

**APPROVED THE INTERIM REPORT AT 30 SEPTEMBER 2016 THAT ENDS WITH A NET PROFIT OF € 22.7 MILLION (€ 2.4 MILLION).**

**THIRD QUARTER AND NINE MONTHS ECONOMIC MARGINS IN SIGNIFICANT IMPROVEMENT OVER THE PREVIOUS YEAR AND TO THE BUSINESS PLAN.**

**IN THE THIRD QUARTER, ACHIEVED POSITIVE OPERATING RESULTS.**

**SUCCESSFULLY COMPLETED THE CONSTRUCTION OF ENLARGEMENT SERRAVALLE OUTLET VILLAGE. GRAND OPENING TOMORROW 10 NOVEMBER 2016. STARTED THE DEVELOPMENT OF THE THIRD PHASE ("Phase C") SERRAVALLE OF RETAIL PARK.**

**CONFIRMED FURTHER IMPROVEMENT FOR FULL-YEAR RESULTS.**

**Milan, November 9<sup>th</sup>, 2016**, - The Aedes S.p.A. REIT Board of Directors (MTA: AE), which met today under the chairmanship of Carlo Puri Negri, has approved the Interim Report at September 30<sup>th</sup>, 2016.

#### **CONSOLIDATED INCOME STATEMENT AT 30<sup>th</sup> SEPTEMBER 2016**

##### THIRD, QUARTER 2016

**Total revenues** amounted to **€ 6.7 million** versus € 2.6 million in the third quarter of 2015 showing an increase of € 4.1 million. Within this item, grow significantly, **revenues from rents** amounted to **€ 4.6 million** compared to € 1.5 million, thus registering an increase of € 3.1 million, thanks to real estate purchases made by the end of 2015 onwards.

The third-quarter **EBITDA** was **€ 1.4 million**, compared to a negative EBITDA of € 1.4 million in the third quarter of 2015, posting an increase of € 2.8 million.

**EBIT of € 5.2 million** compared to € 2.2 million in the third quarter of 2015, a positive change of € 3.0 million.

**The profit attributable to the Group** amounted to **€ 5.5 million** compared to € 2.2 million in the third quarter 2015, an increase of € 3.3 million. The result net of some items requiring valuation, income and asset held for sale, remains positive, therefore confirming the achievement of a positive result of Group recurring.

##### NINE MONTHS 2016 DATA

The first nine months of 2016 closed with a **profit attributable to the group of € 22.7 million**, compared with a profit of € 2.4 million in the same period of 2015, reporting an increase of € 20.3 million, thanks in particular the effects of purchases of new rented portfolios, in line with the REIT model.

**Total revenues** at 30<sup>th</sup> September 2016 amounted to **€ 17.4 million** versus € 13.2 million in the first nine months of 2015, posting an increase of € 4.2 million. **Revenues from rents and charge-backs to tenants**, amounting to **€ 11.6 million** compared to € 4.7 million in 2015, showing a significant

increase in line with the property company model and adherence to REIT status. The weight of the rents on total revenues amounted to about 67% compared with 36% in the first nine months of last year. Following the acquisition of rented assets and real estate portfolios, realized in the second half of 2015 and continue in the current year, the Group has entered lease contracts on an annual basis for a total of approximately € 18 million, which enable the achievement of recurring economic balance.

**Revenues from services** amounted to **€ 2.3 million**, essentially in line with the € 2.5 million at September 30, 2015.

**Net margin in the general contractor**, realized by Prague Construction, is **€ 1.1 million**, up by € 0.9 million compared to the first nine months of 2015. The strategic purpose of the activities of Prague Construction Ltd. It is to ensure the management of the real estate developments owned by Aedes. The significant increase is due to the progress of development works of Phase 6 of the Serravalle Outlet Village, completed, and the development of a Carrefour shopping center properties in Nichelino, a wherein the Step 1 at the beginning of the third quarter in 2016 was completed.

**Total costs**, excluding the subject of inventories capitalization share, amounted to € 16.6 million, compared to € 12.7 million at September 30<sup>th</sup>, 2015, an increase of € 3.8 million. The increase was largely due to higher costs for purchases and services on property owned (+ € 1.0 million) and IMU (+ € 1.0 million) deriving from the real estate portfolio (+ € 130, 1,000,000, of which + € 71.6 million in 2016 and + € 58.5 million by the end of the third quarter of 2015).

**EBITDA**, because of the items discussed above, positive at **€ 0.9 million** compared to € 0.4 million at September 30<sup>th</sup>, 2015, with an increase of € 0.5 million.

**Depreciation and amortization**, non-property write-downs and provisions at 30<sup>th</sup> September 2016 amounted to **€ 3.3 million** from € 0.5 million in the first nine months of 2015, a decrease of € 2.8 million, almost entirely due to increase in risk provisions, which rose from € 0.1 million in the first nine months of 2015 to € 2.7 million at 30<sup>th</sup> September 2016. The latter are essentially attributable (€ 2.1 million) to the negative outcome of the award delivered on 23<sup>rd</sup> May 2016, by which the arbitration panel said the failure of Pragacinqe Srl (Now Aedes) to certain obligations under dispute.

**Fair value of investment properties** as at 30<sup>th</sup> September 2016, an increase of value, based on appraisals carried out by CB Richard Ellis as at 30<sup>th</sup> June 2016 amounted to **€ 23.5 million**, compared to the increase to 30<sup>th</sup> September 2015 amounted to € 4.4 million, with an increase of € 19.2 million. The increase in value recorded in the first nine months of the current year is the result of a positive component to € 32.0 million relative to Redwood portfolio and the property in Via Veneziani purchased in Rome in the first half of 2016, and a negative component for € 8.5 million mainly on two areas of minor developmental.

**EBIT** was **€24.5 million**, compared to € 3.9 million for the first nine months of 2015, with a significant increase of € 20.6 million.

**Net financial expenses** including adjustment effects at fair value of derivative instruments used to hedge interest rate risk, amounted to **€ 3.1 million**, an improvement compared to € 3.4 million at September 30<sup>th</sup>, 2015, a decrease of € 0.3 million despite the net financial position of € 40.7 million is greater than that at 30<sup>th</sup> September 2015.

Following the agreement of sale of the stake subscribed by Aedes, as vendor, and Sator Immobiliare SGR S.p.A., as a buyer, the first nine months of 2015 and 2016 results of the subsidiary Aedes Real Estate SGR S.p.A. have been classified under the item "Profits/(losses) of assets and liabilities held for sale."

## **CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2016**

**Invested capital** at 30 September 2016 amounted to **€ 457.7 million** versus € 381.8 million at the end of 2015.

- **The fixed capital** amounted to **€ 388.9 million** (€ 326.3 million at the end of 2015). This item is recorded:
  - Investment property and other assets of € 334.2 compared to € 269.9 million, an increase of € 64.3 million attributable to the acquisition portfolios during the period;
  - Capital invested in associated companies and joint ventures for € 54.6 million, other financial assets for € 0.1 million and intangible assets essentially nil.
- **Net working capital**, amounted to **€ 68.8 million** (€ 55.5 million at the end of 2015) and consists of:
  - Inventories of € 57.5 million;
  - Trade receivables and other receivables for € 36.7 million;
  - Trade and other payables of € 25.6 million.

At September 30<sup>th</sup>, 2016, there were no overdue loans outstanding and unpaid after the deadline applicable financial, tax, social security and to employees. As for trade payables, at the same date, the Aedes Group reports overdue for € 2.2 million, for which there are no disputes or judicial actions, suspension of supply relationships.

**The consolidated shareholders' equity** amounted to **€ 296.5 million** versus € 275.3 million at 31<sup>st</sup> December 2015, with an increase of € 21.2 million mainly due to the result for the period.

**The net financial position** was negative by **€ 149.5 million**, compared to negative € 95.9 million at December 31<sup>st</sup>, 2015. The increase of € 53.6 million is mainly related to the acquisitions of properties during the period.

Gross debt at 30 September 2016 totalled € 165.3 million compared with € 164.4 million at December 31<sup>st</sup>, 2015 with an average length (duration) of 2.79 years, an improvement compared to 2.39 years at December 31, 2015. the proportion of gross debt is at a floating rate equal to about 70% of the total exposure, and the average rate of interest is 2.60%.

At September 30<sup>th</sup>, 2016 there are no financial covenants or other terms of the loan agreements not respected.

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## **SIGNIFICANT EVENTS DURING THE NINE MONTHS OF 2016**

**January 1<sup>st</sup>, 2016** - Aedes - following to the tax regime for property companies - is transformed into REIT changing its name to Aedes SIIQ S.p.A.

**March 15<sup>th</sup>, 2016** - Aedes SIIQ has acquired 70% of the Fund Redwood, owner of 18 retail properties for € 16.4 million and signed a preliminary contract for the purchase of financial claims secured by a pledge on the remaining 30% of the fund for € 13.6 million. The properties generate a rent of € 3.6 million that the cost of real estate, net of cash, is equivalent to a gross entry yield of about 15%.

**March 23<sup>rd</sup>, 2016** - Aedes SIIQ completed the acquisition, by a leading bank, financial claims secured by a pledge on the shares of 30% of the Redwood Fund. Contextually, anticipating the times, Aedes SIIQ acquired from KYRA SARL ownership of these fund units.

**April 27<sup>th</sup>, 2016** - the Extraordinary General Meeting of Aedes SIIQ approved by a majority to amend Art. 21 of the bylaws, which provides for the creation of a statutory reserve fed by annual allocations proportional to the net profit for the year, to support the development and growth of the Group. The amendment involves the onset of withdrawal rights to shareholders who did not vote in favour of the resolution. The effectiveness of the resolution is a condition precedent to the fact that the amount of cash, to be paid to Aedes shareholders who have exercised their right of withdrawal does, not exceed the total amount of € 2 million.

**May 11<sup>th</sup>, 2016** - Signed a contract for the sale to Sator Immobiliare SGR of all shares held in the share capital of Aedes Real Estate SGR, equal to 95% of the same. The enhancement of the SGR is around € 7.0 million for 95% (€ 7.4 million for 100%) of the share capital, net of the valuation of the Investietico Fund units owned by the same SGR. The contract provides that Aedes perceives a preventive distribution of shareholders' equity of the SGR for € 5.5 million, thus bringing the purchase price of € 1.5 million.

**June 27<sup>th</sup>, 2016** - Signed with GE Capital Corporation a definitive agreement for the purchase of a property located in Rome at a price of € 12.5 million, with an annual rent of € 3.6 million. The property is located in Via Veneziani 56, about 10 km south-west of central Rome, in the direction called de 'Medici Park.

**June 28<sup>th</sup>, 2016** – Posted the merger document of Pragatre SIIQ (wholly owned subsidiary) in Aedes S.p.A. with the aim to ensure the Group increased efficiency structure from an economic, managerial and financial point of view.

**August 1<sup>st</sup>, 2016** Aedes acquired the remaining 5% of the share capital Aedes Real Estate SGR, holding thus the total share capital, which it had undertaken, by contract, to sell to Sator Immobiliare SGR.

**September 28<sup>th</sup>, 2016** The Board of Directors of Aedes has approved the strategic guidelines 2017 to 2021.

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## **SIGNIFICANT EVENTS AFTER THE END OF NINE MONTHS OF 2016**

**November 3<sup>rd</sup>, 2016** the new extension at Serravalle Designer Outlet called Phase 6 has been open to the public, and on November 10<sup>th</sup> will be officially inaugurated. This new realization extends beyond the provincial road connecting the Serravalle Designer Outlet to the existing retail park, creating a functional

and dynamic connection of the entire commercial offering of the Serravalle site. The expansion consists of 52 stores to a total of 8,748 sqm GLA shopping, to which are added the 1,000 sqm of GLA and a destination / warehouses, with a percentage of 75% of current employment.

Furthermore, on the site of Serravalle, were started the prodromic work to develop Phase C of Serravalle Retail Park, which is expected to open in the spring of 2018.

**November 9<sup>th</sup>, 2016** was signed the deed of merger by incorporation of Pragatre SIIINQ Aedes SpA, a wholly owned subsidiary, in order to consolidate the Parent Company's portfolio of income properties consistent to the REIT model and at the same time ensuring greater efficiency of the structure Group economically, operationally and financially. The merger will take effect from the date of the last statutory registrations required by art. 2504 cod. civ.

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## STATE OF IMPLEMENTATION OF THE PLAN

The results at 30<sup>th</sup> September 2016 stood at the high end of the range or better levels than foreseen in the business plan 2014-2019 approved by the Aedes Board of Directors May 27, 2014 and subsequently amended, most recently, on 1 December 2014 ("**Plan**").

## INCOME STATEMENT

The income statement as at 30<sup>th</sup> September 2016 shows an EBIT of approximately € 24.5 million, marking an increase of about € 2.8 million compared to € 21.7 million of the Plan, mainly due to the positive results arising from acquisitions of properties income during the first half of the year net of other changes in value on the Group's property portfolio.

## BALANCE SHEET

As of the balance sheet, the net financial position was negative by € 149.5 million compared with an expected negative figure of € 176.5 million. The difference, positive for € 27.0 million, is due to:

- a) for + € 48.3 million to the Group's lower debt than forecast, due to income of (i) + € 77.2 million less debt on development projects because of the postponement of investments in capex, a result of the deferral of about 6 months of completion of the restructuring of 2014 compared to the expectations of the Plan; (ii) - € 27.3 million increase in debt on the assets of the income portfolio, as a result of the advance of investment to + € 99.4 million compared to the expectations of the Plan, through the acquisition of the majority of the Petrarca Fund, the all of the units of the Fund and Redwood Property Rome Via Venetians; and (iii) - € 1.6 million due to other lenders;
- b) to - € 21.3 million for minor cash balances compared to the Plan, as a result of the previously mentioned higher investments in asset income.

Shareholders' equity stood at € 296.5 million, substantially in line with the long-awaited plan for € 295.7 million.

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## OUTLOOK

The financial figures for the fourth quarter 2016 are expected to further significant improvement compared to 2015, and in line with or an improvement on the current business plan.

Moreover, the Company has identified 2017-2021 Industrial Plan guidelines and targets that in the short and medium term are the following:

- Financial stability from rental activities during the 2017-2018;
- Return to dividend distribution from 2018;
- Portfolio GAV in 2021 amounted to approximately € 1 billion, with the realization of developments in house and acquisition of income portfolios;
- LTV equal to about 50%;
- Occupancy rate of 95%.

The occurrence of the assumptions made in the formulation of guidelines depends however on also significant factors uncontrollable by the company - whose degree of uncertainty increases as the time horizon of the forecasts - including the economic situation, market trends and particularly real estate.

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The Interim Report at September 30, 2016 is available to the public at the registered office, on the internet site of the Company [www.aedes-siiq.com](http://www.aedes-siiq.com) and the storage mechanism authorized 1Info at [www.1info.it](http://www.1info.it).

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The manager responsible for preparing corporate accounting documents of Aedes REIT S.p.A., Dott. Gabriele Cerminara attests, pursuant to art. 154-bis, paragraph 2, of Legislative Decree no. 58/98 that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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### **Aedes SIIQ S.p.A.**

Established in 1905, listed in 1924 Aedes was the first real estate company listed in the Milan Stock Exchange (NYSE: AE.MI). The strategy of the Company, REITs from January 1, 2016, aims to create and maintain the medium-long run a real estate portfolio with commercial destination, which generate cash flows consistent with the REIT model. The recurring cash flow will come from both the properties already owned with retail destination and offices, currently in income or in the process of commercialization, both from the areas that will be developed in-house to carry out income-generating property with target mainly retail

**For further details:** [www.aedes-siiq.com](http://www.aedes-siiq.com)

#### **Investor Relations**

*Aedes SIIQ S.p.A.  
Silvia Di Rosa  
CDR - Communication*

Ph. +39 02 6243.1  
Mob. +39 335 7864209

[investor.relations@aedesgroup.com](mailto:investor.relations@aedesgroup.com)  
[silvia.dirosa@cdr-communication.it](mailto:silvia.dirosa@cdr-communication.it)

#### **Press Office**

*Lorenzo Morelli  
Studio Noris Morano*

Ph. +39 02 6243.1  
Ph. +39 02 7600473645

[l.morelli@aedesgroup.com](mailto:l.morelli@aedesgroup.com)  
[norismorano@studionorismorano.com](mailto:norismorano@studionorismorano.com)

**Attached Income Statement and Consolidated Balance Sheet 30<sup>th</sup> September 2016**
**CONSOLIDATED INCOME STATEMENT**

Conto Economico (€/000)	III Trimestre 2016	III Trimestre 2015	Variazione	30/09/2016	30/09/2015	Variazione
Ricavi per affitti e riaddebiti a conduttori	4.640	1.487	3.153	11.641	4.721	6.920
Ricavi per prestazioni di servizi	740	764	(24)	2.272	2.489	(217)
Margine netto da vendite di rimanenze	361	292	69	788	1.120	(332)
Margine netto da attività di General Contractor	(51)	16	(67)	1.073	151	922
Proventi da alienazioni partecipazioni	0	(8)	8	0	3.292	(3.292)
Altri ricavi e proventi	1.003	51	952	1.668	1.399	269
<b>Totale Ricavi</b>	<b>6.693</b>	<b>2.602</b>	<b>4.091</b>	<b>17.442</b>	<b>13.172</b>	<b>4.270</b>
Acquisti e prestazioni per immobili di proprietà	(1.244)	(421)	(823)	(3.440)	(2.468)	(972)
Prestazioni di servizi	(1.953)	(3.902)	1.949	(6.675)	(9.527)	2.852
Personale	(1.120)	(958)	(162)	(3.702)	(3.309)	(393)
Altri costi	(1.372)	(512)	(860)	(3.791)	(1.806)	(1.985)
Costi capitalizzati a rimanenze	429	1.777	(1.348)	1.029	4.374	(3.345)
<b>Totale Costi</b>	<b>(5.260)</b>	<b>(4.016)</b>	<b>(1.244)</b>	<b>(16.579)</b>	<b>(12.736)</b>	<b>(3.843)</b>
<b>EBITDA</b>	<b>1.433</b>	<b>(1.414)</b>	<b>2.847</b>	<b>863</b>	<b>436</b>	<b>427</b>
Ammortamenti, svalutazioni non immobiliari e accant. rischi	(611)	(275)	(336)	(3.316)	(452)	(2.864)
Adeguamento al fair value di investimenti immobiliari	0	3.835	(3.835)	23.521	4.352	19.169
(Svalutazione)/ripresa di valore delle rimanenze	0	0	0	(289)	(32)	(257)
Proventi/(oneri) da società collegate	4.415	77	4.338	3.763	(317)	4.080
Proventi/(Oneri) di ristrutturazione	0	(29)	29	0	(43)	43
<b>EBIT (Risultato operativo)</b>	<b>5.237</b>	<b>2.194</b>	<b>3.043</b>	<b>24.542</b>	<b>3.944</b>	<b>20.598</b>
Proventi/(oneri) finanziari	(702)	(860)	158	(3.114)	(3.358)	244
Oneri finanziari capitalizzati a rimanenze	0	329	(329)	1	815	(814)
<b>EBT (Risultato ante imposte)</b>	<b>4.535</b>	<b>1.663</b>	<b>2.872</b>	<b>21.429</b>	<b>1.401</b>	<b>20.028</b>
Imposte	na	na	na	na	na	na
<b>Utile/(Perdita) delle attività in funzionamento</b>	<b>4.535</b>	<b>1.663</b>	<b>2.872</b>	<b>21.429</b>	<b>1.401</b>	<b>20.028</b>
Utile/(Perdita) delle attività destinate alla dismissione	1.044	793	251	1.364	1.603	(239)
<b>Utile/(Perdita)</b>	<b>5.579</b>	<b>2.456</b>	<b>3.123</b>	<b>22.793</b>	<b>3.004</b>	<b>19.789</b>
Risultato di competenza degli azionisti di minoranza	40	192	(152)	45	556	(511)
<b>Risultato di competenza del Gruppo</b>	<b>5.539</b>	<b>2.264</b>	<b>3.275</b>	<b>22.748</b>	<b>2.448</b>	<b>20.300</b>

**RECLASSIFIED CONSOLIDATED BALANCE SHEET**

Stato Patrimoniale (€/000)	30/09/2016	31/12/2015	Variazione	30/06/2016	Variazione
Capitale fisso	388.922	326.325	62.597	385.277	3.645
Capitale circolante netto	68.776	55.498	13.278	64.678	4.098
<b>CAPITALE INVESTITO</b>	<b>457.698</b>	<b>381.823</b>	<b>75.875</b>	<b>449.955</b>	<b>7.743</b>
Patrimonio netto di competenza del gruppo	290.643	269.079	21.564	285.402	5.241
Patrimonio netto di competenza degli azionisti di minoranza	5.892	6.241	(349)	6.217	(325)
<b>Totale patrimonio netto</b>	<b>296.535</b>	<b>275.320</b>	<b>21.215</b>	<b>291.619</b>	<b>4.916</b>
<b>Altre (attività) e passività non correnti</b>	<b>11.703</b>	<b>10.554</b>	<b>1.149</b>	<b>11.671</b>	<b>32</b>
Debiti verso banche e altri finanziatori a medio lungo termine	125.422	94.424	30.998	127.718	(2.296)
Debiti verso banche e altri finanziatori a breve termine	39.830	70.022	(30.192)	39.927	(97)
Disponibilità liquide ed equivalenti	(15.792)	(68.497)	52.705	(20.980)	5.188
<b>Totale indebitamento finanziario netto</b>	<b>149.460</b>	<b>95.949</b>	<b>53.511</b>	<b>146.665</b>	<b>2.795</b>
<b>TOTALE FONTI DI FINANZIAMENTO</b>	<b>457.698</b>	<b>381.823</b>	<b>75.875</b>	<b>449.955</b>	<b>7.743</b>