Beni Stabili: 2017 full year results

A Roaring 2017

Milan: February 6th, 2018

Strong Improvement in Strategic Positioning

Increasing exposure to Milan (64%)[1]
€221m acquisitions plus ~€130m exclusivity granted

TI exposure divided by 2 (23%)[1] 3 years in advance
Disposal of additional 9% share capital of SICAF

Acceleration on Development pipeline in Milan
Launch of Schievano "The Sign"

54% Green portfolio[1]

Operating Performance Keeps Improving

+2.4% L-f-L rental growth in Milan non-TI offices

Over 129,000sqm of letting activity

96.6% financial occupancy (+1.1 pts)
95.1% offices non-TI (+4.1 pts)

Strengthened Financial Profile

Investment grade rating by S&P *(BBB-), stable outlook*

LTV reduction to 44.1%[2] *(-7.5pts)*

Lower cost of debt to 2.15% *(-29bps)*

Extension of debt maturity to ~6yrs

Solid Financial Results

€101.7m recurring net income:
+7% on July guidance[3]

€0.033 per share proposed dividend

€0.836/share EPRA NAV (€0.825/share NNNAV)

+5.4%[4] like-for-like value growth in Offices non-TI Milan

New Chairman

Mr Ariberto Fassati has been appointed as new Chairman of the BoD

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1 Group Share - including the effect of agreement of disposal of 9% of SICAF.
2 Group share – including the effect of agreement of disposal of 9% of SICAF. LTV at year end 2017 is 46.1% on a Group Share basis.
3 Beni Stabili Siiq defines the net recurring consolidated income (previously called recurring cash result for the Group) as an alternative performance indicator by adjusting the net consolidated results, excluding: i) disposals margin (capital gain and related costs) and the related financial expenses deriving from the early repayment of loans and financial instruments; ii) non-cash items (changes in values of properties and financial instruments, amortizations, etc.) and iii) relevant extraordinary and non-recurring items.
4 Offices in Milan, excluding Telecom Italia and Development assets.

FINANCIAL HIGHLIGHTS FOR FY 2017

- Recurring net income [5]: **€101.7 million** (€0.045/share) compared to €106.0 million (€ 0.047/share) in 2016, +7% on July guidance
- EPRA Earnings [6]: **€85.8 million** (€0.038/share) compared to € 91.2 million (€ 0.040/share) in 2016
- Gross rental income: **€204.8 million** (compared to €199.7 million in 2016), increase of +**2.4% on a *like-for-like* [7] basis** in Milan offices portfolio[8]
- Real Estate Portfolio (market value): **€4,233 million** on a consolidated basis (compared to €4,094 million at the end of 2016) and **€3,611 million** in group share. **+1.7% on a *like-for-like* basis in group share and +5.4%** in Milan Offices[8]
- EPRA NAV per share: **€0.836** (compared with €0.848 at the end of 2016)
- EPRA NNNAV per share: **€0.825** (+2.0% compared with €0.809 at the end of 2016)
- Net Financial Position: **-€1,731 million** on a group share basis (compared to -€2,230 million at the end of 2016) and **-€2,033 million** on a consolidated basis
- Average cost of debt and debt maturity: **significantly decreased to 2.15%** at group share (compared to 2.44% at the end of 2016) with debt **maturity increased to 5.7years**[9] **on a group share basis** (vs. 5.0 years at the end of 2016) and 5.9 years on a consolidated basis
- Loan to value (LTV) [10]: **decreased to 44.1% on a group share basis**, including the positive effect of the disposal agreement of 9% of SICAF. LTV was 46.1% on a group share basis and excluding 9% disposal of Central SICAF and 46.2% on a consolidated basis at year-end 2017, compared to 51.6% at the end of 2016.
- Dividend: **€0.033 dividend per share** proposed by the Board of Directors

OPERATING HIGHLIGHTS FOR FY 2017

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

- **40 new contracts** for **€4.1 million** annualized rents; **32 renewals** for **€15.8 million** annualized rents;
- **Occupancy rate increased over the year to 96.6% group share** (+1.1 points) on total portfolio and to 95.1% (+4.1 points on 2016 and +7.6 points on 2015) on offices non-TI;
- Weighted average maturity of lease agreements to first break-option is 7.2 years at group share;
- **Committed development pipeline is 59% pre-let** bringing around €11 million annualized rents.

  During the year 2017/early 2018 12 pre-lettings have been agreed for €7.2 million annualized rents, including:

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5 Beni Stabili Siiq defines the net recurring consolidated income (previously called recurring cash result for the Group) as an alternative performance indicator by adjusting the net consolidated results, excluding: i) disposals margin (capital gain and related costs) and the related financial expenses deriving from the early repayment of loans and financial instruments; ii) non-cash items (changes in values of properties and financial instruments, amortizations, etc.) and iii) relevant extraordinary and non-recurring items. Consolidated as at 31/12/2017.

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

7 The like-for-like rental growth is calculated on the stabilized portfolio as the growth rate coming from i) the effect of indexation to inflation; ii) the effect of an increase or reduction in the vacancy rate of the stabilized portfolio and iii) the effect of renegotiating expiring rents or of new rents. The stabilized portfolio is the portfolio adjusted by sales, acquisitions and development.

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

9 Calculated including the repayment of €350 million Bond due in January 2018 and the drawdown of a mortgage loan also in January 2018 (Actual-as at 31/12/17: consolidated 4.90yrs/ Group share 4.62yrs). Based on long- term debt outstanding debt.

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

(i) new pre-let to a major legal firm of approx. 57% of the asset located in Milan, Via Principe Amedeo (4,029 sqm);

(ii) major pre-let to Amundi of Milan, via Cernaia (8,300 sqm already delivered at year-end 2017);

(iii) two new pre-let agreements on Symbiosis to CIR Food (2,273 sqm).

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

- **Exposure to Telecom Italia portfolio divided by 2, three years in advance the communicated target: binding agreement for the additional disposal of 9% of Central SICAF,** signed in February 2018. Current investors, had each increased their stake in the SICAF by 4.5% at a price aligned to SICAF NAV (equivalent to asset disposal of approx. **€140 million)**, renewing the appeal of Italian real estate for long-term international investors. This disposal allows Beni Stabili to further reduce its exposure to Telecom Italia (-3% weight on MV), increase its exposure to Milan (+2% on MV) and reinforce its capital structure (-2% LTV).

  The SICAF was incorporated in the first half of 2017 via the contribution of all Beni Stabili's Telecom Italia portfolio (for a value of approx. €1.5bn), along with the associated debt (approx. €0.8bn). At the end of June 2017, the Company had already sold **40% stake in the SICAF** (equivalent to approx. €618 million of assets sale).

  Following the additional disposal of 9% of the SICAF share capital, **Beni Stabili has now decreased its stake in the SICAF to 51%**, while maintaining the control of the vehicle**. This allowed, to reduce Beni Stabili's exposure to Telecom Italia to 23%.**

- **Disposal agreements of mature and non-strategic assets for ~€227 million with ~3.9% gross exit yield**, of which € 205 million already closed in 2017 (*Group share*)[11].
- **Targeted acquisitions for ~€194 million mainly in Milan, 6% gross potential yield**, including the €118 million acquisition of Credito Valtellinese Group's portfolio in the context of a sale and leaseback transaction.
- **Additional ~€27 million** preliminary agreement for the **acquisition of two properties in Milan City centre**. The assets have a rental growth potential through capex deployment with a 6.0% gross expected yield. The closing is expected by July 2018.
- Finally, Beni Stabili is currently in advance negotiations (exclusivity agreement granted by the seller) for the potential acquisition of a **~€130 million prime office in Milan** currently hosting Deutsche Bank Italian Headquarter, located in Bicocca business district in the North of Milan, through a sale & leaseback transaction. The transaction will generate a recurring and stable cash flow thanks to a long-term lease contract (>5.5% gross yield). The exclusivity period ends on 31 March 2018.

- **Strong acceleration of development in Milan:**
  - **Delivery of the asset in Milan, via Cernaia for 8,300sqm and €57 million total cost**[12]. The project, 100% pre-let with 5.4% yield on cost (vs. budget 5.2%) confirms the outstanding development capabilities of Beni Stabili;
  - **New development commitment to build 9,500 sqm in Milan, via Schievano "The Sign"** for a total cost[12]of €38 million and more than 7% target yield. This is the first building of a landmark business

11 €233million on consolidated basis, of which €206million already closed in 2017 (€79 million referred to agreements signed before 2017).
12 Total cost includes land cost plus capex and financial costs.

district development of over 25,000 sqm and €100 million total cost[12], located in a strategic location South West of Milan city center, in an area bought by Beni Stabili in 2008.

The investment activity performed in 2017, in line with Beni Stabili's strategic proposition, has been instrumental to enhance cash flow visibility and **reinforce the Company's business and financial structure,** while confirming a proactive capital rotation strategy.

Strengthening of financial profile: remarkable year for refinancing at top conditions

- Achievement of an **investment grade rating** with **S&P** in July 2017 (**BBB-, with stable outlook**).
  The rating captures the successful strategy implementation and achievements including the closing of the transforming SICAF transaction and it confirms the solid business and financial profile of Beni Stabili.

- Successful liability management:
  - February 2017: buy-back of €270 million 2.625% convertible bond due in 2019 to avoid potential dilution;
  - July-August 2017: €335 million long-term secured financing with more than 8.5 years of maturity, to redeem the €350 million 4.125% senior unsecured bonds paid at maturity in January 2018. Around €150 million of the new long-term secured financing is in the form of a revolving facility available until February 2026 and currently undrawn;
  - October 2017: inaugural issue of a €300 million unsecured rated bond with 7-year maturity and 1.625% coupon (115bps margin above swap rate);
  - December 2017/Early 2018: extension of €240 million of unsecured committed lines from the original 18 months to ~3 years. Thanks to this, the current average maturity of committed lines (currently completely undrawn) is 2.8 yrs (0.54 yrs at year-end 2016 and 1.62 yrs at year-end 2017).

This successful activity is part of the Beni Stabili's liability management strategy and financial discipline, aimed at **optimizing its financing sources** in order to reduce the average cost of financing while extending debt maturity. As at 31 December 2017, the average debt maturity[13] was 5.71yrs (4.96 yrs at year-end 2016) and the cost of debt decreased further to 2.15%, at group share basis[14].

OUTLOOK

Successful strategy fully on track: raised targets 2022

The initiatives indicated above are in line with Beni Stabili's strategy started at the end of 2015 which allowed to get closer to the announced 2020 strategic targets, almost three years in advance. Therefore the strategic targets, aimed at improving and de-risking the Company's business and financial profile, have been raised for 2022[15]:

- **Reinforcement of the strategic positioning in Milan,** increasing the exposure **from 49% in 2015 to 64% in 2017 - target raised to 90% (vs 80% at end-2020)**;

13 Calculated including the repayment of €350 million Bond due in January 2018 and the drawdown of a mortgage loan also in January 2018 (Actual-as at 31/12/17: consolidated 4.90yrs/ Group share 4.62yrs). Based on long- term debt outstanding debt

14 As at 31 December 2017, the debt maturity was 5.86yrs (4.96yrs at year end 2016) and the cost of debt is constantly reducing and at 2.13%, on consolidated basis

15 2017 ratios include the impact of disposal agreement on 9% of SICAF

- **Improvement of risk profile** through better tenant diversification, **reducing Telecom Italia exposure from 41% in 2015 to 23% in 2017 - target achieved (20% at end-2020)**;
- Higher portion of **green assets, growing to 54% from 22% - target raised to 80% (vs 50% at end-2020)**;
- **Strengthening of financial structure, reducing LTV to target 40%-45% area**, from 51% in 2015 to 44% (including the ~2% positive impact of disposal of 9% of SICAF) as of year-end 2017;

- **Focus and acceleration of the development pipeline** for growing value creation: expected in 2018 delivery of more than 37,000 sqm while launching new projects in Milan. Beni Stabili targets to increase its committed pipeline up to €400 million by 2018/2019.

2018 GUIDANCE

Following the **numerous strategic actions executed in 2017**, including the partnership being implemented on the Telecom Italia portfolio, which led to a **successful refocusing of the property portfolio** as well as a **substantial financial deleveraging**, Beni Stabili currently targets to achieve 2018 EPRA Earnings in the area of €0.04/share.

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RENTAL ACTIVITY

Active rental activity and increasing occupancy rate

In 2017 Beni Stabili executed:

- **40 new contracts** for **19,300 sqm** and an annual rental value of **€4.1 million**;
- **32 renewals** for **87,100 sqm** and an annual rental value of **€15.8 million**.

This activity resulted, **on a *like-for-like*** [16] **basis,** in a +0.9%growth on Total Portfolio, which increases to **+2.4%** considering Milan non-TI offices only.

The **financial occupancy rate** on group share portfolio (excluding Development) increased to **96.6%** from 95.5% as at December 31st, 2016. The occupancy rate of Non-TI office portfolio stands at **95.1%** compared to 91.0% at the end of 2016 and to 87.5% at the end of 2015. This increase is linked to an active rental activity and the disposal of non-strategic vacant assets.

The average maturity of lease agreements considering break options moved to **7.2 years group share.**

Beni Stabili has also signed in the year 12 pre-letting agreements on development projects for a total of 23,200 sqm and €7.2 million annualized rent.

Main lease transactions can be summarized as follows:

- **Via Cernaia, Milan:** new contract for the entire building with Amundi for **€3.1 million** and a **~9 years firm maturity** (+6 yrs);
- **Via Montebello, Milan:** renewal of the lease contract at passing rent with Intesa for **€7.6 million** and a **9 years firm maturity** (+6 yrs);
- **Symbiosis, Milan:** new contracts for €0.9 million and a **weighted 15 years average firm maturity** (+6 yrs);

16 The like-for-like rental growth is calculated on the stabilized portfolio as the growth rate coming from i) the effect of indexation to inflation; ii) the effect of an increase or reduction in the vacancy rate of the stabilized portfolio and iii) the effect of renegotiating expiring rents or of new rents. The stabilized portfolio is the portfolio adjusted by sales, acquisitions and development.

- **Via Colonna, Milan:** new contracts for €0.9 million (fully pre-let) and a **weighted 6.5 years average firm maturity** (+6 yrs);
- **Via Scarsellini, Milan:** new contract for €0.7 million and a **7 years firm maturity** (+6 yrs);
- **Via Principe Amedeo, Milan:** new contract for €1.7 million and a **12.25 years firm maturity** (+6 yrs);
- **Via Lugaro, Turin:** renewal of a lease contract for € 1.3 million and a **7 years firm maturity** (+6 yrs);
- **Corso Ferrucci, Turin:** new contracts for €0.6 million and a **weighted 7 years average firm maturity** (+6 yrs).

REAL ESTATE PORTFOLIO

Value creation and improvement of portfolio quality through asset rotation

In line with its strategic proposition to improve operating performance, increase portfolio quality and extract value creation, Beni Stabili has accelerated the asset rotation and the development of its Milan projects, which is rapidly progressing to re-position its portfolio on "Milan green offices" (currently 64% of Portfolio is in Milan and 54% of Portfolio is considered as Green)[17].

The portfolio has grown by **+1.7% on a *like-for-like basis*** in 2017, while **Milan offices properties assets have grown by +5.4%** (excluding Telecom Italia and development assets).

Focus on development pipeline: value creation embedded

Beni Stabili has **significantly grown its development pipeline since 2015** and can today leverage on a **€777 million** pipeline, of which 90% in Milan, encompassing **€73.3 million capex[18] to be spent on committed projects** as well as ~**€460 million** managed projects in Milan.

The offer of quality offices in Milan is, in fact, still limited and, also considering the future supply, the demand for Grade A buildings is expected to exceed the relative offer. Beni Stabili has been proving to be able to develop or redevelop top quality and grade A buildings in Milan, being at the same time conscious of costs.

The Company plans to **deliver projects for over 37,000 sqm in 2018, while maintaining around €400 million committed projects** (€317million at December 2017). In 2017 the Company delivered the already mentioned asset in Milan, via Cernaia: 8,300 sqm in the heart of Milan, €57m total cost, 100% pre-let with 5.4% yield on cost (vs. budget 5.2%): this is only the latest example of the Company outstanding development capabilities.

59% of the committed pipeline is prelet.

The main committed project in the pipeline is **Symbiosis (building A+B),** for around 20,500 sqm, total cost[19] of €94 million and around 7% target yield. In July 2016, Beni Stabili signed a **preletting agreement with Fastweb**, the largest alternative fixed-line TLC provider in Italy part of the Swisscom Group, covering **16,000 sqm** of office areas (and 266 covered parkings). Furthermore, during 2017, Beni Stabili signed two additional pre-let contracts with CIR Food, an Italian leading food service company, for the lease of approximately 1,200 sqm of restaurant area on ground floor and basement floor plus approximately 1,000 sqm of additional offices on the mezzanine floor and some parkings and warehouses. With this additional lease agreements, Beni Stabili took the asset occupancy to 88%. Works on the pre-let building started in summer 2016 and are well-advanced

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17 It includes the impact of the disposal agreement on 9% of SICAF.
18 Includes construction costs, technical costs, urbanization fees, capitalised financial costs, home technical costs and various fees.
19 Total cost includes the cost of land plus all capitalized capex and other capitalized costs.

for a planned completion in 4Q 2018. Symbiosis (building A+B) is the committed part of a bigger office development of around 100,000 sqm and around €490 million total cost overall (including building A+B, which is the only portion committed as of today).

During fall 2017, Beni Stabili added to the development pipeline **The Sign A**. This new landmark **development project** envisages the construction of a 9,500 sqm office building, first step of a bigger redevelopment of a strategically positioned area of 17,000 sqm that will allow to develop approx. 25,400 sqm of innovative offices distributed in three buildings surrounding a green plaza. The asset, which is located in **Milan, Via Schievano,** south west of the city center, targets the highest green certification and will cover its energy needs both by self-produced energy and external sources, 100% green certified. The start of the works is expected within the first half of 2018, together with urbanization works in the neighboring areas. Marketing activity on the project is currently ongoing, with some advanced negotiations already in place.

Alongside the Symbiosis and The Sign projects in Milan, the complete refurbishment/repositioning projects in Beni Stabili's development pipeline as at December 2017 are:

- **Turin, Corso Ferrucci:** this 45,600 sqm office building is under complete refurbishment. Works are ongoing and in a well advanced stage. As of December 2017, Beni Stabili signed pre-let contracts for approximately the 36% of the asset areas. The delivery of the first block of refurbished areas (100% pre-let), plus all the common areas, has been made during 2H17. The remaining pre-let portions of the building are currently works in progress; the other office premises are expected to be delivered in the future according to commercialization;
- **Milan, Via Monte Titano:** this 6,000 sqm building, which is being fully renewed and converted into a 130-room hotel, has been entirely pre-let to Meininger Hotels, with a 20+5 year lease agreement. Works are currently in progress and assumed to be completed by 1H18;
- **Milan, Via Colonna:** this 3,500 sqm office building is being entirely refurbished. The project concerns the complete remake of the asset façade, of the internal and external spaces and the construction of an additional attic floor. Full completion is expected to be achieved by April, 2018. During 2017, Beni Stabili fully pre-let the building, delivering in December 2017 the first portion of the finished areas;
- **Milan, Via Principe Amedeo:** this 7,000 sqm historical building, whose acquisition has been finalized during 1Q 2017, is currently under refurbishment, and will be delivered by the end of 2018. The project, includes the complete renovation of the internal and external spaces, together with the construction of an additional attic floor. During December 2017, Beni Stabili signed a pre-let binding agreement with a primary legal firm, bringing the asset pre-let occupancy to 57%.

Acquisitions: targeted in Milan

During the period Beni Stabili purchased €194 million of assets mainly in Milan:

- **Credito Valtellinese Group Portfolio** for a total cost of € 117.8 million and a 6% gross yield (around €7 million of rents). The portfolio consists of 17 properties located for more than 82% of the acquisition price in Milan that are leased back by virtue of double-net lease agreements with minimum durations varying between 9 and 12 years (besides a 6-year extension option at the hand of the tenant)[20];

20 The portfolio includes some minor portions let to third parties. The lease agreement for the leasehold asset located in Corso Magenta 59 will expire in April 2030 (end of the leasehold period) with no extension options envisaged.

- **Milan, via Principe Amedeo** for a cost of €41.9 million and a potential yield of 5.2%; the asset will be completely refurbished (total cost of ~€57 million);
- **Milan, via Marostica** for a cost of €24.7 million and a 6.9% yield;
- **Milan, via Adamello** for a cost of €9.3 million and a 7.0% potential yield on cost.

Moreover, the Company signed binding agreements for additional €27 million:

- **Milan, Piazza Duca D'Aosta,** around 2,600 sqm for a cost of €11.5 million and a 6.1% potential yield (preliminary agreement);
- **Milan, Piazza San Pietro in Gessate,** around 3,400 sqm for a cost of €15.8 million and a 6.0% potential yield (preliminary agreement).

Disposal agreements: selling mature and non-strategic

Beni Stabili completed the **sale of 10 assets and various portions for a value of €204.5 million**[21] group share (around 4% exit yield), in line with book value. The main transactions regard the sale to Luxottica Group S.p.A. of an asset of 11,705 sqm of offices located in Milan via San Nicolao for approx. €114.6 million and the disposals of two retail properties in Milan for approx. €61.3 million.

Furthermore as of December 31th 2017, the company has **disposal preliminary agreements in place for approx. €22.3 million**[22] group share (2.4% exit yield), at a price in line with book value.

As already mentioned, during the year Beni Stabili sold **40% stake in Central SICAF**, equivalent to approx. €618 million of assets, and signed a binding agreement for the disposal of an additional **9% of Central SICAF** for approx. €140 million (~6.4% exit yield).

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ECONOMIC AND FINANCIAL RESULTS

On February 6th, 2018, the Board of Directors of Beni Stabili S.p.A. Siiq approved the consolidated results as at December 31st, 2017.

Summary of economic data	31/12/2016	31/12/2017
Data in € million, unless otherwise state		
Gross rental income	**199.7**	**204.8**
Net rental income	164.1	172.8
Sales margin	(0.3)	(0.2)
Net service revenues	0.6	4.9
Recurring net income	**106.0**	**101.7**
Recurring net income per share (€)	***0.047***	***0.045***
EPRA Earnings	**91.2**	**85.8**
EPRA Earnings per share (€)	***0.040***	***0.038***
Group net results	158.8	85.6

21 €205.6 million on consolidated basis.
22 €27.3 million on consolidated basis.

Base EPS (€/share)	0.070	0.038
Diluted EPS (€/share)	0.043	0.038

Summary of financial data	**31/12/2016**	**31/12/2017**
Data in € million, unless otherwise stated		
Book value of the real estate portfolio	4,091.0	4,230.5
Book value of the real estate portfolio group share		3,608.2
EPRA NAV	1,924.3	1,896.9
EPRA NAV per share (€)	*0.848*	*0.836*
EPRA NNNAV (€m)	**1,834.8**	**1,871.3**
EPRA NNNAV per share (€)	***0.809***	***0.825***
Net accounting debt	2,230.3	2,033.1
Net accounting debt group share		1,730.9
Loan to value (%)[23]	*51.6%*	*46.2%*
Loan to value group share (%)	*51.6%*	***46.1%***
LTV group share including the positive income of the disposal of 9% of SICAF (%)		*44.1%*

Profit and loss account

The gross rental income amounts to €204.8 million in 2017 (€199.7 million in 2016). This change is primarily due to the following main events:

- ↑ **+€7.9 million** increase from acquisitions;
- ↓ **-€4.7 million** reduction due to disposals;
- ↑ **+€1.0 million** net impact from rental activities;
- ↑ **+€1.0 million** other impacts mainly referred to ISTAT indexation.

	100%			**Group share**		
(€ million)	**2016**	**2017**	**Change (%) Like-for-Like**	**2017**	**Change (%) Like-for-Like**	**Occupancy rate**
Office TI	98.8	98.6	0.5%	78.1	0.4%	100.0%
Office Non - TI	81.4	88.0	+1.9%	88.0	+1.9%	95.1%
Total Office	***180.2***	***186.6***	**1.1%**	***166.1***	**1.2%**	**97.0%**
Retail & Others	19.4	17.8	(1.2%)	17.8	(1.2%)	93.6%
Development	0.1	0.4	+0.0%	0.4	+0.0%	n.a
Total portfolio	**199.7**	**204.8**	**+0.9%**	**184.3**	**+0.9%**	**96.6%**

LfL growth in Milan Office Non – TI is +2.4%.

The **net rental revenues amount to €172.8 million** compared to €164.1 million posted in 2016. The increase is due to the gross rent dynamic previously described and to the reduction of property costs mainly referred to the decrease of property management fees due to the consolidation of Revalo S.p.A. (from December 2016).

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

Sales margin remain limited (-€0.2 million in 2017), as the disposals closed during the year were completed in line with the book value of the properties (as previous year).

Net revenues for services increased from €0.6 million in 2016 to €4.9 million in 2017 mainly linked to the consolidation *line-by-line* of Revalo S.p.A..

The staff costs increased from -€7.2 million in 2016 to -€10.7 million, and it is mainly linked to the consolidation line-by-line (starting from December 2016) of Revalo S.p.A..

Overheads costs increased from -€11.7 million in 2016 to -€20.8 million in 2017, the change being mainly explained by the closing costs of extraordinary transactions executed in the year, other non-recurring events and the consolidation line-by-line of Revalo S.p.A..

Other net costs and charges increase from -€9.3 million in 2016 to -€10.9 million in 2017, mainly due to write-downs of some operating activities, higher provisions and the increase of non-recoverable VAT on the non-recurring costs mentioned above.

Net change in value of the real estate portfolio, based on appraisals carried out by Jones Lang LaSalle, Duff&Phelps REAG and CBRE on December 31st, 2017 on a total carrying amount of €4,230.5 million total share, is equal to +€57.4 million (+€67.4 million in 2016).

Net financial charges amount to -€89.0 million in 2017 versus -€37.3 million in 2016. The change is mainly due to:

- changes in fair value of the convertible bonds conversion options from a positive balance of €57.7 million in 2016 to a negative balance of €27.3 million in 2017 (negative change of €85 million) due to the share price evolution and volatility recorded during the period;
- costs related to the anticipated repayment of loans and derivatives decrease from -€38.3 million in 2016 to -€15.7 million in 2017, related in 2017 mainly to the repurchase of the convertible bond due in April 2019;
- lower cash financial charges on short, medium and long term borrowings by €3.8million (-€50.4 million in 2017 against -€54.2 million in 2016), impacted by the reduction in the cost of debt (decreasing from 2.44% in 2016 to 2.13% on consolidated basis in 2017[1]). The maturity of debt is **5.7years**[2] **on a group share basis** (vs. 5.0 years at the end of 2016) and 5.9 years[3] on a consolidated basis; interests capitalized on development projects are €16.9 million in 2017 compared to €13.0 million in 2016;
- higher fees on undrawn credit lines (from -€0.8 million in 2016 to -€1.5 million in 2017);
- lower financial charges related to disposals for €0.2 million (-€0.1 million in 2017 against -€0.3 million in 2016);
- non cash portion of financial charges which in 2017 present a decrease of upfront fees amortization for €1.2 million (-€10.4 million in 2017 against -€11.6 million in 2016), while the change in fair value of hedging instruments has a positive variation of +€2.6 million (-€0.6 million in 2017 against -€3.2 million in 2016);
- lower financial income for €0.1 million (from +€0.3 million in 2016 to +€0.2 million in 2017).

Income from associates and other entities reported in 2017 consists of -€1.3 million (-€1.0 million in 2016).

Taxes for the period moved from -€6.1 million in 2016 to -€0.7 million in 2017.

Minority interest is equal to -€15.9 million against -€0.5 million in 2016. The change is mainly due to the 40% quota of Central Sicaf's result attributed to minorities.

[1] Cost of debt is 2.15% on a Group share basis (vs.2.91% in 2015).
[2] Calculated including the repayment of €350 million Bond due in January 2018 and the drawdown of a mortgage loan also in January 2018 (Actual-as at 31/12/17: consolidated 4.90yrs/ Group share 4.62yrs). Based on long- term debt outstanding debt.
[3] Calculated including the repayment of €350 million Bond due in January 2018 and the drawdown of a mortgage loan also in January 2018 (Actual-as at 31/12/17: consolidated 4.90yrs/ Group share 4.62yrs). Based on long- term debt outstanding debt.

Lastly, the consolidated **recurring net income is 7% above July guidance and it amounts to €101.7 million in 2017 compared to €106.0 million in 2016**. The change is mainly due to the increase of minority interest partially off-set by the improvement of net rental income and the reduction of net financial charges.

The recurring **net income per share totals €0.045** (€0.047 in 2016).

Main balance sheet items

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

The **market value of the property portfolio** based on estimates at December 31st, 2017 carried out by Jones Lang LaSalle, Duff&Phelps REAG and CBRE amounted to **€4,233 million** (**€3,611 million** in group share). On a like-for-like basis compared to December 31st, 2016, **the value of the portfolio increased by +1.5%** (+1.7% in group share). This increase is mainly due to the write-ups of **Milan offices** which, excluding the Telecom Italia and Development portfolios, registered **a value increase of +5.4%,** thanks to the asset management activity carried-out by the Group and the increase of yield compression in the Milan real estate market.

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

- **Total portfolio excluding development, amounting to €3,804 million** (approx. 90% of the total portfolio) or **€3,182 million** in group share, with a financial occupancy rate of approximately 96.6% group share. The average yield on market value is currently at approximately 5.2%, and is growing at 5.5%, if we take into account the level of rents once all incentives expire;
- **Development portfolio, amounting to €429 million** (approx.10% of the total portfolio) and including areas in development, such as Symbiosis and Schievano, and assets to be renovated, such as Turin, C.so Ferrucci, and other 3 assets in Milan: Via Colonna, Piazza Monte Titano and Via Principe Amedeo.
  Milan, Via Cernaia, after the delivery to Amundi in December 2017, has been moved to the investment portfolio.

Figures in € million	N° of properties	GLA ('000 sqm)	Market value (€m)	Gross yield (%) [24]	Topped-up yield (%) [25]	Financial occupancy (%)
Office Telecom Italia	143	638	933	6.4%	6.4%	100.0%
Office, Excl. Telecom Italia	72	516	1,952	4.6%	5.0%	95.1%
Retail	15	96	293	5.7%	6.1%	94.2%
Others	17	2	4	1.4%	2.3%	29.7%
Total portfolio excl. Development Group Share	**247**	**1,252**	**3,182**	**5.2%**	**5.5%**	**96.6%**
Development portfolio [26]	**6**	**226**	**429**			
Total portfolio Group Share	**253**	**1,478**	**3,611**			
Total portfolio excl. Development Consolidated	**247**	**1,677**	**3,804**			
Total portfolio Consolidated	**253**	**1,903**	**4,233**			

The portfolio in Milan is €2.2 billion at group share at December 2017.

24 Calculated on the basis of gross annual rents collectible at the end of the period and the corresponding market value of the *assets*.
25 Calculated on the basis of gross annual rents collectible at the end of the period, taking into account the expiry of *rent free* periods / loans or other rental incentives *(step-up),* and the corresponding market value of the assets.
26 The GLA of the asset of the Development portfolio is based on the current status of the existing properties before the start of the refurbishing works.

The **NAV (Net Asset Value)**, calculated as of December 31st, 2017 according to the EPRA guidelines and according to evaluations of the Group's entire real estate portfolio amounted to **€1,896.9 million (€0.836 per share)**, compared with the NAV of December 31st, 2016 amounting to €1,924.3 million (€0.848 per share).

The **NNNAV – triple NAV** (NAV net of both deferred taxes on the portfolio and the mark-to-market of interest rate derivatives and of fixed-rate debt, net of tax effects) as of December 31st, 2017 calculated according to the EPRA guidelines amounted to **€1,871.3 million (€0.825 per share)** compared to NNNAV at December 31st, 2016 amounting to €1,834.8 million (€0.809 per share).

The net accounting debt at December 31st, 2017 amounted to **€1,730.9 million** Group share (**€2,033.1 million** total share) compared to €2,230.3 million as at December 31st, 2016.

The LTV (Loan to Value) [27] **amounted** to **46.1% Group share** and **46.2%** on consolidated data compared to 51.6% as at December 31st, 2016.

* * * * *

The Board of Directors of Beni Stabili also:

- resolved to propose to the Shareholders' Meeting, to be convened for 12 April 2018, to distribute a dividend of €0.033 per share, corresponding to €74.9 million, on the basis of shares issued net of treasury shares kept in the portfolio. The dividend will be payable against presentation of coupon no. 22 on May 7th, 2018, as of May 9th, 2018. It is specified that, under the current legislation, the entitlement to the payment of profits is determined based on the records of the accounts relating to the end of the accounting day of the first settlement day following the ex-dividend date (record date: May 8th, 2018).

* * * * *

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

Governance Evolution

With a communication received on February 5, 2018, Mr. Enrico Laghi resigned from his role as director and Chairman of Beni Stabili.

Mr. E. Laghi started his cooperation with Beni Stabili in 2003 supporting the Company to achieve its leading role in the Italian real estate market and, more recently, to do significant steps in the implementation of the new strategy announced at the end of 2015 that further improve Company's operational and financial profile.

Mr. E. Laghi was an independent and not executive director of the company who, in addition to holding the role of Chairman of the Company, was also member and Chairman of the Executive and Investments Committee and Remuneration and Nomination Committee of the Company. Mr. Laghi at today's date does not own any Company's share.

Mr. E. Laghi says *"I decided to resign after having been involved in different phases of Company's growth, and in particular at the end of a successful year that allowed to achieve long pursued targets. My resignation comes after a long mandate also in the light of current professional commitments and new potential duties".*

Christophe Kullmann, Chief Executive Officer of Beni Stabili *says "I would like to warmly thank Mr. Laghi for having accompanied the Company in its development during his long mandate and for his professionalism and experience that have been truly important for the achievement of important goals of the Company"*.

In light of the above, the Board of Directors held today, appointed as new Chairman of the Company the independent director Mr. Ariberto Fassati.

Mr. A. Fassati has a significant experience both in real estate and finance industry, covering important roles in leading international banks.

The Board of Directors also appointed by way of co-optation Ms. Daniela Percoco as new Director who will remain in office until the next Shareholders' Meeting (which will be convened on 12 April 2018). Ms. Daniela Percoco qualifies as independent director pursuant to Legislative Decree N. 58 dated 24 February 1998 ("CFA") and the Corporate Governance Code for listed companies issued by Borsa Italiana S.p.A. and currently does not own any Beni Stabili shares.

Daniela Percoco is an economist and real estate market analyst with over 25 years of experience focused on Italian real estate market. Member of the RICS, she is currently Strategic Marketing Manager for Real Estate Services in CRIF Group after significant professional experiences in REAG Duff & Phelps, NOMISMA and real estate industry Associations at national and international level.

As a consequence of the above, the composition of the main corporate bodies of the company has been updated as follows.

Board of Directors: A. Fassati (Chairman), L. Del Vecchio, J. Laurent, C. Kullmann (Chief Executive Officer), Marjolaine Alquier de l'Epine, M.Le Divelec Lemmi, A. Saitta, A. Busani; D. Percoco;

Nomination and Remuneration Committee: M. Le Divelec (Chairman), A. Fassati and A. Saitta;

Control and Risks Committee: A. Busani (Chairman), A. Saitta, D. Percoco; while the Executive and Investments Committee has been deleted, due its mere and non-binding consultative role.

* * * * *

The Board of Directors held today, in addition to the approval of consolidated and company accounts and to the above mentioned resolutions, also:

- resolved to submit for approval to the next Shareholders' Meeting of the Company - which will be convened on 12 April 2018 on single call - the proposal (i) to revoke the authorization to increase the share capital attributed to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, by the Shareholders' Meeting held on 6 April 2017 in extraordinary session and (ii) to grant a mandate to the Board of Directors to increase the Company's share capital, pursuant to art. 2443 of the Italian Civil Code, against payment, in one or more tranches for a maximum amount of Euro 56.739.820, equal to the 25% of the Company's nominal share capital by issuing new shares to offer in option to the existing shareholders and/or on a gratuitous basis pursuant to art. 2442 of the Italian Civil Code. The mandate to increase the Company's share capital may be exercised within 18 months from the date of the approval by the Shareholders' Meeting and would allow the Board of Directors to swiftly find financial resources, if needed and in case of existing favourable market conditions, to support the Company's development or to meet financial needs that could arise during the duration of the mandate, or, in case the mandate is be executed on a gratuitous bases, to carry out possible reallocation in the net equity. **As of the date hereof, the Board of Directors did not resolve on any possible exercise of the mandate;**
- resolved to submit for approval to the next Shareholders' Meeting - which will be convened on 12 April 2018 on single call – the proposal (i) to revoke the previous authorization for the purchase of treasury shares granted by the Shareholders' Meeting held on 6 April 2017; and (ii) to authorize the Board of Directors, pursuant to art. 2357 of the Italian Civil Code and in compliance with applicable law, to purchase, within 18 months from the date of the approval by the Shareholders' Meeting, shares of the Company, even for fractions of the maximum authorized amount, on a revolving basis, such that the Beni Stabili will never own a number of ordinary shares representing more than the 10% of the Company's share capital. The Board of Directors may also decide to follow the applicable Consob's market practice. The purchase and sale plan would allow the company to (i) intervene, even by way of brokers, to support the liquidity of Beni Stabili's shares, and /or (ii) set up a share warehouse position in order to be able to sell, have available and/or use such Company's shares, in compliance with the Company's strategic guidelines, for extraordinary operations, and /or (iii) fulfil the obligations arising out of debt instruments or other financial instruments that can be converted into Beni Stabili shares, and /or (iv) fulfil the obligations arising out of fulfil obligations arising out of any incentive plans, whether against payment or not, reserved for Beni Stabili's or other companies within the Beni Stabili group, directors, employees or self-employed workers, and/or (v) offer the shareholders an additional instrument to monetize their investment, and/or (vi) service extraordinary share capital operations. The proposal to the Shareholders' Meeting provides that the purchase price will be determined from time to time for each transaction, it being understood that it shall not be higher than 0,84. Therefore, the possible maximum amount that the Company may pay for the purchase of the treasury shares amounts to EUR 190.000.000,00, but, in any case, within the limit of profits available for distribution and available. As of the date hereof, the Company owns 961,000 treasury shares, equal to 0.042% of the Company's share capital.
- The disposal of the treasury shares may take place without any time restraint in accordance with the technical methods that the Board of Directors will deem more appropriate. The Board of Directors shall determine, each time, the consideration for the sales transactions on the basis of objective parameters, possibly confirmed by evaluations and reports made by independent third parties in case the disposals

are carried out in the context of trading of shares or extraordinary operations regarding the Company's equity capital, taking into account the concrete ways such sales are made, the trend of the share price during the period preceding the relevant transaction and the Company's best interest.. **As of the date hereof, the Board of Directors did not resolve on any possible purchase of treasury shares nor of any and sale plan of treasury shares already owned by the Company;**

- approved, upon proposal of the Remuneration Committee, the Remuneration Report drafted in accordance with art. 123-ter of the CFA, the first section of which - illustrating the Company's remuneration policy - pursuant to art. 123-ter, paragraph 6 of the CFA will be submitted to the next Shareholders' Meeting for a consultative vote. The Company's Remuneration Report will be made available to the public - and published on the Company's website - pursuant to the terms and conditions set forth by applicable laws and regulations;
- valuated, on the basis of the information provided by the directors and available to the Company, that the Chairman Mr. Ariberto Fassati and the Directors Ms. Micaela Le Divelec Lemmi, Ms. Adriana Saitta, Mr. Angelo Busani and Ms. Daniela Percoco qualify as independent pursuant to the applicable law;
- resolved to grant mandate to the Chairman to convene an ordinary and extraordinary Shareholders' Meeting, on 12 April 2018 on single call and to determinate the time, place and agenda of the meeting in compliance with the resolution approved by the Board of Directors during today's meeting. The notice of call of the Shareholders' Meeting will be made available to the public in accordance with the terms and conditions set forth by applicable laws and regulations.

* * * * *

Beni Stabili announces that, in light of recent legislative changes in Italy, it will no longer publish its third quarter interim management report. The Company will publish rental revenues for the three-month periods ended March 31, along with the continued publication of full year results for the twelve-month periods ended December 31 and half year results for the six-month periods ended June 30.

"The director responsible for preparing corporate accounting documents, Barbara Pivetta declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance that the accounting information contained in this statement corresponds to the documented results, books and accounting records."

* * * * *

PRESENTATION OF ANNUAL RESULTS FY2017

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

will hold a conference call for investors and analysts

Tuesday 6th February 2018 at 4.00 pm (CET)

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

To participate please dial in the following numbers:

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

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

http://services.choruscall.eu/links/benistabili180206.html

For more information:

Beni Stabili Siiq

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Beni Stabili Siiq, *a leading property company* in the Italian *real estate sector*

Beni Stabili is the leading property player in the Italian real estate market with total assets of 4bn euro. Our assets portfolio is sited in key locations of North and Central Italy's major cities and consist mainly of offices. We pursue the appreciation of our assets to increase profitability and create value for our clients, partners and shareholders.

As a major player in office investment and development, we foster pioneering solutions to improve the environmental performance of our buildings for the well-being of our clients' employees. With this is mind we are developing in Milan a new business area dedicated to smart working: Symbiosis.

Beni Stabili is listed on the Milan and Paris Stock Exchanges and operates through its main offices of Milan and Rome. Beni Stabili belongs to the Foncière des Régions group, a leading real estate player in Europe who owns and manage an 18bn euro portfolio located in the most attractive metropolitan cities of France, Germany and Italy.

Income statement - Beni Stabili Group

€ thousands	31.12.2017	31.12.2016
Rental revenues	204,837	199,651
Property costs	(32,035)	(35,551)
Net rental revenues	**172,802**	**164,100**
Net service revenues	**4,882**	**597**
Staff costs	(10,715)	(7,218)
Overheads	(20,796)	(11,691)
Total operating costs	**(31,511)**	**(18,909)**
Other revenues and income	1,161	651
Other costs and charges	(12,064)	(9,921)
Other revenues and income/(other costs and charges)	**(10,903)**	**(9,270)**
Trading property sales revenues	2	0
Cost of sales	(2)	0
Profit/(Loss) on disposal of trading properties	**0**	**0**
Investment and development property sales revenues	11,970	1,265
Cost of sales	(12,376)	(1,324)
Profit/(loss) on disposal of investment and development properties	**(406)**	**(59)**
Held for sale property sales revenues	193,626	60,970
Cost of sales	(193,455)	(61,169)
Profit/(loss) on disposal of held for sale properties	**171**	**(199)**
Property write-ups	143,840	110,377
Property write-downs	(86,469)	(42,941)
Property write-ups/(write-downs)	**57,371**	**67,436**
EBIT	**192,406**	**203,696**
Net financial income/(charges)	(88,983)	(37,286)
Income/(charges) from associates	(680)	1,665
Income/(charges) from other companies	(566)	(2,724)
EBT	**102,177**	**165,351**
Tax	(664)	(6,067)
Net profit / (loss) for the year	**101,513**	**159,284**
Minorities (profit)/loss	(15,879)	(469)
GROUP NET INCOME	**85,634**	**158,815**
- Earnings per share in EURO		
- Base	0.03775	0.07000
- Diluted	0.03775	0.04279

Financial income/(expenses) - Beni Stabili Group

€ thousands	31.12.2017	31.12.2016
Financial income on bank current accounts and time deposits	33	142
Other financial income	121	156
Total financial income	**154**	**298**
Medium/long-term financial charges - cash portion	(49,639)	(53,337)
Financial charges for short-term borrowings - cash portion	(729)	(856)
Medium/long-term financial charges - non-cash portion	(10,381)	(11,597)
Non-utilisation fees (for short/medium/long-term borrowings)	(1,518)	(798)
Financial charges associated with property sales	(65)	(298)
Change in the fair value of derivatives - ineffective portion	(626)	(3,188)
Other financial charges	(40)	(25)
Capitalized financial charges	16,943	13,026
Total financial charges	**(46,055)**	**(57,073)**
Financial charges associated with the early repayment of loans and derivatives	(15,738)	(38,259)
Change in the fair value of the conversion option of bonds	(27,344)	57,748
Total net financial charges	**(88,983)**	**(37,286)**

Statement of financial position - Beni Stabili Group

€ thousands	31.12.2017	31.12.2016
ASSETS		
Investment properties	3,738,469	3,612,231
Property under development	428,900	355,370
Operating properties and other assets	19,594	22,536
Intangible assets	2,082	2,141
Investment		
- in associates	18,392	19,671
- in other companies	842	703
Securities	6,236	7,043
Trade and other receivables	37,526	43,753
Derivatives	8,306	4,060
Deferred tax assets	2,215	9,807
Total non-current assets	**4,262,562**	**4,077,315**
Trading properties	22,560	27,465
Trade and other receivables	27,865	29,977
Cash and cash equivalents	310,404	28,785
Total current assets	**360,829**	**86,227**
Assets held for sale	**22,453**	**76,601**
Total assets	**4,645,844**	**4,240,143**
EQUITY		
Share capital	226,959	226,959
Share premium reserve	279,042	279,042
Other reserves	1,282,076	1,198,449
Retained earnings	88,748	158,558
Group Equity	**1,876,825**	**1,863,008**
Minority interests	**320,176**	**940**
Total consolidated equity	**2,197,001**	**1,863,948**
LIABILITIES		
Borrowings	1,953,774	2,153,447
Trade and other payables	-	-
Derivatives	22,761	49,103
Staff termination benefits	774	645
Deferred tax liabilities	2,669	13,491
Total non-current liabilities	**1,979,978**	**2,216,686**
Borrowings	389,696	105,633
Trade and other payables	70,789	48,611
Provisions for risks and charges	8,380	5,265
Total current liabilities	**468,865**	**159,509**
Liabilities associated with assets held for sale	**-**	**-**
Total liabilities	**2,448,843**	**2,376,195**
Total consolidated equity and total liabilities	**4,645,844**	**4,240,143**

Statement of cash flows - Beni Stabili Group

€ thousands	31.12.2017	31.12.2016
EBT	**102,177**	**165,351**
Amortisation and w rite-dow ns of intangible assets	144	83
Depreciation of operating and other assets	2,489	853
Write-ups/Write-dow ns of properties	(57,371)	(67,605)
Write-ups/Write-dow ns of investments	1,246	1,059
Non-cash finance charges/(income) on derivatives and amortised cost	48,687	(31,631)
Provisions for depreciation on receivables for risks and charges	6,049	4,408
Releases of depreciations on receivables and on risks and charges	(747)	(498)
Cash flow from operating activities	**102,674**	**72,020**
Taxes (excluded deferred taxes)	(3,893)	(3,286)
Cash flow from operating activities after taxes	**98,781**	**68,734**
Movements in assets and liabilities		
Other assets/other liabilities	22,457	18,673
Payables/receivables for the disposal/purchase of properties	3,850	4,000
Payment for tax dispute settlement - COMIT	-	(55,163)
Cash flow before investing and financing activities	**125,088**	**36,244**
Investing/disinvesting activities		
Purchase and increase in intangible assets	(85)	(77)
Purchase and increase in operating and other assets	(276)	(1,229)
Purchase and incremental costs for properties	(284,727)	(183,223)
Contribution to investments	(55)	-
Disposal of properties	202,112	61,843
Disposal/reimbursement of investments and securities	102	132
Dividends from investments valuated w ith the Equity method	642	1,111
Acquisition minority shareholders Revalo S.p.A. and Beni Stabili Development S.p.A.	-	(8,604)
Disposal 40% Central Sicaf	301,022	-
Financing activity		
Dividend distribution	(74,865)	(54,447)
Contributions / redemptions and attribution of reserves from/to non-controlling interests	(441)	-
Early termination of derivative instruments	(24,134)	-
Increase/ (decrease) in borrow ings and derivatives	37,235	96,265
Net increase/(decrese) in cash and cash equivalents	**281,619**	**(51,985)**
Cash and cash equivalents at beginning of period	**28,785**	**80,770**
Cash and cash equivalents at end of period	**310,404**	**28,785**

Net financial position (accounting values) - Beni Stabili Group

€ thousands	31.12.2017		31.12.2016	
Borrowings from banks and financial institutions		1,108,496		1,068,248
of which:				
- short term portion	11,862		77,276	
- medium/long term portion	1,096,634		990,972	
Bonds in issue		1,046,599		747,666
of which:				
- short term portion	377,100		26,171	
- medium/long term portion	669,499		721,495	
Covertible bonds issue		188,375		443,166
of which:				
- short term portion	734		2,186	
- medium/long term portion	187,641		440,980	
Gross debt		**2,343,470**		**2,259,080**
Cash and cash equivalents		(310,404)		(28,785)
Net debt		**2,033,066**		**2,230,295**

Net financial position (nominal values) - Beni Stabili Group

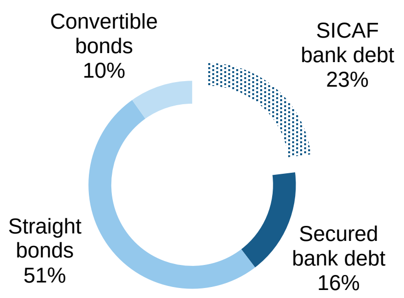
€ thousands	31.12.2017		31.12.16	
Borrowings from banks and financial institutions		1,122,325		1,081,637
of which:				
- short term portion	13,531		78,136	
- medium/long-term portion	1,108,794		1,003,501	
Bonds in issue		1,052,146		751,173
of which:				
- short term portion	377,146		26,173	
- medium/long-term portion	675,000		725,000	
Convertible bonds in issue		200,734		472,186
of which:				
- short term portion	734		2,186	
- medium/long-term portion	200,000		470,000	
Gross debt		**2,375,205**		**2,304,995**
Cash and cash equivalents		(310,404)		(28,785)
Net debt		**2,064,801**		**2,276,210**

EPRA Earnings - Beni Stabili Group

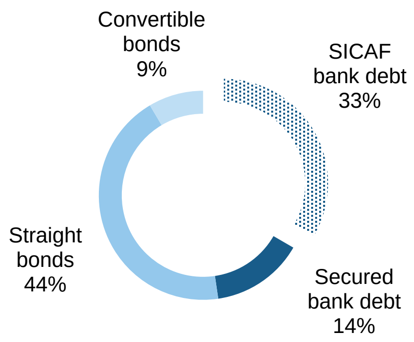
€/000	2017	2016
NET GROUP INCOME	**85,634**	**158,815**
Change in value in Real Estate Portfolio	(57,371)	(67,436)
Profit/(Loss) on disposal of properties (included financial charges related to disposals)	458	1,785
Change in fair value of financial instruments	33,110	(49,062)
Close-out costs related to financial instruments	15,738	38,259
Costs on share deals and non-controlling Joint venture interests	8,018	2,751
Taxes in respect of EPRA adjustments	(1,203)	5,685
Non- controling interests in respect of the above	1,430	407
EPRA Earnings	**85,813**	**91,204**
Epra Earnings per share (€)	***0.0378***	***0.0402***
Specific BS Group adjustments:		
Adjustments for non recurring operating costs/(revenues) and for discontinuing	2,672	6,041
Adjustments for depreciation of up-front fees on borrow ings	13,175	8,727
RECURRING NET INCOME FOR THE GROUP	**101,660**	**105,972**

Breakdown of gross debt breakdown by type as at 31.12.17

Group Share

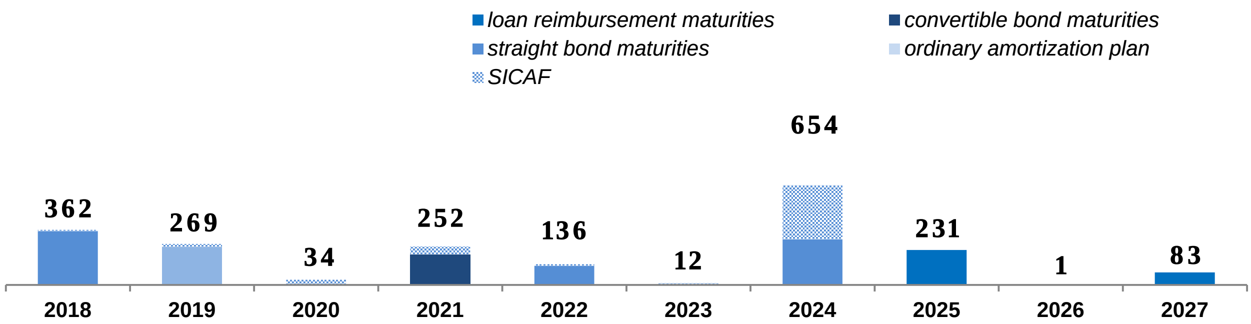


Consolidated



Maturity of long-term gross financial debt as at 31.12.17

Group Share



Consolidated