# FY 2015 Presentation

AEDES SIIQ
COMMERCIAL PROPERTIES

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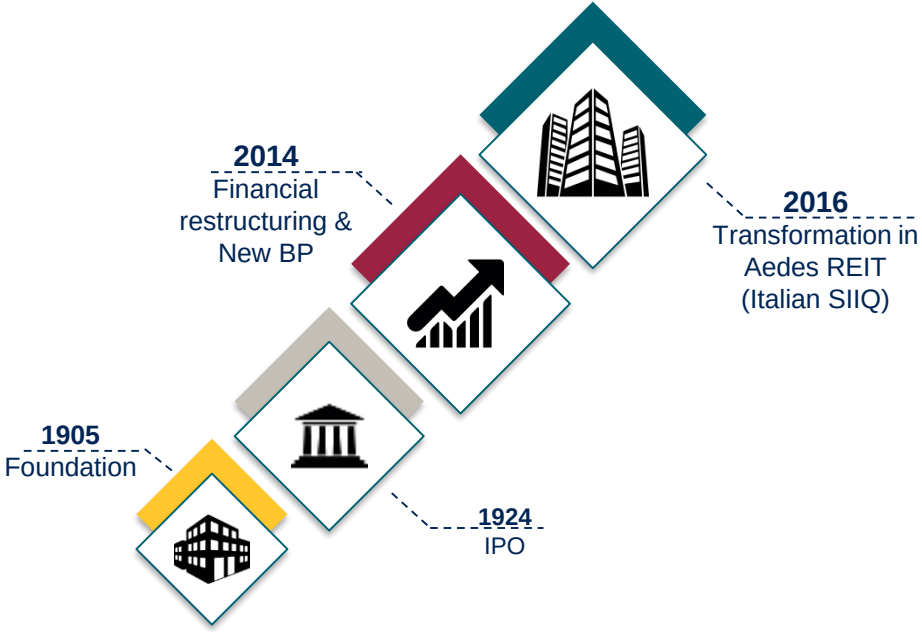
- Corporate Overview
- Aedes' Portfolio
- Investment Opportunities
- Achievement 2015
- Financial Results: FY 2015

# Corporate Overview

# COMPANY OVERVIEW

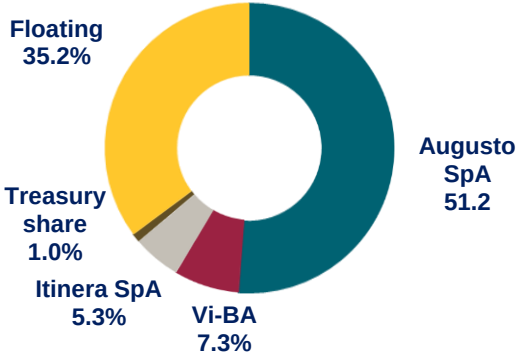
The Aedes REIT strategy aims to create and maintain a real estate portfolio with mainly commercial destination, that generates cash flows consistent with REIT model.

Aedes REIT has two portfolios: “Rented portfolio” to compete with the performances of European REIT and a “Development portfolio for rent” to create a new generation of shopping and leisure centers, for rent. Both portfolio has limited indebtedness with a maximum of 60% LTV.




## Shareholders’ structure

18.04.2016




## Highly experienced Management

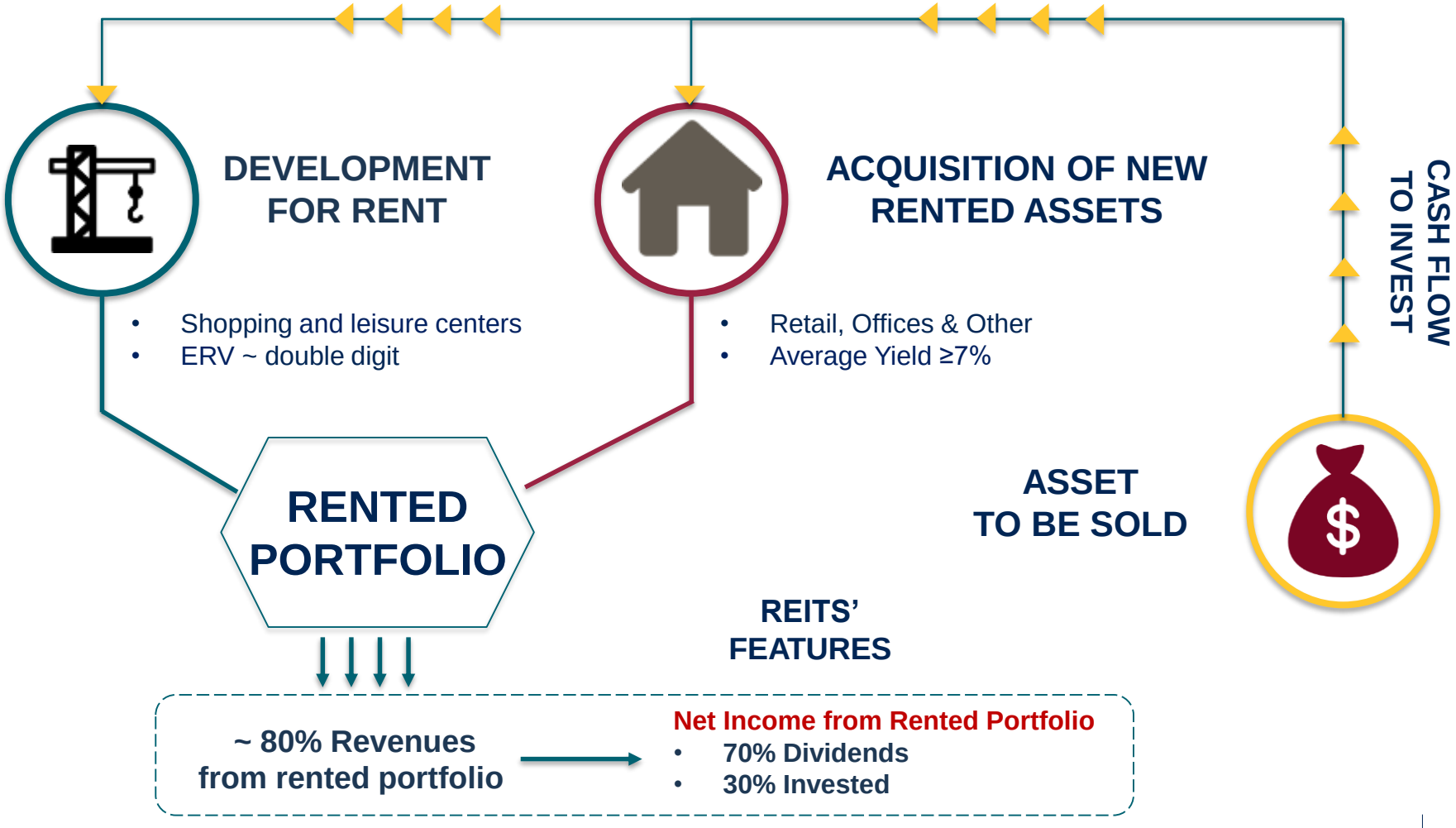
A team of ~ 50 skilled people

**Chairman**
Carlo A. Puri Negri

**CEO**
Giuseppe Roveda

**CFO**
Gabriele Cerminara

# AEDES REITS' BUSINESS MODEL



# MARKET REAL ESTATE SCENARIO

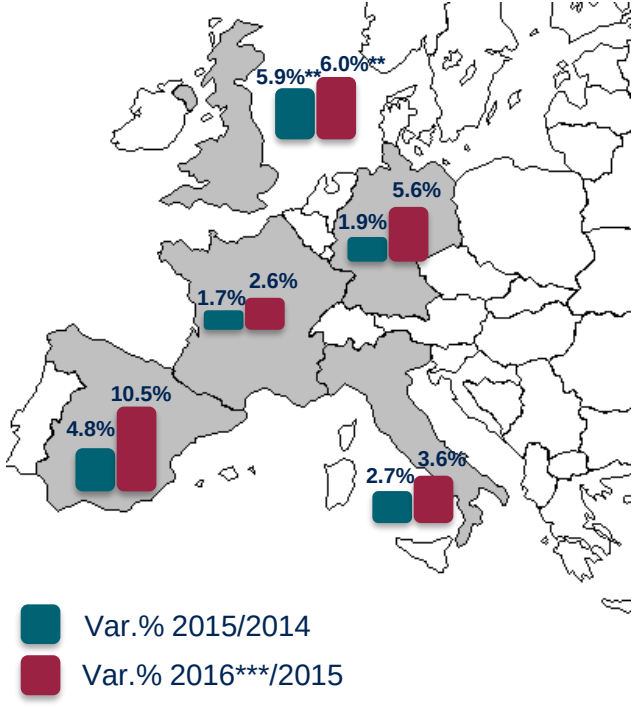
+ High Liquidity
+ Financial market volatility

## CAPITAL INCREASE IN RE

## REVENUES GROWTH IN RE

- In **2015** Revenues* of the five major European countries (England, Germany, France, Spain, Italy) had an increase of **3.1%,**
- In 2015, in Italy, Revenues raised of about **2.7%**

## 2016 FORECAST REVENUES IN RE




**Source: Scenari Immobiliari Outlook 2016**

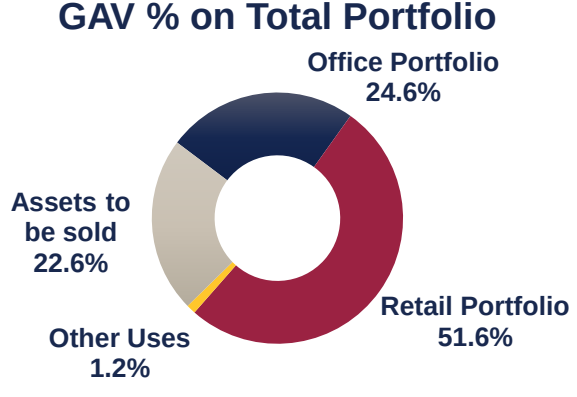
* Revenues data: the amount of money exchanged in RE transactions. In the case of tertiary sector it means the market value of the asset, even if rented.
**Data are available for England and not only for the whole of Great Britain (England, Scotland, Wales)
***Estimates to Year end

# Aedes’ Portfolio

# GAV PORTFOLIO BY USE – 31.12.2015

| €/000 | Consolidated pro-quota | Not consolidated Funds & JV | Total pro-quota Portfolio | GLA sqm | Building permits sqm | Passing Yield % | ERV % | LTV Ratio |
|---|---|---|---|---|---|---|---|---|
| Retail Rented | 31,200 | 56,542 | 87,742 | 56,481 | | 6.8% | 7.8% | 57.7% |
| Retail Development for Rent | 109,133 | 15,982 | 125,115 | 4,469 | 251,868 | | | 20.3% |
| **Total Retail Portfolio** | **140,333** | **72,524** | **212,857** | **60,950** | **251,868** | | | **35.7%** |
| Office Rented | 99,093 | 1,580 | 100,673 | 72,094 | | 6.4% | 7.6% | 62.0% |
| Office Development for Rent | 660 | | 660 | | 32,000 | | | 0.0% |
| **Total Office Portfolio** | **99,753** | **1,580** | **101,333** | **72,094** | **32,000** | | | **61.6%** |
| **Total Other Uses Portfolio** | **1,200** | **3,904** | **5,104** | **4,303** | | **6.4%** | **8.0%** | **44.0%** |
| **SUB TOTAL PORTFOLIO RENTED/FOR RENT** | **241,286** | **78,009** | **319,295** | **137,347** | **283,868** | | | **44.1%** |
| Assets to be sold | 30,815 | 15,583 | 46,398 | 30,001 | | | | 50.1% |
| Lands to be sold | 26,281 | 20,443 | 46,724 | 4,688 | 218,975 | | | 74.6% |
| **SUB TOTAL PORTFOLIO TO BE SOLD** | **57,096** | **36,026** | **93,122** | **34,689** | **218,975** | | | **62.4%** |
| **TOTAL PORTFOLIO** | **298,382** | **114,035** | **412,417** | **172,036** | **502,843** | | | **48.2%** |

| *Minorities* | |
|---|---|
| Petrarca Fund (35%) | 20,479 |
| Praga France Sarl (25%) | 2,448 |
| **TOTAL CONSOLIDATED PORTFOLIO** | **321,308** |




AEDES SIIQ
COMMERCIAL PROPERTIES

# GAV PORTFOLIO BY TYPE – 31.12.2015

| €/000 | Consolidated pro-quota | Not consolidated Funds & JV | Total pro-quota Portfolio | GLA sqm | Building permits sqm | Passing Yield % | ERV % | LTV Ratio |
|---|---|---|---|---|---|---|---|---|
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| Office | 99,093 | 1,580 | 100,673 | 72,094 | | 6.4% | 7.6% | 62.0% |
| Other uses | 1,200 | 3,904 | 5,104 | 4,303 | | 6.4% | 8.0% | 44.0% |
| **Rented Assets** | **131,493** | **62,027** | **193,520** | **132,878** | | | | **59.6%** |
| Retail Development for Rent | 109,133 | 15,982 | 125,115 | 4,469 | 251,868 | | | 20.3% |
| Office Development for Rent | 660 | 0 | 660 | | 32,000 | | | 0.0% |
| **Development for Rent** | **109,793** | **15,982** | **125,775** | **4,469** | **283,868** | | | **20.2%** |
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|---|---|
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| Praga France Sarl (25%) | 2,448 |
| **TOTAL CONSOLIDATED PORTFOLIO** | **321,308** |

## GAV % on Total Portfolio

# RENTED ASSETS – 31.12.2015



| *€/000* | Consolidated pro-quota | Not consolidated Funds & JV | Total pro-quota Portfolio | GLA sqm | Passing Yield % | ERV % | LTV Ratio |
|---|---|---|---|---|---|---|---|
| Retail | 31,200 | 56,542 | 87,742 | 56,481 | 6.8% | 7.8% | 57.7% |
| Office | 99,093 | 1,580 | 100,673 | 72,094 | 6.4% | 7.6% | 62.0% |
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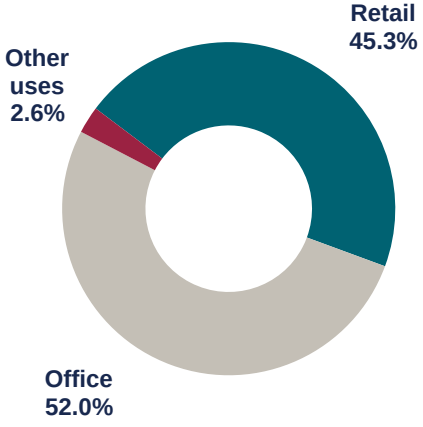
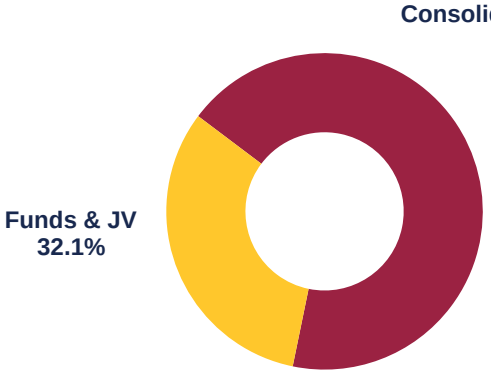
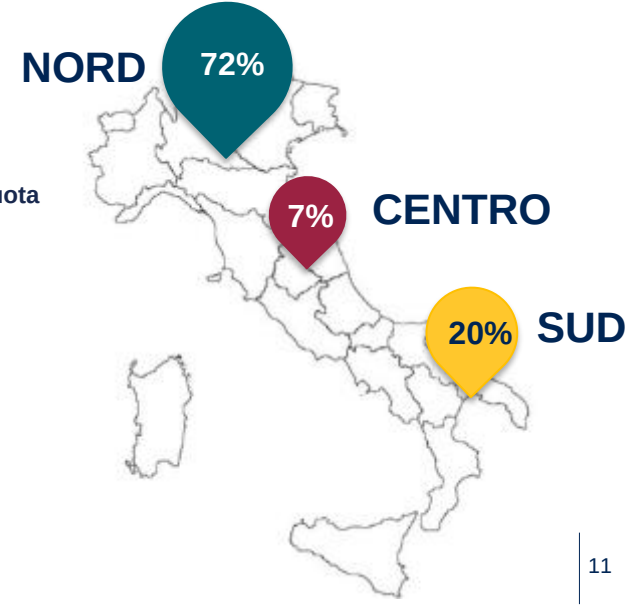


# RENTED ASSETS

- Location: Catania, Via Etnea 116-124
- Total GLA: 7,935 sqm
- Fair Value 31/12/2015: €18.6 mln

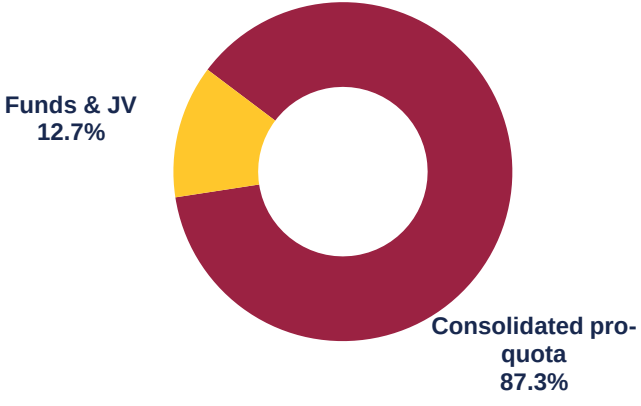
- Location: Milano, via Agnello 12
- Total GLA: 4,406 sqm
- Fair Value 31/12/2015: €40.1 mln

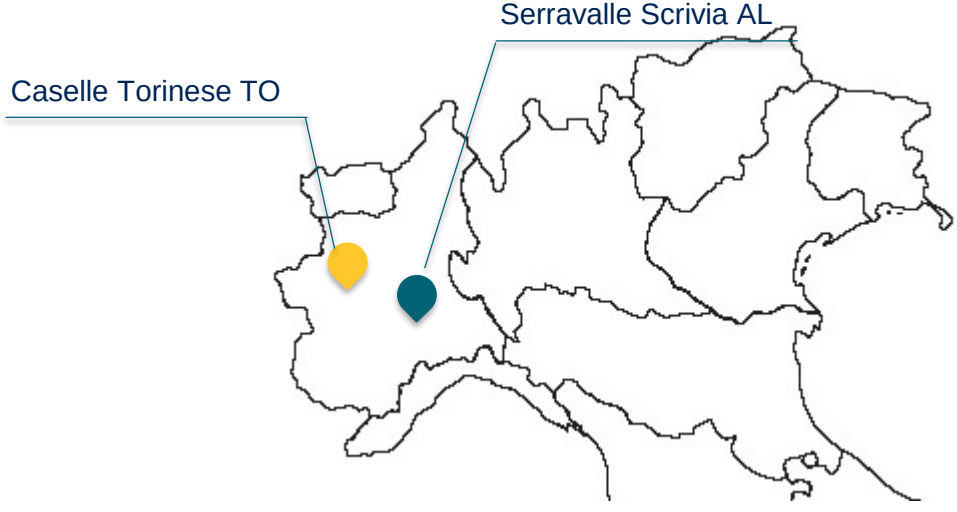
- Location: Milano, via San Vigilio 1
- Total GLA: 9,793 sqm
- Fair Value 31/12/2015: €23.1 mln

# DEVELOPMENT FOR RENT ASSETS



| *€/000* | Consolidated pro-quota | Not consolidated Funds & JV | Total pro-quota Portfolio | GLA sqm | Building permits sqm | LTV Ratio |
|---|---|---|---|---|---|---|
| Retail | 109,133 | 15,982 | 125,115 | 4,469 | 251,868 | 20.3% |
| Office | 660 | | 660 | | 32,000 | 0.0% |
| **Development for Rent** | **109,793** | **15,982** | **125,775** | **4,469** | **283,868** | **20.2%** |



## SERRAVALLE OUTLET VILLAGE PHASE 6

- Joint Venture with **European Outlet Mall Fund** (49.9%)
- Opening scheduled for September 2016
- Total GLA: 5,299 sqm
- Fair Value 31/12/2015: €31.9 mln

## SERRAVALLE OUTLET VILLAGE PHASE 7

- It's an extension of Serravalle outlet village phase 6
- Total GLA: 9,909 sqm*
- Fair Value 31/12/2015 : €16.1 mln

*of which Praga Business Praga total GLA 4,361 sqm

# DEVELOPMENT FOR RENT ASSETS - SERRAVALLE RETAIL PARK 3/5

## SERRAVALLE RETAIL PARK

- Total GLA: 19,035 sqm
- Fair Value 31/12/2015: €15.4 mln

## ROERO PHASE C

- Extension of Roero Center - Phase B (Rented portfolio)
- Total GLA : 6,400 sqm
- Fair Value 31/12/2015: €1.8 mln

### Roero Center - Phase B (Rented Portfolio)

### Roero Center - Phase C

## CASELLE DESIGNER VILLAGE

- It's a shopping and leisure centers project close to Turin Airport
- Total GLA : 153,000 sqm
- Fair Value 31/12/2015: €60.5 mln

# Investment Opportunities

# INVESTMENT OPPORTUNITIES

# Achievements 2015

# ACHIEVEMENT 2015 – CORPORATE ACTIVITIES

**June 25th, 2015** - Capital increase of €40 mln equal to 100% of the shares offered

**September 17th, 2015** – Shareholders resolution to buy-back for 18 months up to 10% of the share capital

**September 17th, 2015** – Changes in by law to transform in REIT (SIIQ) status

**October 1st, 2015 -** No longer subject to the Black List of CONSOB

**November 2nd, 2015 -** Intermonte SIM S.p.A. named Financial Intermediary and Specialist for Aedes shares

# ACHIEVEMENT 2015 - OPERATING ACTIVITIES

**March 17th, 2015** – purchase of a fully leased retail asset in Catania for € 18.8 mln;

**April 9th, 2015** – fulfilment of the debt restructuring and release of any commitment of Aedes against previous lenders;

**May 8th, 2015** – collection of €28.3 mln from the sale of an asset to Shangri-La (Hotel);

**June 9th, 2015** – JV with TH Real Estate for widening of the Serravalle Designer Outlet;

**July 29th, 2015** - merger of Praga Real Estate Holding S.p.A.;

**September 15th, 2015** - Purchase of 50% of "Petrarca" fund and consolidation of €58 mln of assets and €3.5 mln of rents;

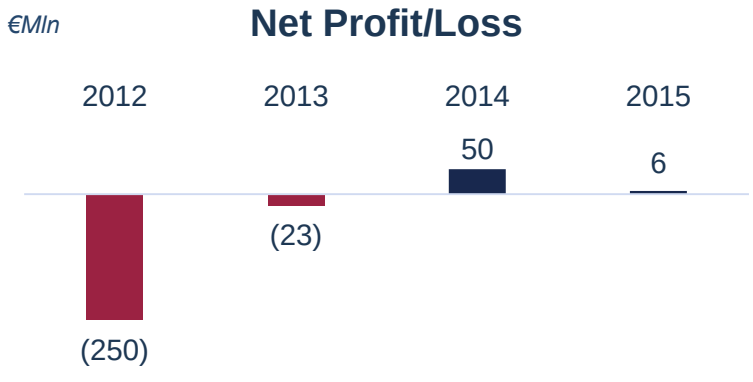
**December 23th, 2015** – Purchase of 39% of Aedes Real Estate SGR S.p.A. at €2.7 mln, arriving to 95%;

**December 29th, 2015** – Sale of the listed company Nova Re S.p.A. at €2.8mln with a margin of €2.6 mln;

# Financial Results FY2015

# FINANCIAL RESULTS: FY 2015

| €/000 | FY2015 | FY2014 |
|---|---|---|
| Net rent income | 7,425 | 10,719 |
| Net service revenues | 13,903 | 7,888 |
| Other income | 20,819 | 23,769 |
| **Total revenues** | ***42,147*** | ***42,376*** |
| *Total Costs* | *(35,750)* | *(43,779)* |
| **EBITDA** | **6,397** | **(1,403)** |
| **EBIT (with no recurring revenues)** | **10,116** | **49,081** |
| **EBT** | **6,966** | **43,566** |
| Taxes | (846) | 6,222 |
| **Net income/(loss)** | **6,120** | **49,788** |
| *of which Minorities* | *(946)* | *723* |
| *of which Net income of the Group* | *5,174* | *50,511* |




**Rent income** to € 7.4 million from € 10.7 million at December 31, 2014. The decrease (- € 3.3 million) is the result of sales or contributions, as part of the restructuring of the end of 2014. At the end of 2015, due to the properties acquired at the end of 2015, the Group has lease contracts on an annual basis for a total of € 10.0 million, and considering the acquisition of the first quarter the total rent would be €13.6 million on annual basis.

**Revenues from services** to € 13.9 million, compared to € 7.9 million at 31 December 2014. The increase was attributable to revenue from Prague Construction Srl, which performs general contractor, mainly to associated companies.

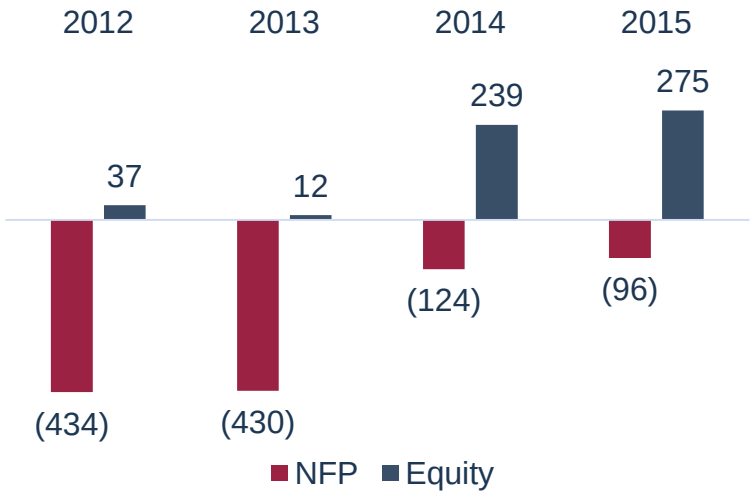
**EBITDA** was positive for € 6.4 million, an improvement of € 7.8 million compared to a negative EBITDA of € 1.4 million at 31 December 2014.

**Net Income** for the period, net of restructuring revenues amounted to € 4.4 million compared to an operating loss of € 24.1 million in 2014. The profit including restructuring income of € 1.7 million is amounting to € 6.1 million compared to a net profit of € 49.8 million in 2014 including restructuring income of € 73.9 million.

# FINANCIAL RESULTS: FY 2015

| *€/000* | FY2015 | FY2014 |
|---|---|---|
| Fixed capital | 326,325 | 165,018 |
| Net working capital | 55,498 | 215,338 |
| **Invested capital** | **381,823** | **380,356** |
| Equity | 275,320 | 238,916 |
| NFP | 95,949 | 124,112 |

*€Mln*




**The fixed capital** amounted to € 326.3 million (€ 165.0 million at the end of 2014), and consists of:

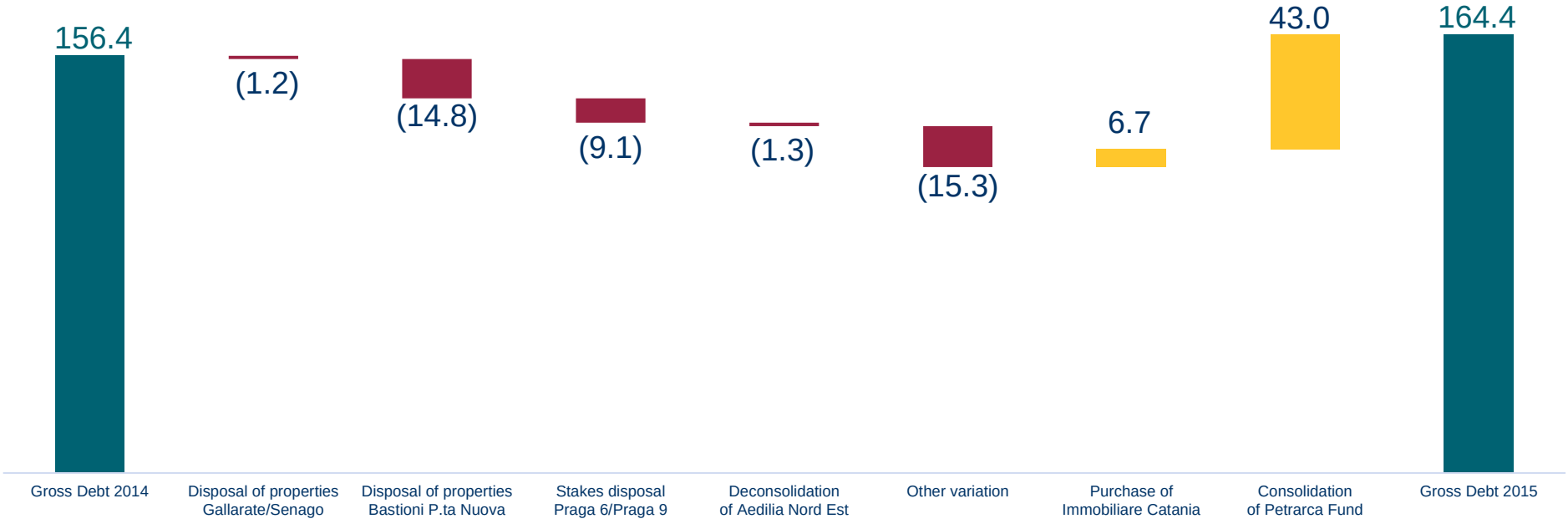
- Real estate investments and other assets for € 269.9 million;
- Capital investments in associated companies and joint ventures for € 53.0 million;
- Other assets Financial assets for € 2.1 million;
- Intangible assets for € 1.3 million

**The invested capital** at 31 December 2015 amounted to € 381.8 million versus € 380.4 million at the end of 2014. In line with the strategic guidelines of the Group, on 31 December 2015 it was decided to re-classification of all real estate, owned by the subsidiary companies that have acquired the status of SIINQ, for developing and making income from inventories to investment property item. Such reclassifications had no effect in terms of increase in value, because, Properties under development are stated at cost until their fair value cannot be measured reliably on an ongoing basis.

# FINANCIAL RESULTS: FY 2015

*€Mln*

## GROSS DEBT



# NAV

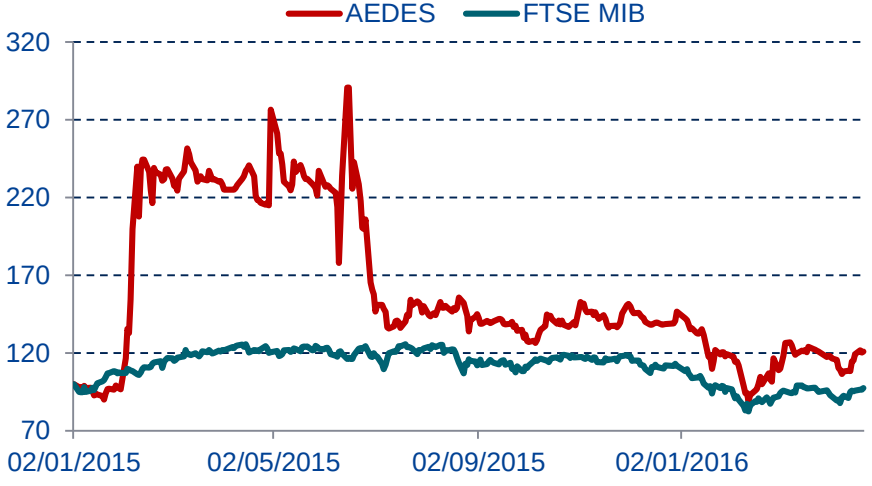
| (€/mln) | Accounting Method | Book value | Market value | Capital gain |
|---|---|---|---|---|
| Rented assets | IAS 40 – Fair Value | 150.8 | 150.8 | |
| Development for Rent | IAS 40 – Book Value | 109.3 | 109.8 | 0.5 |
| To Be Sold | IAS 2 | 60.6 | 60.7 | 0.1 |
| **Total Consolidated Group** | | **320.8** | **321.3** | **0.6** |
| Pro quota Assets in funds and JVs | IAS 40 – Fair Value | 23.6 | 23.6 | |
| Pro quota Development for Rent in funds and JVs | IAS 40 – Book Value | 8.8 | 16 | 7.2 |
| Pro quota in To Be Sold in funds and JVs | IAS 2 | 9.5 | 11.8 | 2.3 |
| **Total Funds and JVs** | | **41.9** | **51.4** | **9.5** |
| | | | | |
| **Total** | | **362.7** | **372.7** | **10.1** |
| Minority interest | | | | |
| Equity of Grout at Book value | | | | 269.1 |
| **Net Asset Value** | | | | **279.1** |
| | | | | |
| **NAV Per share (€)** | | | | **0.87** |

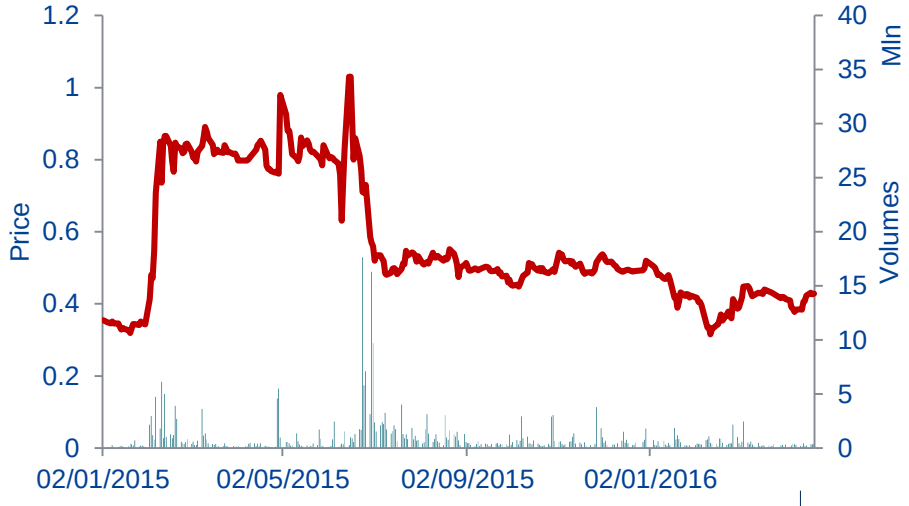
Cushman & Wakefield LLP is the primary independent expert that estimated the Aedes' real estate portfolio.

# AEDES SHARE TREND – 21.04.2016

| | |
|---|---|
| Market Segment | MTA |
| Ticker | AE |
| Specialist | Intermonte SIM S.p.A. |
| Auditing Company | Deloitte & Touche S.p.A. |

| | 21.04.2016 |
|---|---|
| Market Cap (Mln) | *137.04* |
| N° of share | *319,803,191* |
| Share price (€) | *0.4285* |
| NAV per share 31.12.2015 | *0.87* |
| Discount on NAV FY2015 | 50.8% |



# 2016 EVENTS

- 11st May → 1Q 2016
- 3rd August → 1H 2016
- November → Business Plan
- 9th November → 3Q 2016
- March 2017 → FY2016

## Exhibitions where you can find us

mapic ITALY

RE ITALY 2016 WINTER FORUM

mipim The world's property market 15-18 MARCH 2016 Palais des Festivals, Cannes, France

# REITS STATUS SINCE JANUARY 2016

**SUBJECTIVE REQUIREMENTS**

- Company organized as S.p.A.
- Residing in the Italian territory or in one of the EU Member States
- Listed on Italian regulated markets

**STATUTORY REQUIREMENTS**

- The Statute of the REIT must provide:
  - ✓ Rules on investments
  - ✓ Limits on the concentration of investment risks and the counterparty
  - ✓ maximum financial leverage permitted, on an individual and group level

**STRUCTURE PARTICIPATORY REQUIREMENTS**

- No shareholder should have directly or indirectly more than 60% of the voting rights in the ordinary and profit-sharing rights
- At least 25% of the shares must be held by shareholders who do not own directly or indirectly more than by 2% of the voting rights in the ordinary and profit-sharing rights. This threshold does not apply to companies already listed

**OBJECTIVE REQUIREMENTS**

- The SIIQ are required in prevailing carrying the property leasing activities, condition verified by two indices:
  - ✓ **Asset test**: land and buildings held as property or other real right allocated to it, represent at least 80% of the assets
  - ✓ **Profit test**: in each financial year, revenues emanating from it represent at least 80% of the positive components of the income statement
- Requirement in each year, to distribute to shareholders at least 70% of net income arising from property leasing and the possession of the investments (including those in real estate funds)
- Distribution requirement, within 2 years following the realization, 50% of capital gains realized on the leased property and equity investments in SIIQ, SIINQ and qualified real estate funds

# GLOSSARY

- **ERV (Estimated Rental Value)** - It is the estimated rental value at market prices.
- **GAV (Gross Asset Value)** - Total real estate asset value calculated at current market values.
- **Gearing Ratio** – It is a measure of financial leverage, demonstrating the degree to which a firm's activities are funded by owner's funds versus creditor's funds. It is the ratio between the debt and the equity.
- **NAV (Net Asset Value) -** Difference between the total value of assets calculated at current market values and the total value of liabilities.
- **NAV (Net Asset Value) Real Estate -** Difference between the total real estate asset value calculated at current market values and the total value of financial liabilities allocated on real estate.
- **Reversionary Potential Yield -** Relationship between the ERV and the market value of the property. It is an indicator that shows the potential profitability of a property if it were fully leased at market rents.
- **Yield -** It is the ratio of the gross rental income and the real estate assets calculated at current market values. It is an index of profitability of real estate assets.

# CONTACT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