2,737)
Financial charges of other financing	-	(847)
Financial charges of bonds	(9,004)	(12,928)
Financial charges of convertible bonds	(883)	(2,167)
Spread related to derivative intruments on interest rates	(155)	(1,218)
Medium-long term financial charges - monetary portion	***(12,612)***	***(19,897)***
Financial charges on mortgages and other loans	(402)	(608)
Financial charges of bonds	(655)	(816)
Financial charges of convertible bonds	(1,908)	(2,822)
Non-monetary IRS hedging share	(1,503)	(111)
Medium-long term financial charges - non-monetary portion	***(4,468)***	***(4,357)***
Financial charges for short-term payables - monetary portion	***(154)***	***(467)***
Charges for unused credit lines	***(908)***	***(324)***
Charges corresponding to the inneffective portion of the change in the fair value of hedging intruments	(223)	(980)
Change in the fair value of the bond conversion option	6,020	(23,396)
Change in the fair value of derivatives	***5,797***	***(24,376)***
Financial charges due to the reversal of "Cash Flow Hedge" reserves for derivatives closed early and related costs	(364)	-
Financial charges for the early repayment of loans	(11,343)	(17,101)
Financial charges related to property sales	-	-
Financial charges connected to property sales and early repayment of loans and derivatives	***(11,707)***	***(17,101)***
Other financial expenses	***(14)***	***(5)***
Capitalised borrowing costs	***2,090***	***3,009***
Total financial expenses	**(21,976)**	**(63,518)**
Total	**(21,921)**	**(63,465)**

6.6.7 Financial income and expense from subsidiaries, associates and other

	30.06.2018	30.06.2017
Financial income from subsidiaries (1)	261	4,250
Financial expense from subsidiaries (1)	(100)	(43)
Capital gains from the sale of investments	5,204	7,444
Dividends from subsidiaries	18,867	-
Write-down of shares held in subsidiaries and associated companies	(6)	(2)
Total income / (charges) from subsidiaries and associated companies	**24,226**	**11,649**
Write-downs of shares held in other companies	(133)	(35)
Revaluation of shares held in other companies	11	17
Capital gains on sales of investments in other companies	22	-
Total income / (charges) from other companies	**(100)**	**(18)**
Total income / (charges) from subsidiaries, associated companies and other	**24,126**	**11,631**

(1) A breakdown of income from subsidiaries is shown in Attachment no. 9, while a breakdown of charges from subsidiaries is shown in Attachment no. 10.

6.6.8 Taxes

	30.06.2018	30.06.2017
Current taxes	91	358
Deferred tax liabilities (deferred taxes)	0	93
Deferred tax assets (pre-paid texas)	2	(393)
Total taxes for the year (current and deferred)	**93**	**58**
Recalculation of current taxes for previous years	(3)	28
Recalculation of deferred taxes (assets and liabilities) of previous years (1)		-
Total income and expenses from recalculation of the tax burden of previous years	**(3)**	**28**
Total taxes	**90**	**86**

Current taxes for the half year include IRES Income of 166 thousand of Euro, shown net of IRAP for the year at 76 thousand of Euro.

Below is a breakdown of the tax burden transferred to the profit and loss account, with the breakdown of the portion attributable to IRES and IRAP.

	Balance at 30.06.2018			Balance at 30.06.2017		
	IRES	IRAP	Total	IRES	IRAP	Total
Total current taxes	166	(76)	90	423	(65)	358
Pre-paid taxes						
- tax losses	2	-	2	(394)	-	(394)
- costs not deducted	-	-	-	-	-	-
Total pre-paid taxes	**2**	**-**	**2**	**(394)**	**-**	**(394)**
Deferred taxes						
- difference between the real estate book value and tax value	-	-	-	93	-	93
Total deferred taxes	**-**	**-**	**-**	**93**	**-**	**93**
Total	**168**	**(76)**	**92**	**122**	**(65)**	**57**

6.6.9 Earnings per share

For both periods, as required by IAS 33 "Earnings per share", at the bottom of the Statement of Profit/(Loss), the basic and diluted Earnings per share were shown, for the result for the year attributable to holders of ordinary equity instruments of Beni Stabili S.p.A. SIIQ.

For the above purpose, the basic profit (loss) per share was calculated by comparing the net result for the period, with the weighted average number of ordinary shares outstanding during the year.

The average of shares, for the purposes of calculating diluted earnings per share, is calculated by adding to the weighted average number of ordinary shares outstanding during the year, used to calculate the basic earnings per share, the weighted average of any potential additional ordinary shares, with dilution effects, considered as converted into ordinary shares from the beginning of the year or from their subsequent issue date. The net profit (loss) for the period used for calculating diluted earnings per share is, consequently, adjusted for the charges (net of the relevant tax effect) pertaining to the year relating to financial instruments to which the potential additional ordinary shares correspond with dilutive effects, since these charges would not have occurred in the assumption of conversion of these potential shares.

It is specified that potential ordinary shares outstanding are considered as having a dilutive effect only when their conversion into ordinary shares has the effect of reducing profit per share or increasing the loss per share.

As shown in the table below, potential ordinary shares outstanding in the two half years compared, while they did not generate dilutive effects as at 30 June 2017, led to a dilutive effect of the profit (loss) as at 30 June 2018.

The dilutive effect amounting to 0.00298 per share is exclusively attributable to the recognition, during the half year, of the proceeds due to the change in fair value of the conversion option of the outstanding convertible loan (which, in the first half of 2017, on the other hand, involved the recognition of a charge) and, therefore, due to the consequent reduction in the result for the period, considering the loan as converted from the beginning of the year for the purposes hereby concerned.

	30.06.2018	30.06.2017
Net profit (thousand Euro)	45,489	25,384
Net profit adjusted to calculate the diluted earnings per share (thousand Euro)	42,228	25,384
Weighted average of ordinary shares in issue in the half-year	2,268,631,803	2,268,631,803
Weighted average of ordinary shares for the half-year to calculate the diluted earnings per share	2,474,054,975	2,268,631,803
Basic earnings per share	**0.02005**	**0.01119**
Diluted earnings per share	**0.01707**	**0.01119**

7 DISPUTES AND POTENTIAL LIABILITIES

Civil litigations

Litigations against Bankruptcy of Magazzini Darsena S.p.A., Bankruptcy of Darsena F.M. S.r.l. and Partxco S.p.A.

As of 2010, Beni Stabili started several litigations before the competent trial courts to recover the rents not paid by Magazzini Darsena S.p.A. and by its sub-tenant Darsena FM S.r.l., in relation to the Shopping Mall "Darsena City" in Ferrara.

Moreover, a claim for arbitration was filed by Beni Stabili with the Milan Arbitration Chamber, in order to ascertain the right to obtain an adjustment reducing the sale price paid to the seller Magazzini Darsena S.p.A. for the purchase of the aforementioned Shopping Mall, (hereinafter, "Property A"), as well as to acknowledge 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 as jointly liable) to pay future rents and the penalty already accrued due to failure to deliver a further portion of the Shopping Mall (hereinafter, "Property B"). In 2013, this judgement was then concluded with the filing of the award by the Arbitration Tribunal, which, first and foremost, had sentenced (i) Magazzini Darsena, Darsena FM and Partxco to pay 2.5 million of Euro by way of a price adjustments of "Property A"; (ii) Partxco to pay 12.5 million of Euro by way of compensation for the non-payment of rents and (iii) Magazzini Darsena and Partxco to pay 16 million of Euro by way of penalty for the delayed delivery of "Property B".

Beni Stabili, along with the co-owner of the shopping mall IGD S.p.A. SIIQ, also submitted the claims for declaration of bankruptcy of the companies concerned in order to obtain, as soon as possible, the availability of the business conducted in the shopping mall. These proceedings were then concluded, following the release of the arbitration award, with the declaration of bankruptcy (in July 2013) of Magazzini Darsena and Darsena FM.

Following the aforementioned declaration of bankruptcy, in October 2013, in partial transaction, Beni Stabili reached an agreement with the bankruptcy receiver of Magazzini Darsena and Darsena FM – in which the parent company, Partxco, was not involved, given that, at the time, it was not subject to bankruptcy procedures - by virtue of which it achieved the return of the property from Magazzini Darsena, acquired the business conducted in the shopping mall (with the related commercial authorisations) from Darsena FM and terminated the preliminary contract for the purchase of "Property B" and the related agreements. It also achieved the final acceptance by Magazzini Darsena of the 2.5 million of Euro price reduction for the sale of "Property A" (already collected through the enforcement of a surety).

As part of the mentioned transaction, Beni Stabili did not waive the receivables accrued until the declaration of bankruptcy and recognised by the judgements passed as a result of the judgements undertaken with regard to the bankrupt companies that, therefore, were almost entirely admitted to bankruptcy proceedings. Between 2015 and 2016, Beni Stabili collected, from the Bankruptcy of Darsena FM, approximately 1.5 million of Euro.

In June 2014, Partxco S.p.A. appealed the aforementioned arbitration award at the Court of Appeal of Milan. In October 2015, the Court of Appeal of Milan defined the appeal judgement by accepting the objection raised by Beni Stabili. In February 2016, Partxco (which became bankrupt in the meantime) then filed an appeal with the Court of Cassation. On 18 April 2018, the Court of Cassation rejected the appeal filed by Fallimento Partxco S.p.A., ordering the latter to pay the court fees.

Arbitration against Fondo Pensioni per il Personale della Banca Commerciale Italiana in liquidation – COMIT Fund

In April 2017, Fondo Pensioni per il Personale della Banca Commerciale Italiana in liquidation (COMIT Fund) notified Beni Stabili S.p.A. of an Arbitration Application (at the Arbitration Chamber of Milan), requesting the reimbursement of the sum of 55.2 million of Euro, paid by the Fund (and in the same amount also by Beni Stabili) for the transaction reached with the Italian Revenue Agency relating to the tax dispute resulting from the sale (in 2006) of shares in the company “Immobiliare Fortezza S.r.l.”, to which the entire real estate portfolio of the Comit Fund was contributed.

Beni Stabili proceeded to file an appearance by filing a counterclaim which, in addition to challenging the opposing claims (on the assumption, in very brief summary, that in this case the provisions of Article 1475 of the Italian Civil Code, governing the costs of the sale, do not apply), in turn, demanded the reimbursement, from the Fund, of the portion paid by the Company. Whereas, (again, in very brief summary) in the case in question, the provisions of Article 1298 of the Italian Civil Code (internal relations between jointly liable debtors or creditors) must be applied, which, for various reasons discussed in the deed of incorporation, would lead to identifying the Fund as a wholly burdened subject, so as to safeguard the economic balance agreed between the Parties at the time of the conclusion of the transaction and to avoid an unjust gain for the Fund to the detriment of Beni Stabili.

During the trial, 4 hearings were held, the last of which on 26 June 2018, upon the outcome of which the arbitration panel reserved the right to decide on the case.

The deadline for arbitration filing shall expire on 31 October 2018.

Due to this and taking into account the opinion of the lawyer assisting the Company, it is believed that, upon the outcome of the Arbitration, the emergence of a liability for Beni Stabili, albeit being considered possible, is to be considered unlikely and, therefore, no provision for risks was set aside in the financial statements.

Tax litigations and assessments

Below, is a summary of the main tax litigations that involved Group companies.

It should be noted that, during the first half of 2018, no Company of the Group was subject to tax audits.

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

In 2007, Sviluppi Immobiliari S.p.A. (merged by incorporation into Beni Stabili S.p.A. SIIQ) received a tax demand with a claim for higher IRAP taxes (2.7 million of Euro plus penalties and interest) for the alleged failure to pay taxes on capital gains achieved in 2002 from the disposal of its interest 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. The Company appealed to the Supreme Court of Cassation appealed against the ruling issued by the judges of second instance, supported by reasons of unlawfulness and groundlessness. In February 2018, the Court of Cassation accepted the appeal against the negative ruling of the Regional Tax Commission, referring all proceedings to the latter.

Therefore, over the next few months, the Company shall summarise the case before the Regional Tax Commission.

In accordance with the specific validity of the legal arguments supporting the Company's rationale and the positive outcome of the discussion at the Court of Cassation, 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 (6.2 million of Euro, recognised as tax receivables).

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

In 2009, the Milan Tax Authority served Beni Stabili S.p.A. SIIQ, a settlement notice for the purposes of registration tax, relating to the acquisition of the investment in Montenero S.r.l. The Tax Authority considered it possible to restructure the transaction in a single agreement concerning the direct sale of the business unit, exercised in the Shopping Mall of Montenero di Bisaccia, with a consequent demand for payment by way of "supplementary tax" amounting to approximately 0.4 million of Euro, plus interest and penalties.

In April 2018, the Company's appeal, previously already accepted in both first and second instance, was also confirmed by the Court of Cassation.

The litigation has, therefore, been finally settled.

Notice of IRES tax assessment - tax period 2005

Following a tax audit relating to tax year 2005, the Tax Authority issued two notices of assessment, disputing the use of previous tax losses, (within of the Consolidated Taxes of the Beni Stabili Group) demanding additional tax of 0.3 million of Euro, plus penalties and interest. Rulings under Cassation currently pending against these notices of assessment.

In view of the objective anomaly consisting of the contradicting rulings issued for the same matter in the previous levels of judgement, as well as based on the reasons submitted by the Company in the proceedings, it appears reasonable to believe that arising of a liability is not probable.

Notice of IRES and VAT tax assessment - tax period 2011

Following a general tax audit relating to the 2011 tax period, in November 2016, the Tax Authority served two notices of assessment with which it required the payment of higher IRES and VAT taxes totalling 3.4 million of Euro, plus penalties and interests. These total claims for taxes and penalties therefore amount to approximately 6.7 million of Euro (plus interest accrued to date).

The assessments mainly concern contingent assets which, in the opinion of the Tax Authority cy, the Company should have taxed following the definitive non-conversion in capital of part of the bonds of a Convertible Bond issued in 2006 and which expired in 2011. Specifically, the presumed contingent assets would have consisted of the portion of interest payable recorded in the income statement in financial years 2009 and 2010, in application of so-called amortised cost, expressing the effect of accounting the instrument issued separately between the debt component and the equity component referring to the implicit option to each of the bonds repaid as at the maturity of the loan and, therefore, not converted into Company shares.

This interest payable was never deducted by the Company, given that it exceeds the maximum threshold set out by Article 96 of the TUIR.

In January 2017, the Company submitted an appeal to the Provincial Tax Commission of Rome; the date for discussion of the hearing is pending.

The claims of the Tax Authorities, partly on the basis of the tax opinions acquired, are considered unlawful and the emergence of a definitive liability upon the outcome of the procedure, albeit considered possible, is deemed unlikely, with the consequent right to reimbursement of the sums paid pending judgement (totalling 1.3 million of Euro and recorded under tax receivables).

8 COMMITMENTS

Except for the matters described below, as at 30 June 2018, there were no significant contractual risks and commitments other than the standard guarantees given by the Group in relation to property sales and investment disposals.

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 second urban development costs and standard monetisation as a total of 24.3 million Euro. Agreements between the Municipality and the owners envisage that this commitment had to be paid by Beni Stabili S.p.A. SIIQ, in addition to cash payments, also by disposal (completed in 2014) of the area in Via Elio Vittorini, Milan, after the demolition of the building standing on that area and the construction of a public park on the same area. In this context note also the 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 million of Euro. After the sale of the area above, the obligations with regard to the Municipality were substantially fulfilled and discussions with the Municipality are in progress to define the final settlement.

On the other hand, with reference to the initiatives under development (as broadly described in the Management Report), a table summarising the forecasts of expenses (updated as at the date of publication of this Consolidated Half-Yearly Financial Report) for the completion of every initiative, distinguished by how much realised and future expense, is shown below.

(Million Euro)	Expected cost of the initiative (*)	Quota corresponding to what has already been carried out	Quota corresponding to what must be carried out in the next financial years	Expected completion
Torino, C.so Ferrucci	29.6	22.3	7.3	2017-2019
Milano, via Principe Amedeo	13.1	6.5	6.6	2019
Total cost of ongoing initiatives	**42.7**	**28.8**	**13.9**	

(*) Includes charges of urbanization, reclamations, construction costs and technical expenses.

9 INTERCOMPANY TRANSACTIONS AMONG BENI STABILI GROUP COMPANIES, TRANSACTIONS WITH THE PARENT COMPANY AND WITH RELATED PARTIES

Relations between Beni Stabili S.p.A. SIIQ and its direct or indirect subsidiaries are mainly of a financial nature and consist of current accounts or the issuance of guarantees, in the interest of the subsidiaries and in favour of their counterparties, in the context of financial transactions entered into by these.

In relation to the foregoing, it should be pointed out that:

1. Imser Securitisation 2 S.r.l. supplied Beni Stabili S.p.A. SIIQ with a loan of 3,978 thousand of Euro, interest-bearing at the three-month Euribor, plus a spread, to be paid on a deferred basis (interest accrued and not settled amounting to 13 thousand of Euro as at 30 June 2018);
2. in January 2018, Beni Stabili Development S.p.A. SIINQ provided for the early settlement of the loan that had been granted by Beni Stabili S.p.A. SIIQ.

Between Beni Stabili S.p.A. SIIQ and some of its subsidiaries, trade relations are in progress, mainly relating to property leases and property, legal, administrative and financial services, as well as staff secondments. The above transactions are conducted on an arm's length basis.

With reference to property leases, it should specifically be noted that, as at 30 June 2018, the following contracts were in place between Beni Stabili S.p.A. SIIQ and a number of its subsidiaries and associates:

- with R.G.D. Gestioni S.r.l.: i) a lease agreement on property units in the "Il Ducale" shopping mall in Beinasco (Turin) expiring on 31 December 2023 (automatically renewable for a further 6 years, unless terminated); ii) a lease contract on property units in the "Le Fornaci" shopping mall in Vigevano (Pavia) expiring on 31 December 2018 (renewable for a further 6 years, unless terminated); iii) a lease for some commercial units of the property based in Milan, via Dante no. 7, with a 6-year duration, expiring in December 2022 (automatically renewable for further six years unless terminated). The three aforementioned contracts envisaged a rent that varies according to the turnover achieved from subleasing the property units and related businesses to third parties (amounting to 1,422 thousand of Euro for the first half of 2018);
- with B.S. Attività Commerciali 1 S.r.l., a lease contract on a number of property units in the Galleria del Corso, Milan, expiring on 30 March 2023 (automatically renewable for a further six years, unless terminated) and a rent that varies according to the turnover achieved from subleasing the property units and related business units (amounting to 311 thousand of Euro for the first half of 2018);
- with B.S. Attività Commerciali 2 S.r.l., a lease contract on a number of property units in the Galleria del Corso, Milan, expiring on 30 March 2023 (automatically renewable for a further six years, unless terminated) and a rent that varies according to the turnover achieved from subleasing the property units and related business units (amounting to 1.539 thousand of Euro for the first half of 2018);
- with Revalo S.p.A. a lease contract of some units of the property based in Milan, via Carlo Ottavia Cornaggia no.10, of a 7-year term, running from July 2017 (automatically renewable for further six

years, unless terminated). The rental fee accrued for the first half of 2018 amounted to 61 thousand of Euro; ii) an agreement for the free use (signed in March 2018) of certain units of the property located in Turin, Corso Ferrucci no. 112, with a term of one year and automatically renewable for a further year;

- with B.S. Engineering S.r.l., a lease agreement for some units of the property based in Milan, via Carlo Ottavio Cornaggia no.10, of a 7-year term, running from July 2017 (renewable for six years, unless terminated). The rental fee accrued for the first half of 2018 amounted to 116 thousand of Euro (plus ancillary charges);
- with Central Sicaf S.p.A., an agreement for the lease of certain units of the property located in Milan, via Amedei no. 8, effective as of 1 April 2017 until 31 March 2024 (renewable for six years, unless terminated). The rental fee accrued for the first half of 2018 amounted to 22 thousand of Euro (plus ancillary charges);

Also, during the half-year:

- the sub-lease agreement signed with the the associated company Real Estate Solution & Technology S.r.l. (part owned by Beni Stabili S.p.A. SIIQ at 20%) of certain real estate units of the property located in Rome, via Piemonte no. 38 (which generated fees amounting to 10 thousand of Euro during the year) was early terminated;
- Revalo S.p.A. granted a sub-lease to Beni Stabili S.p.A. SIIQ of certain units (for office use) of the property located in Rome, at via S. Teresa no. 35. The agreement became effective as of 8 January 2018 and shall expire on 31 December 2022. The rental fee accrued for the first half of 2018 amounted to 55 thousand of Euro (plus ancillary charges).

In addition to the foregoing, it should be noted that Revalo S.p.A. renders, in favour of the Company, property management services whose consideration for the first half of 2018 was 1,091 thousand of Euro (1,268 thousand of Euro for the first half of 2017).

It should also be noted that, along with most of the direct or indirect subsidiaries, Beni Stabili S.p.A. SIIQ has adopted the Group tax consolidation.

With respect to relations between Beni Stabili S.p.A. SIIQ and the parent company Foncière des Régions S.A., it should be noted that:

- Foncière des Régions S.A. provides Beni Stabili S.p.A. SIIQ with sundry consultancy services, whose cost for the first half of 2018 was 245 thousand of Euro (315 thousand of Euro for the first half of 2017);
- the Parent Company is in charge of an existing cash pooling contract. As at 30 June 2018, however, this agreement is not yet in force;
- Foncière des Régions S.A. decided on a *free*-share grant to certain employees of the Beni Stabili Group. Specifically, on 30 June 2018, Group employees were assigned free Foncière des Régions S.A. shares, which will be made available in various tranches in the 2016-2020 period provided employee service continues. It should be specified that, for those assignments, the Group will pay Foncière des Régions S.A. (in annual tranches) a consideration equal to their fair value as at the date

the instruments were assigned to the beneficiaries. The total cost recorded in the Income Statement in the first half of 2018 for the free shares assigned by Foncière des Régions S.A. to the employees of the Beni Stabili Group, was equal to 168 thousand of Euro.

It should also be noted that, Beni Stabili S.p.A. SIIQ is subject to the management and control of the Parent Company Foncière des Régions S.A., with registered office in Metz (France). Please refer to the separate and consolidated financial statements of Foncière des Régions S.A. and the reports of its control-bodies for a more complete overview of the equity and financial position and the results of Foncière des Régions S.A. and the Foncière des Régions Group as at 31 December 2017, as available on the parent company's website.

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

i. between Beni Stabili S.p.A. SIIQ and Partimmo S.r.l. (company indirectly controlled by Leonardo Del Vecchio) two lease contracts are in place, covering some portions of the property in Milan – Piazza San Fedele, signed in 2014 and with a 4- and 6-year term and an annual rent of 55 and 91 thousand of Euro, respectively. The signing of these agreements, due to their value, was classified as a “minor” but “ordinary” transaction, pursuant to the Procedure adopted by the Company and the related regulations applicable to related parties and, as such, were not subject to the application of the procedural rules in this regard;

ii. on 27 June 2018, Beni Stabili S.p.A. SIIQ acquired, from a Real Estate Fund managed by Investire SGR S.p.A., a property in Milan, viale dell’Innovazione no. 3, at a price amounting to 77 million of Euro. Being the management company owned by Beni Stabili S.p.A. SIIQ in the amount of 17.89%, the transaction was configured as a transaction between related parties, but excluded from the application of the aforementioned Procedure as an “intra-group transaction”, the counterparty being an associated company of Beni Stabili S.p.A. SIIQ.

Beni Stabili S.p.A. SIIQ

Annexes

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

The undersigned Christophe Kullmann and Barbara Pivetta, respectively as managing director and manager in charge of drafting the corporate accounting documents of Beni Stabili S.p.A. SIIQ, hereby certify, also taking into account the provisions of Article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy, in relation to the characteristics of Beni Stabili S.p.A. SIIQ; and
- the effective application of the administrative and accounting procedures for the producing the interim Financial Statements as at 30 June 2018 pursuant to Article 2501-*quater* of the Italian Civil Code.

It is hereby certified that the interim Financial Statements:

a) has been prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) corresponds to the results of the books and accounting records;

c) is suitable for providing a truthful and correct representation of the economic and financial standing of Beni Stabili S.p.A. SIIQ.

18 July 2018

The Managing Director	The manager in charge of drafting the corporate accounting documents
______________________	______________________
(Christophe Kullmann)	(Barbara Pivetta)

(in thousands of Euro)

INFORMATION ON INVESTMENTS

NAME	REGISTERED OFFICE	% OF SHARES HELD	SHARE CAPITAL	BOOK VALUE AS AT 30.06.2018
Subsidiaries				
RGD Ferrara 2013 S.r.l.	Rome - Via Piemonte no. 38	50	100	68
B.S. Attività Commerciali 1 S.r.l.	Milan - Via Carlo Ottavio Cornaggia no. 10	100	10	21
B.S. Attività Commerciali 2 S.r.l.	Milan - Via Carlo Ottavio Cornaggia no. 10	100	10	25
B.S. Attività Commerciali 3 S.r.l.	Milan - Via Carlo Ottavio Cornaggia no. 10	100	10	10
R.G.D. Gestioni S.r.l.	Milan - Via Carlo Ottavio Cornaggia no. 10	100	10	2,334
B.S. 7 S.p.A.	Rome - Via Piemonte no. 38	100	520	22,207
Beni Stabili Development S.p.A. SIINQ	Milan - Via Carlo Ottavio Cornaggia no. 10	100	120	266,145
B.S. Immobiliare 9 S.p.A. SIINQ	Milan - Via Carlo Ottavio Cornaggia no. 10	100	120	115,184
Central SICAF S.p.A.	Milan - Via Amedei n. 8	51	50,006	374,449
Total - subsidiaries				**780,443**
Associated companies				
Real Estate Solution & Technology S.r.l.	Roma - Via Proba Pretonia n. 40	30	10	3
Beni Stabili Hotel S.à r.l.	Rue Aldringen n. 19 - L-1118 Luxembourg	20	3,000	-
Total - associated companies				**3**
Other companies				
Nomisma - Società di Studi Economici S.p.A.	Bologna - Strada Maggiore n. 44	4.09	6,606	224
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 - Germany	10	25,565	-
Total - Other companies				**227**
TOTAL NON-CURRENT INVESTMENTS				**780,673**

(in thousands of Euro)

RECEIVABLES FROM SUBSIDIARIES AND ASSOCIATED COMPANIES

NAME	CURRENT ACCOUNT	TRADE RECEIVABLES FOR LEASES AND SERVICES	RECEIVABLES FROM THE FISCAL CONSOLIDATION	BALANCE AS AT 30.06.2018
Beni Stabili Development S.p.A. SIINQ	22,049	527	10	22,586
B.S. Attività Commerciali 1 S.r.l.	214	181	-	395
B.S. Attività Commerciali 2 S.r.l.	1,423	835	8	2,266
B.S. Attività Commerciali 3 S.r.l.	10	3	-	13
B.S. 7 S.p.A.	-	15	-	15
B.S. Immobiliare 9 S.p.A. SIINQ	-	20	8	28
B.S. Engineering S.r.l.	733	191	-	924
Beni Stabili Real Estate Advisory S.r.l.	-	2	-	2
Central SICAF S.p.A.	-	1,613	-	1,613
Beni Stabili Retail S.r.l. in liquidation	-	-	-	-
Revalo S.p.A.	1,203	112	96	1,411
R.G.D. Gestioni S.r.l.	-	2,550	45	2,595
TOTAL CURRENT AND NON.CURRENT RECEIVABLES FROM SUBSIDIARIES	**25,632**	**6,049**	**167**	**31,848**

(in thousands of Euro)

PAYABLES FROM SUBSIDIARIES AND ASSOCIATED COMPANIES

NAME	CURRENT ACCOUNT	FINANCING	COMMERCIAL RELATIONS	PAYABLES FROM THE FISCAL CONSOLIDATION	BALANCE AS AT 30.06.2018
Beni Stabili Real Estate Advisory S.r.l.	76	-	1	-	77
B.S. Immobiliare 9 S.p.A. SIINQ	2,870	-	23	-	2,893
B.S. 7 S.p.A.	1,106	-	3	-	1,109
B.S. Engineering S.r.l.	-	-	468	-	468
R.G.D. Gestioni S.r.l.	607	-	7	-	614
Central SICAF S.p.A.	-	-	-	-	-
Revalo S.p.A.	-	-	1,116	-	1,116
IMSER Securitisation 2 S.r.l.	-	3,985	-	-	3,985
Total	**4,659**	**3,985**	**1,618**	**-**	**10,262**

(in thousands of Euro)

Intragroup revenues and costs related to real estate activities

Name	Rental revenues	Recovered expense	Costs of service activities	Total as at 30.06.2018
R.G.D. Gestioni S.r.l.	1,422	13	-	1,435
B.S. Engineering S.r.l.	58	4	-	62
B.S. Attività Commerciali 1 S.r.l.	311		-	311
B.S. Attività Commerciali 2 S.r.l.	1,539		-	1,539
Revalo S.p.A.	62	7	(1,091)	(1,022)
Central SICAF S.p.A.	22	2	-	24
Total	**3,414**	**26**	**(1,091)**	**2,349**

(in thousands of Euro)

REVENUES FOR INTRAGROUP SERVICES (AND COSTS FOR RELATED SUBCONTRACTING)

NAME	TOTAL AS AT 30.06.2018
B.S. Attività Commerciali 1 S.r.l.	10
B.S. Attività Commerciali 2 S.r.l.	10
B.S. Attività Commerciali 3 S.r.l.	3
Central SICAF S.p.A.	1,553
Beni Stabili Retail S.r.l. in liquidation	0
B.S. 7 S.p.A.	10
Revalo S.p.A.	3
Beni Stabili Development S.p.A. SIINQ	40
B.S. Immobiliare 9 S.p.A. SIINQ	20
B.S. Engineering S.r.l.	10
Beni Stabili Real Estate Advisory S.r.l.	3
R.G.D. Gestioni S.r.l.	10
Total revenues	**1,671**
Revalo S.p.A.	(658)
Total costs	**(658)**

COSTS FOR INTRAGROUP SERVICES

NAME	STAFF SECONDMENT
B.S. Engineering S.r.l.	52
Revalo S.p.A.	5
TOTAL	**57**

INTRAGROUP REVENUE FROM COSTS CHARGED

NAME	STAFF SECONDMENT	REMUNERATION PAID TO BOARD DIRECTORS	TOTAL AS AT 30.06.2018
Beni Stabii Development S.p.A. SIINQ	-	8	8
Central SICAF S.p.A.	1	8	9
B.S. Engineering S.r.l.	-	8	8
Revalo S.p.A.	27	15	42
Total	**28**	**37**	**65**

FINANCIAL REVENUES FROM SUBSIDIARIES

NAME	FINANCIAL REVENUES FROM CURRENT ACCOUNTS AND FINANCING
B.S. 7 S.p.A.	17
Beni Stabili Development S.p.A. SIINQ	215
B.S. Attività Commerciali 2 S.r.l.	13
Revalo S.p.A.	6
B.S. Engineering S.r.l.	7
B.S. Attività Commerciali 1 S.r.l.	3
TOTAL	**261**

FINANCIAL CHARGES FROM SUBSIDIARIES

NAME	FINANCIAL EXPENSES FROM CURRENT ACCOUNTS
Beni Stabili Real Estate Advisory S.r.l.	1
B.S. Immobiliare 9 S.p.A. SIINQ	51
IMSER Securitisation 2 S.r.l.	13
B.S. 7 S.p.A.	3
Beni Stabili Development S.p.A. SIINQ	12
R.G.D. Gestioni S.r.l.	20
TOTAL	**100**

(in thousands of Euro)

SUMMARY OF ITEMS OF THE FINANCIAL STATEMENTS, DRAFTED IN ACCORDANCE WITH THE FRENCH ACCOUNTING PRINCIPLES, CLOSED AT 31.12.2017 OF FONCIERE DES REGIONS

	31.12.2017
BALANCE SHEET	
ASSETS	
TOTAL FIXED ASSETS	5,874,983
TOTAL CURRENT ASSETS	957,259
TOTAL ASSETS	**6,832,242**
LIABILITIES	
SHAREHOLDERS' EQUITY	3,669,930
TOTAL PROVISIONS FOR RISKS AND CHARGES	44,655
TOTAL PAYABLES	3,117,657
TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES	**6,832,242**

PROFIT AND LOSS ACCOUNT	
OPERATING REVENUES	99,762
OPERATING COSTS	(86,965)
FINANCIAL INCOME (CHARGES)	415,002
NON-RECURRING INCOME (CHARGES)	16,568
TAXES FOR THE YEAR	(1,359)
PROFIT / (LOSS) FOR THE YEAR	**443,008**

(in thousands of Euro)

REMUNERATION TO DIRECTORS AND AUDITORS

NAME AND SURNAME	OFFICE HELD	TERM OF OFFICE	EMOLUMENTS FOR THE OFFICE OF DIRECTOR (*)	EMOLUMENTS FOR TAKING PART IN OTHER COMMITTEES	ATTENDANCE FEES	NON MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	COMPENSATION FROM SUBSIDIARIES
DIRECTORS								
LAGHI ENRICO	CHAIRMAN	01/01/2018 - 06/02/2018	10	1				
ARIBERTO FASSATI	CHAIRMAN	06/02/2018 - 30/06/2018	40	4	12			
ARIBERTO FASSATI	DIRECTOR	01/01/2018 - 06/02/2018	2					
KULLMANN CHRISTOPHE	CHIEF EXECUTIVE OFFICER	01/01/2018 - 30/06/2018	137	1	12			
DEL VECCHIO LEONARDO	DIRECTOR	01/01/2018 - 30/06/2018	12					
LAURENT JEAN	DIRECTOR	01/01/2018 - 30/06/2018	12	1	12			
MARJOLAINE CECILE ALQUIER-DE L'EPINE	DIRECTOR	01/01/2018 - 30/06/2018	12		12			
ANGELO BUSANI	DIRECTOR	01/01/2018 - 30/06/2018	12	3	9			
MICAELA LE DIVELEC LEMMI	DIRECTOR	01/01/2018 - 30/06/2018	12	3	12			
ADRIANA SAITTA	DIRECTOR	01/01/2018 - 30/06/2018	12	6	12			
DANIELA PERCOCO	DIRECTOR	06/02/2018 - 30/06/2018	10	2	12			
TOTAL COMPENSATION OF DIRECTORS			**271**	**21**	**93**	**-**	**-**	**-**
AUDITORS								
CERATI GIUSEPPE	CHAIRMAN	01/01/2018 - 30/06/2018	60					
BORTOLOMIOL MARCELLINO	AUDITOR	01/01/2018 - 30/06/2018	45					37
ROLLINO EMANUELA	AUDITOR	01/01/2018 - 30/06/2018	45					20
TOTAL COMPENSATION OF AUDITORS			**150**	**-**	**-**	**-**	**-**	**57**

(*) The above mentioned compensation amounts do not include any national insurance contributions