

## **Board approves consolidated quarterly report at 30 September 2015**

**Total revenues of 5.18 million euro**

**Profit (0.10 million euro) in line with 2014**

Milan, 13 November 2015

The Board of Directors of the Compagnia Immobiliare Azionaria S.p.A. (CIA) met in Milan today, to review the activities and consolidated results for the first nine months of the year.

### **Consolidated results**

Consolidated revenues totalled 5.18 million euro, compared with 4.83 million euro in the corresponding period of the prior year.

Consolidated operating costs amounted to 3.89 million euro (2.39 million euro in the first nine months of 2014). The gross operating margin (EBITDA) was 1.29 million euro (2.44 million euro in the prior year).

The consolidated statement of comprehensive income reports a net profit of 0.10 million euro, consistent with the results for the period ended 30 September 2014. The comprehensive profit attributable to the Group for the third quarter of 2015, 0.67 million euro, compares with the broad break-even situation achieved in the third quarter of 2014.

The net financial position reflects a slight increase in net borrowing from third parties, from 47.7 million euro at 31 December 2014 to 47.08 million euro at 30 September 2015. This change was principally due to the repayment of loans following the sale of property units during the period.

### **Conditions in the principal markets and performance during the first nine months of 2015**

#### Italian property market

The rise in property sales during the third quarter (at an annualised rate of 6.2% – ISTAT data) and the 23% growth in mortgage lending reflect signs of recovery in the Italian property market. The improvement was strongest in the residential sector, with upward trends throughout the country, but especially in the North-East (+10.8%) and the metropolitan cities (+8%), where growth was faster than in the smaller towns (+5.4%).

Home prices fell however, declining by 3.3% on average.

Against this background, work has continued to enhance and release the capital gains locked up in the Group's property bank.

The considerations and projections for the residential property market do not apply to the office sector, which contracted by 8% on average. The growing number of vacancies, the increased taxation of property and the country's economic performance have combined to impede the recovery of this sector, as confirmed by the data presented by leading analysts. Following an increase, the time required to find tenants has stabilised at around 11-12 months; the discount on requested rentals averages 20-25% and the average yield is currently less than 5%.

In a market exposed to volatility and uncertainties, the Group's investment in office properties generates essentially stable yields, despite the temporary reduction experienced in the current year, given the binding, long-term contracts signed and the associated operational activities.

#### Italian wine market

During the third quarter, the Italian wine market confirmed the growth experienced during the first six months of the year: exports rose by 5.2% in value terms, but fell 2.4% in volume terms, while the adverse trend in the domestic market was reversed with a 1.8% increase in the value of sales and a 1.2% rise in volume.

Italy produced 48.9 million hectolitres of wine in 2015 (source: European Commission), overtaking France with 46.6 million and well ahead of Spain with 36.6 million.

Production at Feudi del Pisciotto was also greater than in 2014, rising 8.6% to 280 tonnes of grapes. Wine output for 2015 is expected to total 240,000 bottles.

#### **Development and investment activities:**

- a. in Sicily, work is almost finished on a restaurant, a cookery school and small spa within the complex owned by Feudi del Pisciotto. This will complete the current round of investment in the Wine Relais, following the earlier opening of hospitality services (10 rooms and suites with every comfort, created in the habitable part of the island's largest eighteenth-century Palmento or winery).
- b. Planning is now in progress for the construction of additional rooms and suites in a portion of the ancient fortified farm, extending over more than 2,600 square metres, with a view to expanding the facilities available to the Wine Relais;
- c. work is commencing on the Island of Levanzo (Sicily) to develop the property owned by Agricola Florio Srl, with a view to balancing the rural identity of the area with its importance for tourism, by making decisions that reflect the values of *Rural Tourism*. The first phase of the project is planned to restore and redeploy about 400 square metres of buildings, with the construction of attractive, fully appointed dwellings that fit in well with their natural surroundings and the local architecture.

#### **Significant events during the current quarter and outlook for operations**

In relation to the dispute that rose with the Spanish NH Hotel group following its breach of contract upon exercise of the put option for the sale of a 15% interest in Donnafugata Resort Srl, the parties have reached a full and final settlement that has resulted in the collection of 5.17 million euro. This has enabled CIA to recognise a substantial capital gain with respect to the related carrying amount of about 3 million euro. At the time of the settlement and related payment, the Spanish group withdrew all the appeals made with the consequent confirmation of the two arbitration awards and the Milan Court ruling in relation to the requested annulment and/or termination of the mandate granted to Prof. Luigi Guatri.

#### **Outlook for operations**

The macroeconomic situation means that the prospects for economic growth remain uncertain, especially in Italy. Nevertheless, there are some encouraging signs of recovery and the outlook for the operations of the Group remains good. This reflects the stability of the returns from the property investments made, expectations linked to the property transactions in progress and the further expansion of the commercial operations of Feudi del Pisciotto.

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The quarterly report at 30 September 2015 will be made available to the public on CIA's website,  
[www.c-i-a.it](http://www.c-i-a.it), prior to the legal deadline.

The executive responsible for preparing the corporate accounting documents of Compagnia Immobiliare Azionaria S.p.A., Walter Villa, hereby certifies that the accounting information contained in this document is consistent with the underlying documents, registers and accounting entries.

**Consolidated statement of comprehensive income for the period ended 30 September 2015**

(thousands of euro)	30 September 2014	30 September 2015
Revenues from sales	4,127	4,484
Other operating income	704	691
<b>Total revenues</b>	<b>4,831</b>	<b>5,175</b>
<b>Operating costs</b>	<b>(2,394)</b>	<b>(3,889)</b>
<b>Gross operating margin – EBITDA</b>	<b>2,437</b>	<b>1,286</b>
Net non-core income (charges)	690	2,595
Depreciation, amortisation and write-downs	(1,273)	(4,827)
<b>Operating result - EBIT</b>	<b>1,854</b>	<b>(946)</b>
Net financial income (charges)	(1,765)	(1,728)
<b>Net result</b>	<b>89</b>	<b>(2,674)</b>
(Profit)/Loss attributable to non-controlling interests	5	1,603
<b>Result attributable to owners of the parent</b>	<b>94</b>	<b>(1,071)</b>
Actuarial income/(charges) not recorded in income statement (IAS 19)	(1)	3
Remeasurement of the value of land	--	1,147
<b>Total components of comprehensive income, net of tax effect</b>	<b>(1)</b>	<b>1,150</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP</b>	<b>93</b>	<b>79</b>

**Consolidated statement of comprehensive income for the third quarter of 2015**

(thousands of euro)	IIIrd Quarter 2014	IIIrd Quarter 2015
Revenues from sales	1,509	1,031
Other operating income	214	376
<b>Total revenues</b>	<b>1,723</b>	<b>1,407</b>
<b>Operating costs</b>	<b>(804)</b>	<b>(735)</b>
<b>Gross operating margin – EBITDA</b>	<b>919</b>	<b>672</b>
Net non-core income (charges)	99	2,647
Depreciation, amortisation and write-downs	(393)	(3,696)
<b>Operating result - EBIT</b>	<b>625</b>	<b>(377)</b>
Net financial income (charges)	(626)	(553)
<b>Net result</b>	<b>(1)</b>	<b>(930)</b>
(Profit)/Loss attributable to non-controlling interests	2	1,604
<b>Result attributable to owners of the parent</b>	<b>1</b>	<b>674</b>
Actuarial income/(charges) not recorded in income statement (IAS 19)	--	--
Remeasurement of the value of land	--	--
<b>Total components of comprehensive income, net of tax effect</b>	<b>--</b>	<b>--</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP</b>	<b>1</b>	<b>674</b>

**Consolidated net financial position at 30 September 2015**

<i>€ (thousands)</i>	<b>31/12/2014</b>	<b>30/06/2015</b>	<b>30/09/2015</b>
Securities	--	--	--
Net long-term borrowing	(40,742)	(40,693)	(40,676)
Net short-term borrowing/liquid funds	(6,970)	(6,451)	(6,402)
<i>of which:</i>			
<i>Financial payables</i>	(7,006)	(6,543)	(6,568)
<i>Liquid funds and financial receivables</i>	36	92	166
<b>Net financial position: net borrowing/liquid funds</b>	<b>(47,712)</b>	<b>(47,144)</b>	<b>(47,078)</b>