AEDES SiiQ COMMERCIAL PROPERTIES

THE BOARD OF DIRECTORS

- **APPROVED THE FIRST HALF AT 30 JUNE 2017**
  - **Rent revenue: € 8.5 mln (€ 6.6 mln)[1] +29%**
  - **Total revenues: € 9.3 mln (€ 8.7 mln) +7%**
  - **EBITDA: € 0.2 mln (€ 0.1 mln)**
  - **Profit for the period: € 3.2 mln (€ 17.2 mln) due to lower fair value adjustments**
  - **Net financial debt: € 195.6 mln (€ 150.6 mln); LTV 41.9%[2]**
  - **GAV: € 545.2 mln (€ 501.0 mln); Consolidated GAV € 448.8 mln (€ 398.6 mln)**
  - **NNNAV € 311.4 mln (€ 306.6 mln); NNNAV per share € 0.98 (€ 0.97)**

- **APPROVED THE BUSINESS PLAN GUIDELINES UPDATE AND ANALYZES THE BUSINESS PLAN TARGETS 2018-2023, COMMISSIONING THE CEO AND CHAIRMAN TO EVALUATE THE CONDITION UNDER WHICH CAN BE IMPLEMENTED**

Milan 2 August 2017, - The Board of Directors of **Aedes SIIQ S.p.A.** (MTA: AE), chaired by Carlo A. Puri Negri, met today and approved the consolidated half-year report as of June 30, 2017.

CONSOLIDATED INCOME STATEMENT AS OF 30 JUNE 2017

The **net profit** for the first half of 2017 was € 3.2 million (of which € 0.3 million is attributable to minorities), compared to a net profit of € 17.2 million almost entirely attributable to the Group in the first half of 2016. This decrease is essentially due to lower fair value adjustments in the first half of 2017, equal to € 7.9 million with respect to those carried through in the first half of 2016, which were equal to € 23.1 million, almost entirely attributed to the acquisition of the Redwood Portfolio.

The **Total revenues** for the first half of 2017 amounted to **€ 9.3 million,** resulting in a 7% increase with respect to the same period in 2016. In line with the property company model, the weight of recurring revenues from rental income increased to 91% of total revenues versus 75% in the first half of 2016.

Gross rent income equalled € 8.5 million versus € 6.6 million at 30 June 2016. The € 1.9 million increase (+29%) is the result of acquisitions of assets and real estate property for rent made by the Group starting in the second half of 2015, and continuing into 2016 and 2017. These acquisitions have allowed the Group to reach, on a yearly basis, around € 18 million in rental.

External direct costs equalled €3.2 million at 30 June 2017, versus € 2.3 million at 30 June 2016. The € 0.9 million increase is mainly attributed to higher taxes on fixed assets as a consequence of the increase in real estate and the management fee of the Petrarca Fund, previously managed by Aedes SGR and now deconsolidated following its sale.

The **Net Operating Income (NOI)** was, as a result of the aforementioned items, € 6.1 million, against the € 6.4 million at June 30, 2016, a € 0.3 million decrease

Total direct costs equalled € 0.7 million versus a negative € 0.5 million for the same period in 2016, highlighting an increase in the cost of labor as a result of the enhancement of the organizational model following the expansion of the rental portfolio and the pipeline for development of rented real estate.

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[1] The financial figures shown in brackets refer to June 30 2016 and December 31, 2016

[2] LTV calculated as the ratio between NFP and real estate portfolio at fair value

The **EBITDA** was equal to € 0.2 million, a € 0.1 million improvement from the same period in 2016

The investment property fair value adjustment equalled € 7.9 million entirely due to the adjustment to fair value - based on a valuation prepared by the Independent Expert CBRE - of the Caselle development area as a result of the signature with The Municipality of Caselle of the Urban Planning Convention for €3.5 million and the re-evaluation of the Serravalle retail park for € 4.6 million. At 30 June 2016, the item had a balance of € 23.1 million, entirely attributable to the fair value adjustment of Redwood real estate acquired during the period.

Amortization, write-downs and provisions at 30 June 2017 amounted to € 0.4 million versus € 2.7 million at 30 June 2016.

The **income from associated companies and joint ventures** shows a negative balance of € 1.0 million, against the negative balance of € 0.7 million at June 30, 2016.

EBIT is positive for € 5.8 million with respect to € 19.5 million in 2016 for the minor adjustment highlighted above.

Net financial expenses, including the adjustments for fair value of derivative instruments to hedge interest rate risk, amounted to € 2.4 million, in line with the first half of 2016.
In detail, the item is composed of:

- Financial income: € 0.4 million in line with the first half of 2016;
- Financial charges: € 2.9 million compared to € 2.1 million at June 30, 2016;
- Adjustment to fair value of derivative instruments: a positive balance of € 0.1 million compared to a negative € 0.8 million at June 30, 2016.

CONSOLIDATED BALANCE SHEET AS TO 30 JUNE 2017

The **Invested Capital** at 30 June 30 2017 amounted to **€ 506.1 million** with respect to € 460.1 million at the end of 2016. It is financed with € 306.2 million (61%) from equity, € 195.6 million (38%) from net financial debt, and € 4.3 million (1%) from other net non-current liabilities; the breakdown is as follows:

- **Fixed Capital** equal to **€ 447.5 million** (€ 398.4 million at the end of 2016). This item is broken down into:
    - Property investments and other fixed assets equal to € 395.9 million (€ 344.2 million in 2016). The € 51.7 million increase is mainly attributable to the acquisition of the Serravalle Retail Park along with the fair value adjustments of the period and the € 5.8 million capitalizations.;
    - Capital invested in associated companies and joint ventures equalled € 51.5 million (€ 54.0 million in 2016). The decrease is a result of the distribution of capital in the associated company Fondo Dante Retail and the adjustments of the period.
    - Other financial assets equalled € 0.1 million, unchanged compared to 2016;

- The **Net Working Capital** amounted to **€ 58.6 million** (€ 61.7 million at the end of 2016) and it consists of:
    - Inventories at € 55.1 million, compared to € 56.3 million at the end of 2016;
    - Trade receivables and other receivables at € 22.6 million versus € 27.0 million in 2016;
    - Trade payables and other payables of 19.1 million, versus € 21.6 million at the end of 2016.

At 30 June 2017, there were no past due or unpaid financial, tax and social security liabilities or amounts due to employees. Regarding trade payables, on the same date, the Aedes Group had an overdue amount equal to € 2.1 million, for which there are no disputes or legal actions or suspension of supplies.

The **Net Equity** was equal to **€306.2 million** versus € 303.4 million at 31 December 2016, with an increase of € 2.8 million mainly due to the result for the period.

The net financial debt of the Group at June 30, 2017 was € 195.6 million against € 150.6 million at December 31, 2016. The figure of 30 June 2017 includes gross debts of € 214.1 million and bank deposits of € 18.5 million, compared to gross debts of € 163.2 million and bank deposits of € 12.6 million at the end 2016. The € 51 million increase in net debt is due to financing of the controlling partner and the issue of bonds (each equal to € 10 million), to the refinancing of the already existing rental portfolio (€ 12.7 million), and to a new financing issued for the acquisition of the Serravalle Retail Park (€ 26 million). The long-term debt ratio improved, going from 70% at 31 December 2016 to 87% at 30 June 2017. The Group's total financial exposure (at a variable rate) is 77%. The average duration improved to 2.54 years. LTV went from 38.8% at 31 December 2016 to 41.9% at June 30, 2017.
As of 30 June 2017, there are no financial covenant or other terms of the loan agreements that had been not been respected.

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GROUP PORTFOLIO

At June 30, 2017, the Aedes Group's property portfolio, pro-quota, amounted a market value of **€ 545.2 million**, including the portion of property owned by non-controlling interests and real estate funds, up by about 9% compared to December 31, 2016 (€ 501 million).

The **GAV (Gross Asset Value)** amounted to **€ 448.8 million**, increased compared to the same figure at 31 December 2016 of € 50.2 million, of which € 7.2 million per share (like for like) and € 43 million for net purchases. By purchases made in the first half of 2017, the Group has lease contracts totalling € 18 million on an annual basis.
The Company holds real estate investments in the Rented Portfolio or in the Portfolio to be sold mainly directly or through subsidiaries and falling within the Group's perimeter, or through non-controlling interests in a special purpose vehicle (called "spv" or "special purpose vehicle") and real estate funds.

	GAV				NAV	
€/000	Consolidated pro quota	Not consolidated Funds & JV	Total Portfolio	% on Total Portfolio	Total Portfolio	% on Total Portfolio
Retail	118.550	88.690	207.240	38,0%	105.599	34,4%
Office	133.540	549	134.089	24,6%	64.866	21,1%
Other Uses	4.160	1.451	5.611	1,0%	2.700	0,9%
Rented Assets	**256.250**	**90.690**	**346.940**	**63,6%**	**173.166**	**56,4%**
Retail Development for Rent	114.605	-	114.605	21,0%	93.256	30,4%
Office Development for Rent	-	-	-	0,0%	-	0,0%
Development for Rent	**114.605**	**-**	**114.605**	**21,0%**	**93.256**	**30,4%**
Sub Total Portfolio Rented/for rent	**370.855**	**90.690**	**461.545**	**84,7%**	**266.421**	**86,8%**
Retail	2.106	-	2.106	0,4%	766	0,2%
Other Uses	52.465	29.107	81.572	15,0%	39.771	13,0%
Sub Total Portfolio to be sold	**54.571**	**29.107**	**83.678**	**15,3%**	**40.537**	**13,2%**
TOTAL PORTFOLIO	**425.426**	**119.797**	**545.223**	**100,0%**	**306.958**	**100,0%**

Minorities	GAV
Petrarca Fund (35%)	21.294
Praga France Sarl (25%)	2.125
TOTAL CONSOLIDATED PORTFOLIO	**448.845**

AEDES SIIQ
COMMERCIAL PROPERTIES

RENTED ASSETS

At 30 June 2017, he Group's pro rata share of income properties at market value amounted to amounted to € 256.3 million and represents 57% of the total consolidated portfolio. The composition for use purposes highlights 46.3% Retail property, 52.1% office buildings and the remaining 1.6% real estate called Other Uses. The financial leverage on Income Real property is on average 49%.

DEVELOPMENT FOR RENT

The pro-quota consolidation of the income-generating portfolio called Development for Rent, amounting to € 114.6 million at June 30, 2017, is comprised of development areas with a predominant commercial purpose, which are expected to be short-term development and subsequent capitalization income. The financial leverage is on average lower than the rest of the portfolio and stands at 19%.

ASSET TO BE SOLD

The pro-quota consolidation of the portfolio to be sold, which is expected to be sold during the Plan period, is € 54.6 million. The financial leverage amounts to 30 June 2017 at an average of 44%.

SERVICES

The Aedes Group has decided to stop services at third-party, instead to concentrate on activities aimed only at the Group's investments through the Praga RES (created by the Praga Real Estate Service into Praga Construction).

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NAV

The total assets owned by the Aedes Group at June 30, 2017 at fair value amounted to **€ 311.4 million**, including the pro-quota of equity held through joint ventures, real estate funds and related companies, taking into account the market value of properties owned by these.
Below is a detail of the NAV attributable to the Aedes Group as of June 30, 2017 (in millions of euros):

(€/mln)	Book value	Market value	Capital gain
Rented Assets	224,65	224,65	-
Development for Rent	104,70	104,84	0,14
To Be Sold	56,93	58,23	1,31
Totale Gruppo Consolidato	**386,27**	**387,72**	**1,45**
Pro quota Rented Assets in Fondi e JVs	57,06	57,06	-
Pro quota Development for Rent in Fondi e JVs	22,31	28,21	5,90
Pro quota in To Be Sold in Fondi e JVs	32,40	34,92	2,51
Totale Fondi e JVs	**111,77**	**120,18**	**8,41**
Totale	**498,04**	**507,90**	**9,86**
Interessi di minoranza			-
Patrimonio netto del Gruppo a valore di libro			285,40
Tax Charge			(1,22)
NNNAV			**294,05**

NNNAV per azione (€)	**0,93**

The diluted EPRA NAV and diluted EPRA NNNAV are not significant for the warrant in circulation (no. 86,954,220 Warrant out of a total 86,956,536). Given that they were labelled as out of money at 30 June 2017, they would have had an anti-dilution effect. Therefore, the corresponding calculation was not necessary.

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KEY EVENTS DURING THE FIRST HALF OF 2017

March 30, 2017 – The urban planning agreement for the development of the Torino-Caselle Torinese zone holding the 100% Satac SIINQ SpA subsidiary with the Municipality of Caselle.
In the area, covering an area of approximately 300,000 square meters, Aedes SIIQ will develop an open centre of over 120,000 square feet of GLA, characterized by a functional mix of Retail and Entertainment, in line with the most innovative international concepts already open to ' Abroad successfully

April 11, 2017 – Aedes SIIQ announced that has been signed with ING Bank N.V. – branch of Milan and UniCredit S.p.A. a contract for a mortgage loan of € 56 million on a rented portfolio valued about € 111 million. The loan with an LTV of 50% approximately, will run for five years, allowing an increase in the average maturity of the Aedes Group's debt of about one year.

April 12, 2017 – Aedes SIIQ S.p.A. signed with a professional investor a contract for the issue of a non-convertible bond of € 15 million, up to now € 10 million are subscribed with the last subscription of the remaining € 5 million within December 31, 2017. The bond has an expiry date In Q4 2018, extending - at the option of Aedes and after paying an extension fee - for an additional 18 months and 3-month Euribor rate plus a 5% spread.

April 20, 2017 – Aedes SIIQ S.p.A signed a shareholder’s loan of € 10 million with the mayor shareholders Augusto SpA; this loan expires on October 31, 2018, and may be extended for a further 18 months and regulated at the 3-month Euribor plus a spread of 5%.

May 11, 2017 – Aedes SIIQ SpA signed with Herald Level 2 Lux Holding Sarl the preliminary contract for the purchase of 100% Retail Park One Srl, a sole proprietorship of Serravalle Retail Park with a GLA of 27,655 square meters with an entry yield of about 9% . On May 23, 2017 Aedes SIIQ S.p.A then signed a definitive contract. The price of € 39.1 million was financed by debt of € 27 million, and for the residual liquidity available to the Group.
June 21, 2017 – The Board of Directors of Aedes SIIQ S.p.A resolved to renew until December 31, 2017 the liquidity support program for Aedes SIIQ’s shares, appointing INTERMONTE SIM S.p.A.. Furthermore, the Board of Directors has received Luca Lucaroni’s resignation from the position of Chief Financial Officer and Manager responsible for the preparation of corporate accounting documents and has appointed Alessia Farina - currently responsible for administration manager of Aedes SIIQ - a Manager in charge of preparing the Company's financial reports pursuant.

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KEY EVENTS AFTER THE FIRST HALF OF 2017

July 20, 2017 – Stipulated the merger by incorporation of Praga Real Estate Service in Praga Construction now PRAGA RES effective starting 1 August 2017.

July 31, 2017 – Stipulated the merger by incorporation into Aedes of fully-owned companies Cascina Praga SIINQ S.p.A. and Redwood with a legal effect from the day when the last of the inscriptions prescribed by art. 2504 of the Italian Civil Code".

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STATUS OF THE PLAN 2014-2019

The 2014-2019 business plan, approved by the Aedes Board of Directors on 27 May 2014 and subsequently amended, on 1 December 2014, as in the case of all the years as from 31 December 2014.

Income statement
The income statement as to 30 June 2017 shows an EBIT of **€5.8 million**, with respect to the € 18.1 million forecast by the Business Plan. The EBIT difference, equal to €12.3 million is due to lower services revenues coherent with the REIT model adopted since the first of January 2016, and minor sales.

Balance sheet
As regards the Balance Sheet, the **Net Financial Position** I negative by **€ 195.6 million** in line with the forecast of the Business Plan of € 197.4 million.
The Equity is **€306.2 million** with respect to the equity forecast by the Plan of € 314.6 million.

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BUSINESS PLAN 2018-2023

The Board of Directors approved the updating of the business plan guidelines in line with those disclosed to the market on September 28, 2016. The guidelines provide for various scenarios of 2018-2023 Industrial Plan, Managing Director and the Chairman to verify their effective market penetration.

DRIVERS:

The Group, over the period of 2018-2023 plan scenarios, intends to grow through the consolidation of a "commercial" portfolio, focused on new generation retail and office assets, with the aim of maintaining, in the medium and long term, a real estate portfolio that generate recurring cash flows typical of the REIT with yields above the industry average.

The Group will continue acquiring property and real estate portfolios already rented, also through contribution, mainly located in Northern and Central Italy, and to develop a new generation of shopping and leisure centres through the pipeline of developments already in the portfolio.

At the same time, it will continue to dispose assets no longer strategic, and will consider taking further measures to strengthen the Group's assets.

TARGETS:

- Financial stability from Rental activities in 2018
- Distribution of the dividend based on the result for the year 2018
- GAV real estate 2023 equal to approximately € 1.6 billion
- Occupancy Rate> 95%
- LTV about 50%

The occurrence of the assumptions made on the basis of 2018-2023 Business Plan, and therefore the realization in all or part of the same, 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.

OUTLOOK

In the second part of 2017, Aedes SIIQ will continue to strengthen its real estate portfolio by acquiring new portfolios with yields appropriate to the structure of a SIIQ and the advancement of development projects designed to create new real estate assets, both of which are carried out in line with the Real estate portfolio refinancing to extend the duration of the indebtedness.
The *management* will also continue to focus on opportunities offered by the market for the Group growth.

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The manager responsible for preparing the corporate accounting documents of Aedes SIIQ S.p.A., Mrs. Alessia Farina hereby certifies, as set forth by section 154-bis, paragraph 2, of Legislative Decree no. 58/98 that the accounting information contained in this press release comply with the book entries, accounting records and ledgers.

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Aedes SIIQ S.p.A.
Aedes, which was founded in 1905 and listed in 1924, was the first real estate company listed on the Milan Stock Exchange (MTA:AE.MI). The strategy of the Company, which became a REIT on 1 January 2016, is to create and maintain in the medium term, a real estate portfolio used for commercial purposes, which generates cash flows consistent with the REIT model. Recurring cash flows will come from the retail and office properties already owned, which are currently rented assets or being sold, and from in house areas developed for the constructed of rented property used above all for retail purposes.

For further information: www.aedes-siiq.com
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Please find attached the Income Statement - Balance Sheet - Net Financial Debt
Reclassified consolidated statements as of 30 June 2017

AEDES SiiQ
COMMERCIAL PROPERTIES

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

Description (€/000)	30/06/2017	30/06/2016	Change
Gross revenue from rents	8,493	6,558	1,935
Margin on property sales	60	-	60
Margin on sales of non-property inventories	465	339	126
Other revenues	299	1,822	(1,523)
Total Revenues	**9,317**	**8,719**	**598**
Net Losses for vacant properties	(305)	(237)	(68)
IMU Property Tax, other taxes and insurance on properties	(1,592)	(1,177)	(415)
Opex	(333)	(307)	(26)
Fees and commissions	(812)	(383)	(429)
Other non-rechargeable costs	(188)	(221)	33
Total Direct Costs	**(3,230)**	**(2,325)**	**(905)**
Net Operating Income	**6,087**	**6,394**	**(307)**
Direct personnel costs	(1,251)	(921)	(330)
Direct Internal capitalised costs	597	437	160
Total Direct Costs	**(654)**	**(484)**	**(170)**
Cost of head office staff	(1,367)	(1,491)	124
Advisory services to Structure	(1,487)	(1,909)	422
G&A	(2,360)	(2,487)	127
Internal capitalised costs	-	88	(88)
Total Overheads	**(5,214)**	**(5,799)**	**585**
EBITDA	**219**	**111**	**108**
Adjustment to fair value of real estate investments	7,881	23,063	(15,182)
Amortisation, depreciation provisions and impairment	(1,333)	(2,991)	1,658
Income/(expenses) from associates	(982)	(652)	(330)
EBIT (Operating Result)	**5,785**	**19,531**	**(13,746)**
Financial income/(charges)	(2,425)	(2,411)	(14)
EBT (Result before taxes)	**3,360**	**17,120**	**(13,760)**
Taxes/Tax charges	(82)	8	(90)
Profit/(loss) from continuing operations	**3,278**	**17,128**	**(13,850)**
Profit/(loss) after taxes on non-current assets to be divested	(421)	88	(509)
Profit (Loss)	**2,857**	**17,216**	**(14,359)**
Share of result of the minority shareholders	**(340)**	**5**	(345)
Group's share of the result	**3,197**	**17,211**	**(14,014)**

AEDES SiiQ
COMMERCIAL PROPERTIES

RECLASSIFIED CONSOLIDATED BALANCE SHEET

Description	30/06/2017	31/12/2016	Change
Fixed capital	447,507	398,367	49,140
Net working capital	58,593	61,727	(3,134)
INVESTED CAPITAL	**506,100**	**460,094**	**46,006**
Equity of the group:	299,623	296,408	3,215
Equity share of the minority shareholders	6,613	6,953	(340)
Consolidated Equity	**306,236**	**303,361**	**2,875**
Other non-current (assets) and liabilities	**4,299**	**6,115**	**(1,816)**
Medium-long term amounts due to banks and other lenders	185,216	113,866	71,350
Short-term amounts due to banks and other lenders	28,916	49,362	(20,446)
Cash and cash equivalents	(18,567)	(12,610)	(5,957)
Net financial debt	**195,565**	**150,618**	**44,947**
FUNDING SOURCES	**506,100**	**460,094**	**46,006**

NET FINANCIAL DEBT

		30/06/2017	31/12/2016	Change
A	Cash	18,567	12,610	5,957
B	Cash equivalents	0	0	0
C	Securities	0	0	0
D	**Liquid assets**	**18,567**	**12,610**	**5,957**
E	**Current financial receivables**	**0**	**0**	**0**
F	Current amounts due to banks	(28,812)	(47,798)	18,986
G	Current portion of non-current financial liabilities	77	0	77
H	Other current financial liabilities	(181)	(1,564)	1,383
I	**Total current financial debt**	**(28,916)**	**(49,362)**	**20,446**
J	**Net current financial debt**	**(10,349)**	**(36,752)**	**26,403**
K	Non-current amounts due to banks	(163,956)	(97,107)	(66,849)
L	Bonds issued	(9,944)	0	(9,944)
M	Other non-current financial liabilities	(11,316)	(16,759)	5,443
N	**Non-current net financial debt**	**(185,216)**	**(113,866)**	**(71,350)**
O	**Net financial debt**	**(195,565)**	**(150,618)**	**(44,947)**