

**Board of Directors approves consolidated quarterly report
at 30 September 2016
Total revenues of 4.91 million euro
EBITDA higher (+52.8%) at 1.96 million euro**

Milan, 14 November 2016 – The Board of Directors of Compagnia Immobiliare Azionaria Spa (CIA) met in Milan today to consider the activities and consolidated results for the first nine months of the year.

Consolidated results

Total revenues amounted to 4.91 million euro, compared with 5.18 million euro in the same period of 2015 (-5.0%).

Operating costs of 2.95 million euro were lower than the 3.89 million euro reported for the comparative period of the prior year.

Gross operating profit (EBITDA) climbed 52.8% from 1.29 million euro to 1.96 million euro.

The consolidated statement of comprehensive income (including those operations that directly affected the financial position) closed with a loss of 1.24 million euro, compared with a profit of 0.10 million euro in the period to 30 September 2015. The comparative result benefited from the revaluation of land owned by Agricola Florio Srl, a wholly-owned subsidiary, with respect to its carrying amount, as well as from the release of prior provisions recorded in relation to the capital gain realised on disposal of the investment in Donnafugata Resort, following the settlement reached with the counterparty and collection of the proceeds.

The net financial position reflects a decrease in net borrowing from third parties, from 46.1 million euro at 31 December 2015 to 46.0 million euro.

Conditions in the principal reference markets during the period ended 30 September 2016

- Performance of the property market

As reflected in recent data published by ISTAT, the Italian property market continued the recovery that began during the second quarter of 2015 by growing 6.2%. Sales of residential property, accounting for almost 94% of transactions, jumped by 20.9% on an annualised basis and sales of service-sector properties also rose significantly (+15.3%).

The most recent report on property investment trends from CBRE, a consultancy, highlights a rise of 17% during Q3 2016 that was almost entirely attributable to the service sector (offices, retail and hotels). The cap rate expected from investment in the sector ranges from 5% to 7% p.a. By contrast with the expectations for new investment, analysis of the offices sector - CIA's reference market - indicates that rentals for current investments are, on average, more than 20% below the pre-crisis levels, being over 30% lower in city centres but less weak in the suburbs.

New York – Manhattan, another reference market for the property investments made by CIA, has grown exponentially over the past two years with the entire sector returning to levels seen prior to the 2008 financial crisis. The upward trend was confirmed during the first nine months of the current year, but growth was slower in both the residential and commercial sectors. As a result, leading analysts believe this may indicate an imminent inversion of the growth curve for the entire sector.

- Group property activities

The expected cap rate for the Group's property investments has declined, despite a partial recovery in the rental income/mortgage payment ratio due to the temporary loan moratoriums agreed by certain banks. This said, the reductions allowed to tenants still position current rentals above the market average in the reference areas, creating strong pressure from tenants for further decreases or, alternatively, the termination of their contracts. With respect to the situation outlined in the half-year report, there have not been any changes in the dispute between Diana Bis Srl, the subsidiary that owns the residential property at via Borgazzi 1, Milan, and the condominium at Corso Italia 66-68. No date has been set for the hearing on the appeal presented to the Council of State.

• Performance of the wine market

The Export channel continued to lead Italy's entire wine sector during the third quarter of the year, rising 2% on an annualised basis following the historical record achieved in 2015. Specifically: sales to the USA, the leading export market, were 4% higher than in the corresponding period of the prior year; there were also significant rises in the United Kingdom and Austria (+13%). There was also good news from China and Hong Kong, where the volume and value of Italian wine exports recovered well (+30%). The German market was stable. In Russia, a positive first half (+6%) was followed by a downturn in Q3. The timid but encouraging signs of a recovery in the domestic market were mainly attributable to the chain retailing channel, which is responsible for more than 65% of wine purchases by retailers.

The 2016 grape harvest was completed in October. First estimates suggest a 5% reduction in global wine production with respect to 2015; Italy was the leading producer (48.8 million hectolitres), despite a 2% decrease in output. Performance differed greatly among the various regions. Sicily saw the greatest decline in production, with a drop of more than 20%.

- Group wine-making activities

The sales of Feudi del Pisciotto almost tripled compared with the same period in the prior year, following increased volume (+105%) and higher average prices (+24%). The quality of the wines and the organisational approach adopted at the start-up stage are clearly resulting in achievement of the established business objectives even earlier than was originally planned. In particular, the growth in sales is attributable to the Export channel, especially following the long-term contracts signed with Chinese importers, and to the steady improvement in brand awareness, which is facilitated by the excellent ratings awarded by international wine critics.

Broadly in line with the regional trend, the 2016 harvest at Feudi del Pisciotto was marked by the excellent quality of the grapes, but also by a 19% reduction in their volume with respect to the prior year. This was due to a lack of rain, combined with average temperatures that were much higher than usual.

• Development and investment activities

- a. in Sicily, the restaurant within the Feudi del Pisciotto complex was inaugurated on 1 May, while work has almost finished on a cookery school (for which a partnership agreement with LeCirque, New York, has been signed) and a small spa that will also be an integral part of the Wine Relais. The comments made by guests all continue to be positive, with top ratings in most cases (source of data: Booking.com and TripAdvisor);

- b. plans have been prepared 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; the start of this work is dependent on obtaining EU and Regional finance, under programmes to be published in the near future, as well as on sourcing the 50% of funds to be invested by the company;
- c. planning work continues on the Island of Levanzo (Sicily) for development of 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.

Principal events subsequent to period end

During the meeting held to approve the half-year financial statements, the Board of Directors - taking account of the performance of the New York market, the risk that the bubble there might burst and the need to release financial resources - decided to sell the property (about 430 sq.m.) situated at 7 East 20th Street. A preliminary contract was signed on 10 November and completion is expected before the end of the current year.

Outlook for operations

The macroeconomic situation means that the prospects for economic growth remain very uncertain, while the financial markets remain highly volatile, especially in Italy, with signs of a slowdown in consumption despite a gradual improvement in employment levels.

The Group's businesses are experiencing certain timid signs of recovery, which may mitigate the adverse effect of financial constraints, but will not resolve the situation. The outlook for the Group's continuing operations is therefore neutral overall, having regard for possible special transactions and further expansion of the commercial operations of Feudi del Pisciotto.

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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 2016

(thousands of euro)	30 September 2015	30 September 2016
Revenues from sales	4,484	4,433
Other operating income	691	481
Total revenues	5,175	4,914
Operating costs	(3,889)	(2,949)
Gross operating profit - Ebitda	1,286	1,965
Net non-core income/(charges)	2,595	(509)
Depreciation, amortisation and writedowns	(4,827)	(1,120)
Operating result - EBIT	(946)	336
Net financial income/(charges)	(1,728)	(1,582)
Net result	(2,674)	(1,246)
(Profit)/Loss attributable to non-controlling interests	1,603	8
Result attributable to owners of the parent	(1,071)	(1,238)
Actuarial income/(charges) not recorded in income statement (IAS 19)	3	(6)
Remeasurement of land	1,147	--
Total components of comprehensive income, net of tax effect	1,150	(6)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP	79	(1,244)

Consolidated statement of comprehensive income for the third quarter of 2016

(thousands of euro)	IIIrd Quarter 2015	IIIrd Quarter 2016
Revenues from sales	1,031	1,755
Other operating income	376	354
Total revenues	1,407	2,109
Operating costs	(735)	(1,344)
Gross operating profit – Ebitda	672	765
Net non-core income/(charges)	2,647	(6)
Depreciation, amortisation and writedowns	(3,696)	(376)
Operating result - EBIT	(377)	383
Net financial income/(charges)	(553)	(545)
Net result	(930)	(162)
(Profit)/Loss attributable to non-controlling interests	1,604	--
Result attributable to owners of the parent	674	(162)
Actuarial income/(charges) not recorded in income statement (IAS 19)	--	--
Remeasurement of land	--	--
Total components of comprehensive income, net of tax effect	--	--
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP	674	(162)

Net consolidated financial position at 30 September 2016

<i>€ (thousands)</i>	30/09/2015	31/12/2015	30/09/2016
Net long-term borrowing	(40,676)	(40,257)	(39,796)
Net short-term borrowing/liquid funds	(6,402)	(5,867)	(6,194)
<i>Of which:</i>			
<i>Financial payables</i>	(6,568)	(6,900)	(6,239)
<i>Liquid funds and financial receivables</i>	166	1,033	45
Net financial position: net borrowing/liquid funds	(47,078)	(46,124)	(45,990)