NEXT Re

Condensed Half-Year Financial Report 2023

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1. COMPANY PROFILE

Company information and structure

NEXT RE SIIQ S.p.A. (hereinafter also referred to as "**NEXT RE**" or the "**Company**" or the "**Parent Company**") with registered office in Rome, Via Zara 28, Tax Code and VAT no. 00388570426, REA number RM-1479336, is a real estate investment company with shares listed on the Euronext Milan market ("**EXM**") organised and managed by Borsa Italiana S.p.A.

The Company currently manages a portfolio consisting of office and commercial properties.

Group structure

The NEXT RE group (hereinafter also referred to as the "Group") includes, in addition to the Parent Company, the wholly-owned subsidiary Fidelio Engineering S.r.l. (hereinafter also "Fidelio" or the "Subsidiary").

The corporate purpose of the Subsidiary is to carry out activities in Italy and abroad aimed at redeveloping and enhancing the value of areas subject to real estate development or existing buildings subject to redevelopment. The Subsidiary commenced operations in the fourth quarter of 2022.

Company offices/positions

Board of Directors

Until the date of the Shareholders' Meeting of 16 May 2023, the Board of Directors consisted of the following members:

Giancarlo Cremonesi	Chairman
Stefano Cervone	Managing Director
Luca Nicodemi	Independent Director
Giuseppe Colombo	Director
Daniela Becchini	Independent Director
Camilla Giugni	Independent Director
Giovanni Naccarato	Vice-Chairman
Eleonora Linda Lecchi	Independent Director
Maria Spilabotte	Independent Director

As of 16 May 2023, the Board of Directors consists of the following members:

Mirko Bertaccini	Chairman
Giovanni Naccarato	Managing Director
Giuseppe Colombo	Vice-Chairman
Luca Matrigiani	Independent Director
Camilla Giugni	Independent Director
Eleonora Linda Lecchi	Independent Director
Maria Spilabotte	Independent Director

Board of Statutory Auditors

The composition of the Board of Statutory Auditors is as follows:

Luigi Mandolesi	Chairman
Sara Mattiussi	Statutory Auditor
Domenico Livio Trombone	Statutory Auditor
Sergio Mariotti	Alternate Auditor
Barbara Premoli	Alternate Auditor

The manager in charge pursuant to Article 154-bis paragraph 2 TUF (Consolidated Finance Act)

Francesca Rossi

Independent Auditors

EY S.p.A.

Shareholding structure as at 30 June 2023

Shareholder	Percentage % of capital
CPI Property Group S.A.	79.79%
Dea Capital Partecipazioni S.p.A.	4.99%
Associazione Nazionale di Previdenza ed Assistenza a Favore dei Ragionieri e Periti Commerciali	2.76%
Other shareholders	12.29%
Treasury shares	0.17%
TOT.	**100.00%**

2. INTERIM REPORT ON OPERATIONS

Consolidated Financial highlights

The following are the key consolidated indicators as at 30 June 2023 compared to 30 June 2022 and 31 December 2022.

PERFORMANCE		30/06/2023	30/06/2022
Rental income	*€/millions*	3.09	2.91
Net operating income (NOI)	*€/millions*	2.35	1.91
Fund from operation (FFO)	*€/millions*	(2.6)	(1.6)
EBITDA	*€/millions*	(1.9)	(0.5)
EBIT (Operating result)	*€/millions*	(5.1)	0.95
Profit/(Loss) for the period	*€/millions*	(6.1)	0.16
ASSETS		**30/06/2023**	**31/12/2022**
Total assets	*Euro/million*	143.6	157.2
Investment property	*Euro/million*	133.6	135.9
Commercial surface	*m²*	43,879	43,879
Occupancy	*%*	*100%*	*98%*
WALT	*Years*	3.5	3.8
Portfolio assets	*No.*	6	6
INDEBTEDNESS		**30/06/2023**	**31/12/2022**
Shareholders' equity	*€/millions*	79.8	85.9
EPRA NRV	*€/millions*	79.8	85.9
Total financial debt	*€/millions*	58.3	53.2
Net loan to value (NET LTV)	*%*	44%	39%
EPRA LTV	*%*	43%	40%
Loan to value (LTV)	*%*	41%	44%

The main results of the first half of 2023 are shown below:

- the **Consolidated net result** for the first half of 2023 was equal to a loss of € 6.1 million, compared to a profit of € 0.16 million as at 30 June 2022;
- **EBITDA** for the first half of 2023 was negative at EUR -1.9 million, compared to EUR -0.5 million for the first half of 2022;
- **Consolidated shareholders' equity** was EUR 79.8 million as of 30 June 2023 compared to EUR 85.9 million as of 31 December 2022**;**
- **Total Financial Debt** was EUR 58.3 million as of 30 June 2023 compared to EUR 53.2 million as of 31 December 2022;
- **Net Loan to Value** was 44% as of 30 June 2023 compared to 39% as of 31 December 2022.

The **Consolidated net result** of EUR -6.1 million reflects the impact of the main events that occurred in the half-year. As of 30 June 2023, in addition to the economic effects, equal to about EUR 2.2 million, of the settlement agreements with top management, resolved by the Board of Directors on 21 March 2023, concerning the terms and conditions of the consensual early termination of the employment contracts of the General Manager and the Chief Investment Officer, as well as the early termination of the offices of the Chairman and Chief Executive Officer, there was also a different balance of costs of the governance and management structure implemented with the goal of streamlining and rationalising the economic-financial structure. Also contributing to the negative result for the half-year was the net change in the fair value of assets in the portfolio, negative for a total of €3 million, following the adjustment of asset values as estimated by the independent expert.

Consolidated EBITDA, which represents the margin before the result of financial management, asset adjustments and taxes, includes, in addition to the costs arising from the aforementioned settlement agreements in the amount of about EUR 2.2 million, lower costs related to real estate assets in the amount of about EUR 0.2 million and costs for asset advisory fees to Dea Capital Real Estate SGR in the amount of about EUR 0.4 million.

Total financial debt increased by €5.1 million compared to 31 December 2022. The change is mainly attributable to: i) the reduction in financial payables following the early repayment of two loans for a total of €6.3 million, which led to a corresponding decrease in cash and cash equivalents, and ii) the increase, due to the recognition of interest accrued in the half-year for €0.7 million, of the financial payables related to the credit facility agreements granted by the parent company CPI Property Group S.A. (hereinafter also referred to as "CPI PG") for which the Company has the option to repay at maturity in 2026. Cash and cash equivalents decreased significantly, not only due to the financial outflows described above, but also because of the above-mentioned signed settlement agreements.

Net Loan to Value was 44% and increased against the above-mentioned effects in relation to Total Financial Debt.

Please refer to the sections on The Real Estate Portfolio, Analysis of Operating Performance and Analysis of Financial Performance in this Interim Report on Operations for further details.

Alternative performance measures

The content of the “alternative performance measures” not established by the international accounting standards adopted by the European Union (IFRS-EU), used in this Report in order to allow for a better assessment of the Company's profit and loss and financial position in accordance with the recommendations of the Guidelines published in October 2015 by ESMA, is provided below. The meaning, content and basis for the calculation of these indicators are outlined below:

***Net operating income (NOI)*:** indicates the profitability of the real estate portfolio and corresponds to the item Net rental income in the Condensed Half-Year Financial Report.

EBITDA: Earnings before value adjustments such as depreciation and amortisation of fixed assets, fair value adjustments of Investment property and Financial assets at fair value, results of financial management and taxes. EBITDA measures the Company's operating performance.

Total financial debt: calculated in accordance with the ESMA Guidelines on financial debt, published on 4 March 2021, which the supervisory authority Consob has requested to be adopted as of 5 May 2021.

Net Loan to Value (Net LTV): Ratio between Payables to banks and other lenders, net of Cash and cash equivalents, and the value of Investment Property (including those reclassified under the item Non-current assets held for sale). This ratio measures the sustainability of the Company's financial structure.

Loan to value: Ratio between the nominal value of residual debt relating to the loans taken out for the assets in the portfolio and the market value of all the assets included in the portfolio (Investment property, measured at fair value, and the market value of the portion of the asset in Rome, Via Zara recorded under Other tangible assets). This indicator measures the sustainability of financial debt related to real estate assets.

Fund from operation (FFO): is calculated as net income/(loss) for the period adjusted for non-cash cost and revenue components and non-recurring income components.

EPRA NRV (NET REINSTATEMENT VALUE): this measure aims to represent the value of net assets over the long term. It represents the repurchase value of the company, assuming the company does not sell real estate. It is calculated starting from the relevant shareholders' equity (as reported in the financial statements according to IFRS principles) excluding certain assets and liabilities that are not expected to arise under normal business conditions, such as the fair value of hedging derivatives; deferred taxes on market valuations of real estate and hedging derivatives.

WALT: index relating to the overall weighted average lease term on the outstanding annual leases of NEXT RE's real estate portfolio as of 30 June 2023. The above index was calculated on the first contractual expiry date of the individual lease contracts in place, not taking into account any early termination options.

Occupancy: ratio between leasable area and leased area of assets in the portfolio.

Significant events in the half-year

The main significant events of the first half of 2023 are shown below.

On **1 January 2023**, the company announced that the deadline for the fulfilment of the conditions precedent set out in the framework agreement (the "Framework Agreement") signed on 5 August 2021 with the controlling shareholder CPI PG, DeA Capital S.p.A., expired, De Agostini S.p.A. and DeA Capital Real Estate SGR S.p.A., amended on 5 July 2022 by the "Deed of Reinstatement and Amendment to the Framework Agreement" (the "Deed of Reinstatement"), which became effective on 31 December 2022.

Therefore, the Company announced that: (i) the prerequisites for the partial execution, up to an amount of Euro 1 billion, of the capital increase based on the proxy conferred on 26 April 2021 by the Extraordinary Shareholders' Meeting of NEXT RE to the Company's Board of Directors, pursuant to Article 2443 of the Italian Civil Code, have not been realised within the desired timeframe; (ii) the shareholders' agreements contained in the Framework Agreement, as amended by the Deed of Reinstatement, have lost their effectiveness on 31 December 2022 due to the natural expiry of the term.

On **6 February 2023**, the Company announced that it had approved the preliminary results for the year ended 31 December 2022, reporting the following as the main preliminary results for 2022:

- the **preliminary Net Profit** for the year 2022 showed a profit of EUR 0.3 million compared to the profit of EUR 0.4 million as of 31 December 2021;
- the **preliminary EBITDA** for the year 2022 was positive and estimated at EUR 1 thousand compared to EUR -1.7 million for the year 2021;
- **preliminary shareholders' equity** was estimated at EUR 85.9 million as of 31 December 2022 compared to EUR 85.5 million as of 31 December 2021;
- **preliminary Total Financial Debt** was estimated at EUR 53.22 million as of 31 December 2022 compared to EUR 61.04 million as of 31 December 2021;
- **preliminary Net Loan to Value** was estimated at 39% as of 31 December 2022 compared to 44% as of 31 December 2021.

On the same date, the Board of Directors also approved the 2023-2026 Business Plan, providing for the following three strategic objectives (the '**Business Plan**') :

- stabilisation of the Company's operating cash flows and economic results;
- increasing the profitability of the real estate portfolio, also through the implementation of the process of its valorisation and rotation;
- rationalisation and streamlining of the Company's economic and financial structure in order to facilitate, and better convey, the capital increase project, according to a timeframe consistent with that of the proxy granted to the Board of Directors by the Shareholders' Meeting of 26 April 2021, to be exercised by the

date of the Shareholders' approval of the financial statements as of 31 December 2023, pursuant to Article 2443 of the Italian Civil Code, also excluding option rights pursuant to Article 2441, paragraphs 4 and 5, of the Italian Civil Code.

On **21 March 2023**, the Company announced that it had approved the Annual Financial Report for the year ended 31 December 2022, prepared in accordance with international accounting standards (IAS/IFRS), reporting the following as the main results for the year 2022, which did not differ significantly from the preliminary figures already disclosed to the market on 6 February 2023:

- the **Consolidated Profit/(Loss)** for the year showed a profit of EUR 0.35 million compared to the profit of EUR 0.43 million as of 31 December 2021;
- **Consolidated EBITDA** was positive at EUR 30,000 compared to EUR -1.7 million in 2021;
- **Consolidated shareholders' equity** was EUR 85.9 million as of 31 December 2022 compared to EUR 85.5 million as of 31 December 2021;
- **Total consolidated financial debt** was EUR 53.17 million as of 31 December 2022 compared to EUR 61.03 million as of 31 December 2021;
- **Profit/(Loss) for the year** was EUR 0.35 million compared to profit of EUR 0.43 million as at 31 December 2021;
- **Shareholders' Equity** was EUR 85.9 million as of 31 December 2022 compared to EUR 85.5 million as of 31 December 2021;
- **Net Loan to Value** was 39% as of 31 December 2022 compared to 44% as of 31 December 2021.

On the same date, the Board of Directors took note of the evaluations expressed by the controlling shareholder CPI PG, which, in the context of the economic-financial rebalancing envisaged by the Industrial Plan, which aims at maintaining a management balance, assuming only a moderate - and possible - growth of the portfolio, proposed a different cost balance of the current governance and managerial structure aimed, inter alia, at further and significant rationalisation of costs. In this context, in view of the willingness expressed by the Chairman of the Board of Directors, Giancarlo Cremonesi, by the Chief Executive Officer (as well as General Manager) Stefano Cervone and by the Chief Investment Officer Claudio Carserà - all of whom are related parties of the Company pursuant to Article 2.1, letter (a) of the "Procedure on Transactions with Related Parties of NEXT RE SIIQ S.P. A" - in order to facilitate the aforementioned path, the Board of Directors approved the settlement agreements concerning the terms and conditions: (i) of the consensual early termination of the executive employment relationships of the General Manager and the Chief Investment Officer effective as of 30 April 2023 as well as, (ii) of the termination of the offices of the Chairman and the Chief Executive Officer effective as of the conclusion of the Shareholders' Meeting called to approve the 2022 financial statements (the "**Settlement Agreements**").

On the same date, the Board of Directors also acknowledged the concurrent resignations of Directors Giuseppe Colombo, Luca Nicodemi (Independent Director and Chairman of the Appointments and Remuneration Risk Control Committee), Giovanni Naccarato (Executive Director and CFO of the Company) and Camilla Giugni (Independent Director and member of the Appointments and Remuneration Risk Control Committee) from their respective offices (resignations effective as of the conclusion of the Shareholders' Meeting convened to approve the 2022 financial statements), deemed appropriate, also taking into account the Company's cost rationalisation plan currently being implemented, in order to refer all decisions on the new composition of the Board of Directors to the Shareholders' Meeting.

Therefore, following the resignation of the majority of the directors in office, pursuant to Article 16 of the Bylaws, the Board of Directors appointed by the Shareholders' Meeting of 26 April 2021 and supplemented by the Shareholders' Meeting of 10 November 2021, took note of its own forfeiture, remaining in office until the date of the reconstitution of the new Board of Directors by the Shareholders' Meeting to approve the 2022 financial statements. Therefore, the calendar of corporate events was changed, which set 27 April 2023 as the date for the Shareholders' Meeting to approve the 2022 financial statements.

On **27 March 2023**, the Company resolved to convene the Ordinary Shareholders' Meeting on first call for 16 May 2023 at 4:00 p.m. and, if necessary, on second call for 17 May 2023, at the same place and time, to resolve on: (i) the approval of the financial statements for the year ended 31 December 2022; (ii) the advisory vote on the second section of the Report on remuneration policy and compensation paid pursuant to art. 123-ter of the Consolidated Law on Financial Intermediation; (iii) the appointment of the Board of Directors and the Chairman, subject to determination of the number of Directors, term of office and remuneration; (iv) the renewal of the authorisation to purchase and dispose of treasury shares pursuant to Articles 2357 et seq. of the Italian Civil Code and Article 132 of the Consolidated Law on Financial Intermediation, subject to revocation of the resolution passed by the Shareholders' Meeting of 26 April 2022 to the extent not used.

On **21 April 2023**, the Company announced that it had made available to the public at its registered office, on the Company's website and on the authorised storage mechanism 1Info the lists duly submitted - together with the documentation required by the regulations and by Article 16 of the Articles of Association - for the renewal of the Board of Directors respectively: (i) by the majority shareholder CPI Property Group S.A. and (ii) by the minority shareholder Associazione Cassa di Previdenza e Assistenza a favore dei Ragionieri e Periti Commerciali.

On **27 April 2023**, the Company approved the Additional Financial Information as of 31 March 2023, reporting the following as the main consolidated results for the first quarter of 2023:

- the **Consolidated Profit/(Loss)** showed a loss of EUR -2.9 million as of 31 March 2023 (EUR -0.6 million as of 31 March 2022);
- **Consolidated EBITDA** was negative at -€2.5 million as of 31 March 2023 (-€0.2 million as of 31 March 2022);
- **Consolidated Shareholders' Equity** was EUR 83 million as of 31 March 2023 compared to EUR 85.9 million as of 31 December 2022;
- **Consolidated Total Financial Debt** was EUR 58.5 million as of 31 March 2023 compared to EUR 53.2 million as of 31 December 2022;
- **Net Loan to Value** was 43% as of 31 March 2023 compared to 39% as of 31 December 2022.

On **16 May 2023**, the Shareholders' Meeting of the Company passed the following resolutions:

- unanimously approved the Annual Report 2022, in the version prepared by the Board of Directors and published on 20 April 2023 on the Company's website as well as on the authorised storage mechanism 1Info;
- expressed a favourable opinion on the second section of the Report on the remuneration policy and compensation paid prepared by the Board of Directors pursuant to Article 123-ter of Legislative Decree No. 58/1998
- appointed the new Board of Directors, setting the number of members at seven and establishing the duration of the Board of Directors at three financial years, and therefore until the date of the Shareholders' Meeting called to approve the financial statements as of 31 December 2025, in the persons of:

  1) Mirko Bertaccini, as Chairman;
  2) Giovanni Naccarato;
  3) Giuseppe Colombo;
  4) Camilla Giugni (*);
  5) Maria Spilabotte (*);
  6) Luca Matrigiani (*);
  7) Eleonora Linda Lecchi (*).

  (*) Director declared to be independent pursuant to the laws and regulations in force and the Corporate Governance Code.

  The Directors were drawn from the list presented by the majority shareholder CPI Property Group S.A., which received favourable votes equal to approximately 92.07% of the capital present and voting, with the exception of Director Eleonora Linda Lecchi, drawn from the list presented by the minority shareholder Associazione Cassa Nazionale di Previdenza e Assistenza a favore dei Ragionieri e Periti Commerciali, which received favourable votes equal to approximately 7.92% of the capital present and voting.

- authorised the Board of Directors to purchase and dispose of treasury shares pursuant to Article 2357 et seq. of the Italian Civil Code and Article 5 of EU Regulation No. 596/2014, Article 132 of the Consolidated Law on Finance, and Article 144-bis of the Regulation adopted by Consob Resolution No. 11971/99, subject to revocation of the shareholders' resolution of 26 April 2022 authorising the purchase and disposal of treasury shares, to the extent not used.

On the same date, the Company's Board of Directors, which met under the chairmanship of the newly appointed Mirko Bertaccini, appointed Giovanni Naccarato as Chief Executive Officer of the Company, assigned to the Chairman Mirko Bertaccini, in addition to the legal representation of the Company, the position of Director in charge of the internal control and risk management system, also appointing him as Employer, and elected Director Giuseppe Colombo as Vice-Chairman of the Board of Directors. The Board of Directors then ascertained the existence of the regulatory and statutory requirements, also in terms of gender balance, for its members for the administrative body to be duly constituted. 147-ter, paragraph 4, and 148, paragraph 3, of the Consolidated Law on Finance, article 2, recommendation 7, of the Corporate Governance Code to which the Company adheres, as well as article 16 of the Regulation adopted with Consob Resolution no. 20249/2017 in the case of Directors Camilla Giugni, Luca Matrigiani, Maria Spilabotte and Eleonora Linda Lecchi. The Board also resolved to set up the Independent Committee with proposing and advisory functions in the areas of controls, risks, appointments, remuneration, related party transactions, investments and divestments, composed solely of non-executive and independent Directors in the persons of Luca Matrigiani (President), Camilla Giugni ed Eleonora Linda Lecchi.

On **13 June 2023**, the Company announced that the Board of Directors, in the context of the reorganisation of corporate governance, resolved to appoint Ms. Francesca Rossi - who also holds the position of Head of Administration, Financial Statements and Accounting Department as well as Manager in charge of drafting corporate accounting documents - as the new Chief Financial Officer, effective until the date of the Shareholders' Meeting called to approve the 2025 financial statements.

There are no further significant events during the reference period.

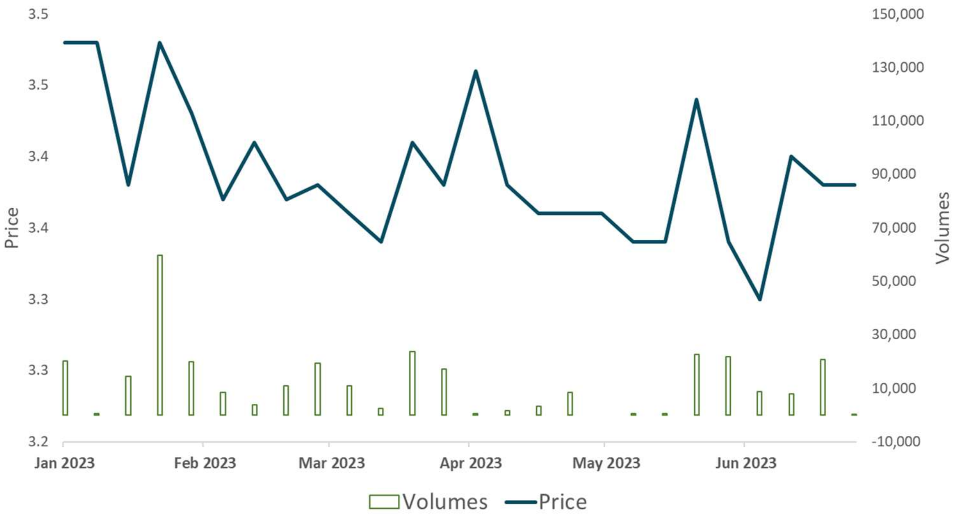
Events after 30 June 2023

There are no further significant events to report following the reference period.

Stock performance

NEXT RE is a company listed on the Euronext Milan market of the Italian Stock Exchange. Its ordinary shares admitted to trading are identified by the ISIN Code IT0005330516 and the Alphanumeric Code NR[1].

The following graph shows the NEXT RE share performance over the period 2 January 2023 - 30 June 2023 and the volumes traded on the Euronext Milan in the first half of 2023.



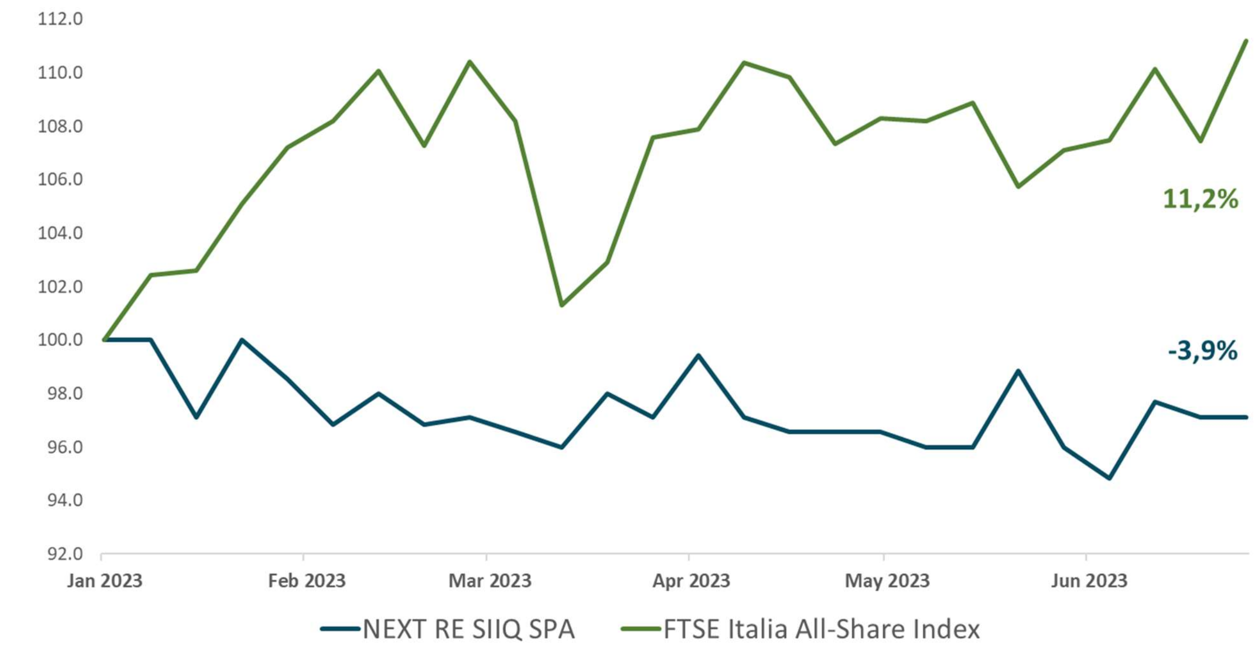
Source: Bloomberg

The trend in the NEXT RE share price during the first half of 2023 was influenced, inter alia, by the following elements: (i) the publication, on 06 February 2023, of the preliminary results for the financial year ending 31 December 2022; (ii) the approval, on the same date, of the business plan for the period 2023 - 2026; (iii) the approval by the Board of Directors, on 21 March 2023, of the financial statements for the year ending 31 December 2022 and the resolution regarding the postponement of the shareholders' meeting to 16 May 2023 called to approve the financial statements and renew the entire Board of Directors; (iv) the publication, on 20 April 2023, of the Annual Financial Report as at 31 December 2022; (v) the publication, on 21 April 2023, of the lists for the appointment of the new Board of Directors; (vi) the approval, on 27 April 2023, of the additional financial information as at 31 March 2023; (vii) the approval, on 16 May 2023, of the Annual Financial Report and the appointment, on the same date, of the new Board of Directors and the new CEO; (viii) the appointment, on 13 June 2023, of the new CFO.

During the first half of 2023, the total volumes traded on Euronext Milan amounted to 308,000 listed ordinary shares for a total value of approximately €1,050 thousand, corresponding to a volume-weighted average price traded on Euronext Milan of €3.41 per share. The average weekly volumes amounted to approximately no. 11,843 shares, with a maximum of no. 59,684 shares traded in the week between 23 and 27 January 2023.

The graph below shows the performance of the NEXT RE share and the FTSE Italia All-Share index (base 100), during the period 2 January 2023 - 30 June 2023.

[1]The Company's share capital, as set forth in the related notice of change dated 30 December 2021, consists of 22,025,109 shares, of which: (i) 11,013,054 listed ordinary shares (ISIN IT0005330516); (ii) 11,012,055 class B shares, without the right to attend or vote at the Company's ordinary shareholders' meeting and with the same right to share in profits as the ordinary shares automatically and proportionately reduced to the extent necessary so that the right to share in profits of each class B shareholder, taking into account any other ordinary shares held, is equal to - and, in any event, not more than - 60% of the rights to share in the profits of the Company.



Source: Bloomberg

In the first half of 2023, the NEXT RE share fell (-3.9%) compared to the positive performance of the FTSE Italia All-Share index (11.2%).

We report below the data recorded by the NEXT RE share during the 2 January 2023 - 30 June 2023 period (inclusive).

		Date
Maximum official price (Eu)	3.50	19/06/2023
Minimum official price (Eu)	3.28	20/03/2023
Last official price (Eu)	3.38	30/06/2023
No. of listed ordinary shares[1]	10,974,849	30/06/2023
Capitalisation of listed ordinary shares[1] (Eu)	37,094,990	30/06/2023
Free float percentage of listed ordinary shares[2.3] (%)	30.18%	30/06/2023

Notes: 1) 11,013,054 listed ordinary shares, net of 38,205 treasury shares. Please recall that the share capital also includes 11,012,555 unlisted class B shares; 2) Calculated excluding the equity investments of CPI Property Group (5,971,020 listed ordinary shares) and DeA Capital Partecipazioni S.p.A. (1,101,255 listed ordinary shares) in the Company's listed ordinary share capital; 3) Date of the last extraordinary shareholders' meeting of the Company.

For further information on the NEXT RE share performance and for company updates please visit the corporate website www.nextresiiq.it and, more specifically, the Investors section.

The economic context and the real estate market

Macroeconomic framework and real estate market (Source: Bank of Italy)

More than a year after the invasion of Ukraine, the global economy continues to suffer from a high level of uncertainty, which affects the volatility of commodity prices and dampens manufacturing activity and international trade. The monetary policy stance, aimed at countering still sustained inflation, remains restrictive. In the first months of this year, available indicators point to a moderate pace of growth in the US and the UK, while in China activity is gaining momentum after the abandonment of the Zero-Covid policy. For 2023, international institutions foresee a slowdown in global growth, albeit less intense than forecast last autumn. Uncertainty about the global outlook is heightened by the possible repercussions of the recent banking disruptions. The expansion phase of the Italian economy came to a halt at the end of 2022, mainly due to the contraction in household spending. According to available indicators, in the first quarter of this year GDP growth would have returned slightly positive, benefiting from the fall in energy prices and the easing of bottlenecks along supply chains. In the fourth quarter of 2022 GDP in Italy essentially stagnated (-0.1 per cent compared to 0.4 in the third). After peaking at the end of last year, consumer inflation in Italy started to decline, reflecting the marked drop in the energy component, while core inflation increased. Signs of easing inflationary pressures in household and corporate expectations continue. Harmonised consumer inflation declined steadily over the first quarter, to 8.2 per cent in March. The decline reflected the easing of the energy component. This was mainly affected by the reduction in electricity and gas prices, which in turn was driven by the decline in wholesale prices (back to pre-Ukrainian levels) and by the economic support measures approved in the budget law for 2023.

Real estate market trends in Italy

Investment volumes in the first quarter show a reduction linked to the macroeconomic environment, due in particular to rising inflation, interest rates and the resulting climate of uncertainty. In the first quarter of this year, in fact, the general slowdown in investments continued, in line with what was observed in the latter part of 2022: a slowdown that took the form of a reduction in investment volumes, amounting to €893 million, by default of large transactions (above €100 million) and portfolio transactions. In both Rome and Milan, a growth in interest in 'Other' products was observed: in particular, in Milan, a significant percentage of investments is linked to the Living sector, while in Rome, on a mirror-image basis, to the Healthcare sector. In terms of yields, following the rise seen in the second half of 2022, there is a further increase in prime yields in the first quarter of 2023 (+25 basis points for Logistics and Offices). They are expected to stabilise during the latter part of this year. As far as the other asset classes are concerned, the crisis in the Retail sector continues, while Logistics is confirmed as an attractive asset class with around EUR 300m invested (30% of the total market), albeit with lower volumes than in the same period of 2022.

Office market in Rome

During 2022, the take-up volume in Rome showed a slight increase compared to the previous years (2020 and 2021), also thanks to the good performance of the first quarter and the return of some large transactions. Nevertheless, the level of take-up is below the 5-year average and is still far from the three-year period 2017-2019. In particular, two transactions with volumes over 6,000 sqm were recorded during the year, including 16,000 sqm taken by Deloitte in Via Veneto. Most of the transactions recorded are still small, i.e. in the 1,000-3,000 sqm range. During the first quarter of 2023, the take-up volume in Rome increased by 75% compared to the same quarter of the previous year. This was achieved thanks to the conclusion of a major pre-let transaction in the Eur Torrino area of over 45,000 sqm. Except for this transaction, levels remained stable and in line with previous quarters. During the course of 2022, take-up in EUR was 44,119 sqm (31% of the total take-up level), followed by the CBD with 35,237 sqm (24% of the total take-up level). Periphery, Centre and Semi-Centre, on the other hand, showed similar absorption figures throughout the year with 16%, 15% and 14% of the total respectively. In Q1 2023, on the other hand, the absorption of EUR is mainly due to the pre-let transaction, which led to the absorption of approximately 45,000 sqm. In terms of supply, the volume in Rome has remained fairly stable over the years and decreased in Q1 2023 due to the EUR transaction.

Office market in Milan

Take-up in Q1 2023 reached take-up levels of 88,087 sqm, marking a decrease of -24% compared to Q1 2022 and -7% compared to the average of the first three quarters of the last 3 years.

Q1 2023 saw a partial reduction in transaction volume compared to the previous year, with four medium-sized deals (between 1,000 sqm and 6,000 sqm) and only one deal exceeding 6,000 sqm (the pre-let of an entire 6,350 sqm office building leased to Doctolib in the Porta Nuova CBD). The take-up volume, however, does not consider sublease agreements, which accounted for around 13,000 sqm of take-up in Q1 alone (+13% on the total take-up level); the sublease agreements signed in Q1 2023 alone, almost reach, in terms of surface area, the volume of subleases recorded in the whole of 2022. It is becoming an increasingly common practice for companies to release part of their space, often newly leased with high quality finishes. The highest take-up value was recorded in the suburbs (41% of the total take-up), followed by the Duomo and Porta Nuova CBD where about 27,500 sqm of office space was leased (31% of the total), the hinterland with 13,819 sqm absorbed (16% of the take-up); while, the semi-centre and the centre saw 6,588 and 3,800 sqm of office space leased respectively (7% and 4%).

In terms of supply, there is an increase over the previous year (+8% compared to Q1 2022). However, office supply remains very low, especially in the central areas: in the centre it is 7% of the total stock and in the two CBDs (Duomo and Porta Nuova) it is 12%. The vacancy rate in Milan during 2022 was 7.6 % and increased to 7.9 % in Q1 2023. Focusing on the last five quarters, however, we can see that the result in Q1 2023 was one of the lowest after 6.7% in Q2 2022. During 2023, the prime rent of the CBD Duomo reached 680 Euro/sqm/year which is the highest value recorded; the same for the CBD Porta Nuova with 620 Euro/sqm/year. These values are mainly due to the new products coming onto the market.

Office market in Bari

The trend in office sales continued to be stable in the first half of 2022, reflecting a market that is still benefiting from the post-pandemic rebound and does not seem to be affected by the unfavourable macroeconomic environment until mid-year. Office transactions settled at the numbers seen in the same period of 2021, around 48 (compared to 43 and 111 in H1 2021). Prices are stable on a half-yearly basis, as are average sales times. Discounts are further reduced, leading the gap between asking prices/actual prices to fall again by another 2 percentage points, from 15.5% in last May's survey to 13.5% today. The centre and semi-centre are the areas that most drive this reduction and most demonstrate a convergence of expectations between owners and buyers. As far as the rental market is concerned, there is general stability, with the main average indicators remaining substantially unchanged. Noteworthy for offices is the return to a greater gap in rental times between the centre and the suburbs. This was reflected in a slight increase in the city average (from 5.5 months to 6).

Commercial sector trends in Milan

During the first half of 2022, shop transaction activity in Milan has definitely recovered to pre-pandemic levels, with 1,011 transactions recorded, up on both H1 2021 (+11.1%) and H1 2019 (+8.4%). In the retail sector, the trend in listings is further upwards, for the third consecutive half-year post-pandemic, thanks to the full recovery of commercial activities and consumption. The Milanese market confirms its uniqueness on the national scene in terms of attractiveness, with half-yearly average price increases well above the average for large Italian cities (+1.7% vs. -0.1%), with better results in central areas. The rate of absorption decreases for progressively more central locations, where the average selling time (3.8 months) is almost halved compared to the suburbs. The sector's new-found vitality also has the effect of reducing the average discount granted on the asking price (8-9%), which remains the lowest among large cities (13%). The same dynamic also applies to the rental segment, with average rents growing at average rates of 1.7% half-yearly and 4.2% yearly. Milan's performance is far superior to the stationary result of the average of the panel of the 13 largest cities (-0.2%), which show negative six-monthly variations, albeit slight, or at most stationary.

Real estate portfolio

As of 30 June 2023, NEXT RE's portfolio consisted of 6 assets, of which 3 for commercial use and 3 for mainly office use, for a total market value of €135.65 million, of which €133.65 million classified under the item Investment property and €2 million classified under the item Other tangible fixed assets but recognised for €1.8 million net of the related depreciation (as instrumental and not investment portion).

The properties are in Milan (3), Rome (2) and Bari (1). The total gross area of the portfolio is 43,879 sqm, while the commercial area is 24,819 sqm.

In the first half of 2023, no new real estate investments were made.

As of 30 June 2023, all properties in the Company's portfolio were fully leased/used.

Also in terms of occupation and use of the real estate portfolio, it should be noted that

- with effect from 1 October 2020, NEXT RE directly uses a portion of the property in Rome, via Zara 22/32. The portions used by NEXT RE are: the offices on the first floor, four parking spaces and a warehouse in the basement, the surfaces of which are indicated below as the "Zara Facility Portion". The remaining surfaces of the property are indicated: "Investment Portion Zara" with respect to the surfaces leased to third parties - "Common portion and not leasable Zara" with respect to the remaining common surfaces. The property in Rome, Via Zara 22/32 is therefore today fully used and occupied, but partially leased.
- On 30 September 2021, the existing lease agreement with the Guardia di Finanza for the property in Rome, via Vinicio Cortese expired; pending the definition of negotiations for a possible new lease agreement, the tenant continues to use the property paying the relevant occupancy indemnity to NEXT RE.

On 20 April 2023, as better described below, a new lease agreement was signed with the company Luisa via Roma S.p.A. for the office portion of the third floor of the building in Milan, Via Spadari 2, which was recently renovated. The tenants/users of the properties in the portfolio - net of NEXT RE - are therefore 7: OVS S.p.A., Ministry of Justice, Guardia di Finanza, Embassy of Canada, Dico S.p.A., ITX Italia S.r.l. and Luisa Via Roma S.p.A..

The following table provides a breakdown of the real estate portfolio held by NEXT RE.

Property Number	City	Address	Intended use	Gross area (sqm)	Commercial area (sqm)	Tenants	Market value as at 31/12/2021
1A	Milan	Via Spadari, 2	Commercial	2,858	2,014	OVS S.p.A.	49,850
1B	Milan	Via Spadari, 2	Management offices	285	267	ITX Italia S.r.l.	
1C	Milan	Via Spadari, 2	Management offices	591	541	Luisa Via Roma S.p.A.	8,050
1D	Milan	Via Spadari, 2	Non-leasable areas	65	-	n.a.	
2	Milan	Via Cuneo 2	Commercial	6,395	3,327	OVS S.p.A.	26,600
3	Milan	Corso San Gottardo 29/31	Commercial	4,928	2,620	OVS S.p.A.	15,900
4A	Rome	Via Zara 22/32	Commercial	523	492	Dico S.p.A.	
4B	Rome	Via Zara 22/32	Management offices (Investment)	3,113	2,189	Embassy of Canada	13,892
4C	Rome	Via Zara 22/32	Non-leasable areas	946	-	n.a.	
4D	Rome	Via Zara 22/32	Management offices (Accessory)	476	388	NEXT RE SIIQ	2,008
5	Bari	Viale Saverio Dioguardi, 1	Management offices	19,118	10,485	Ministry of Justice	14,600
6	Rome	Via Vinicio Cortese 147	Management offices/Archive	4,580	2,496	Guardia di Finanza (Finance Police)	4,750
				43,879	**24,819**		**135,650**

Key events in the first half of 2023 relating to the NEXT RE real estate portfolio

During the first half of 2023, Next RE implemented asset management activities on its real estate assets and continued to manage relations with the tenants of the individual properties and, on 20 April 2023, a new lease agreement was signed for the office portion of the property in Milan Via Spadari, all as better detailed in the following paragraphs, property by property.

Milan – Via Spadari, 2

On 20 April 2023, the Company signed a new lease agreement with Luisa Via Roma S.p.A. regarding the office portion of the third floor of NEXT RE (541 square metres commercial) for a term of 6 years with the possibility of renewal for a further period of 6 years, at a rent of €300 thousand. The delivery of the premises took place in May 2023 and the contract provides for the use of the premises on a free loan basis until 31 August 2023.In addition, it should be noted that in the first half of 2023 the redevelopment work involving the portion following the acquisition was completed.

As of the date of this report, the occupancy rate is 100%.

In relation to the entire property, it should be noted that in the course of 2022 NEXT RE, in conjunction with the other owners of the other units, started a major renovation of the common portions of the complex - facades, porter's lodge, vertical connections and common areas - which was resolved by the condominium assembly at the end of 2021. As of the date of this report, the completion of the work is planned for the first part of the second half of 2023.

Milan – Via Cuneo, 2

For the property in question, during the first half of 2023, the relationship with the tenant OVS S.p.A. continued without any critical elements. There were also no significant events during the semester of reference, following the termination of the package of contributions with which Next RE SIIQ intended to support the tenant OVS S.p.A., in managing the negative economic-financial effects due to the COVID-19 emergency, the war between Ukraine and Russia and the increase in commodity prices.

Milan – Corso San Gottardo, 29/31

For the property in question, during the first half of 2023, the relationship with the tenant OVS S.p.A. continued without any critical elements. There were also no significant events during the semester of reference, following the termination of the package of contributions with which Next RE SIIQ intended to support the tenant OVS S.p.A., in managing the negative economic-financial effects due to the COVID-19 emergency, the war between Ukraine and Russia and the increase in commodity prices.

Rome – Via Zara 22/32

Rental relations with the Canadian Embassy and DICO S.p.A. and the instrumental use of certain premises by NEXT RE continued during the first half of the financial year without any significant elements.

Bari – Viale Saverio Dioguardi, 1

During the first half of 2023, the rental relationship with the Ministry of Justice continued without any particular problems.

Rome - Via Vinicio Cortese 147

Regarding the building, it should be noted that the lease agreement with the Guardia di Finanza expired on 30 September 2021. During the first half of 2023, negotiations continued on a possible new lease agreement. Currently, the Guardia di Finanza leases the building on an occupancy indemnity basis.

During the first half of 2023, NEXT RE carried out targeted upgrading/enhancement works on the property also in view of the planned upgrading/enhancement works on the property connected to the possible signing of the new lease agreement with the Guardia di Finanza.

Events subsequent to 30 June 2023 relating to the real estate portfolio

There are no significant subsequent events to report in relation to the Next RE real estate portfolio.

Summary of the real estate portfolio as at 30 June 2023

The table below summarises the main characteristics of the real estate portfolio owned by the company NEXT RE. The average gross yield has been calculated on the annual rents outstanding as at 30 June 2023, established in accordance with the information provided later in this section.

Real estate portfolio	Market value as at 30/06/2023 (A)	Lease fees as at 30/06/2023 (B)	Gross average yield as at 30/06/2023 (B/A)	Gross area (sqm)	Leasable area (sqm)	Leased area (sqm)	Vacant area (sqm)	Occupancy rate
Milan, Via Spadari 2 (Commercial)	49,850	1,969	3.95%	2,858	2,014	2,014	0	100%
Milan, Via Spadari 2 (Management offices)	8,050	116	1.45%	941	809	809	0	100%
Milan, Via Cuneo 2	26,600	1,321	4.97%	6,395	3,327	3,327	0	100%
Milan, Corso San Gottardo 29/31	15,900	559	3.51%	4,928	2,620	2,620	0	100%
Rome, Via Zara 22/32 (Investment)	13,892	731	5.26%	4,582	2,681	2,681	0	100%
Rome, Via Zara 28 (Accessory)	2,008	n.a.	n.a.	476	388	388	0	100%
Bari, Viale Saverio Dioguardi 1	14,600	963	6.60%	19,118	10,485	10,485	0	100%
Rome, Via Vinicio Cortese 147	4,750	586	12.34%	4,580	2,496	2,496	0	100%
TOTAL	**135,650**	**6,245**	**4.60%**	**43,879**	**24,819**	**24,819**	**0**	**100%**

The table above includes the market value of the Zara Accessory Portion, classified - net of the relative depreciation - under Other tangible assets in the Condensed half-year financial Statements.

Main real estate indicators

Market value of the real estate portfolio

As of 30 June 2023, NEXT RE owned a real estate portfolio of 6 assets with a total value of EUR 135.65 million.

Compared to the date of 31 December 2022, the value of the real estate portfolio owned decreased by EUR 2.2 million due to (i) the negative effects of the macroeconomic context and in particular the increase in interest rates (ii) the sharp slowdown in the post-pandemic market recovery trend that occurred in the second half of 2022 and (iii) the different valuation assumptions made by the Company's Independent Expert.

For an analysis of the changes in value for each asset, the valuation assumptions and the inputs used by the Independent Expert, see Note 1.

The following table represents the changes in market value for each asset in the real estate portfolio, owned by NEXT RE, between 31 December 2022 and 30 June 2023.

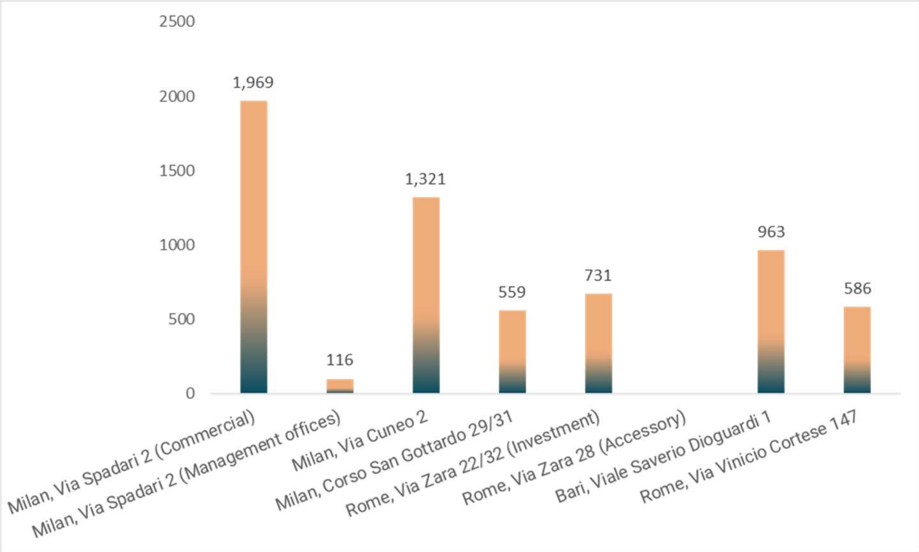
Real estate portfolio	Market value 31/12/2022	Disinvestment 2023	Capitalised costs	Delta fair value	Market value 30/06/2023
Milan, Via Spadari 2 (Commercial)	53,300	-	351	(3,801)	49,850
Milan, Via Spadari 2 (Management offices)	8,150	-	447	(547)	8,050
Milan, Via Cuneo 2	25,850	-	0	750	26,600
Milan, Corso San Gottardo 29/31	15,900	-	0	0	15,900
Rome, Via Zara 22/32 (Investment)	13,193	-	0	699	13,892
Rome, Via Zara 28 (Accessory)	1,907	-	0	101	2,008
Bari, Viale Saverio Dioguardi 1	14,700	-	0	(100)	14,600
Rome, Via Vinicio Cortese 147	4,850	-	0	(100)	4,750
TOTAL	**137,850**	**-**	**798**	**(2,998)**	**135,650**

Value of outstanding annual lease payments and stabilised annual lease payments as at 30 June 2023.

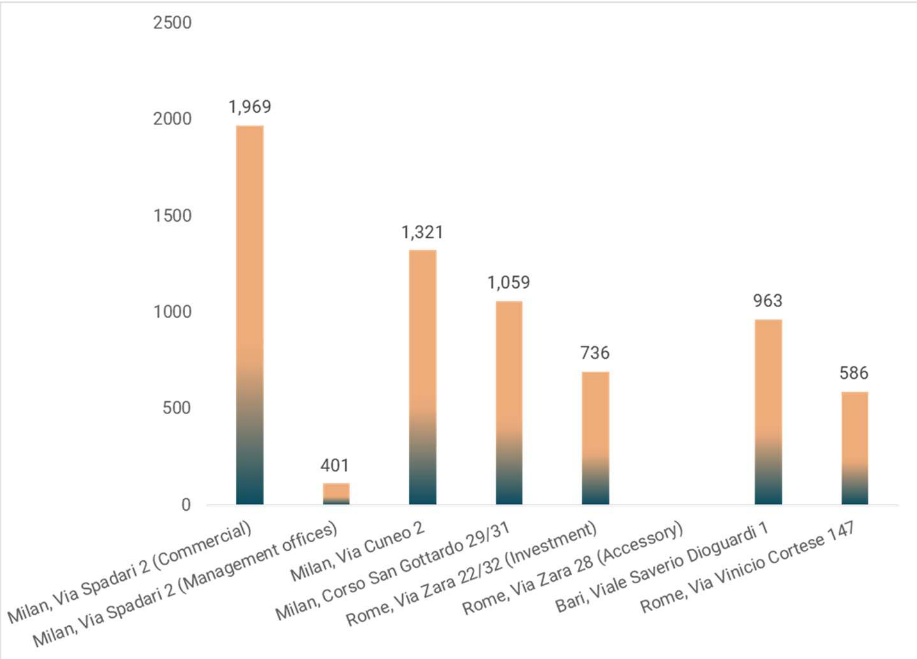
Yearly rents existing shall mean the annual lease fees in effect on the date of reference.

Stabilised yearly lease fees means the rents at full regime of the various contracts, (thus considering the maximum value of the contractually envisaged rent based on any step - up) known and contracted at the reference date. The rents indicated do not include the market rents of the vacant real estate units and do not include uncertain items such as the ISTAT adjustment and any variable component of the rent. For the property in Rome Via Vinicio Cortese only, the last rent in force before the expiry of the contract was considered, on the basis of which the occupation indemnity is also paid today by the tenant.

The value of existing yearly rents as at 30 June 2023 is € 6,245 thousand, distributed among the various properties as shown in the following chart.



The value of stabilised annual lease fees is equal to € 7,035 thousand as shown in the following graph.



Net rental income

The net rental income for the first half of 2023 resulting from the statement of Profit/(Loss) for the period amounted to € 2,346 thousand as shown below:

Description	30/06/2023 (€/000)
Rental income	3,096
Net real estate costs	(750)
Net rental income	**2,346**

With respect to what was previously stated in the tables relating to lease fees, it must be noted that:

- the item Net rental income also includes revenue from charge-backs to tenants;
- revenues relating to the property in Milan, Via Spadari and the property in Milan, Via Cuneo are recorded, on the other hand, net of the annual portion of the capex contribution paid to the tenant in 2018 and 2021 and net of temporary rent reductions granted to the tenant for the applicable period;
- rental income is recognised in the income statement on a straight-line basis.

Property data by intended use

The following table summarises the main information relating to NEXT RE's real estate portfolio, broken down according to the main intended use of the individual properties (only for the Rome, Via Zara property was the main intended use of the office building which also included the residual commercial portion of the ground floor considered).

Prevalent intended use	Leasable area (sqm)	Leased area (sqm)	Market value as at 30/06/2023 (A)	% value of total portfolio	Lease fees as at 30/06/2023 (B)	Gross average yield as at 30/06/2023 (B/A)	Occupancy rate
Commercial	7,962	7,962	92,350	68.08%	3,849	4.17%	100%
Management offices (Investment)	16,470	16,470	41,292	30.44%	2,396	5.80%	100%
Management offices (Accessory)	388	388	2,008	1.48%	-	n.a.	100%
	24,819	**24,819**	**135,650**	**100%**	**6,245**	**4.60%**	**100%**

The changes in the book value of the portfolio by use, which occurred in the first half of 2023, are shown in the table below; the book value of the item Investment property in the financial statements, also in this case, does not include the fair value of the portion for instrumental use of the building in Rome, Via Zara, equal to €2,008 thousand.

(Euro thousands)	Commercial	Management offices	Total Portfolio
Real estate assets as at 1 January 2023	**95,050**	**40,893**	**135,943**
Purchases	0	0	0
Capitalised costs	351	447	798
Reclassifications	0	0	0
Balance prior to the valuation of real estate assets	**95,401**	**41,340**	**136,741**
Net write-ups/(write-downs) for the year	(3,051)	(48)	(3,099)
Balance as at 30 June 2023	**92,350**	**41,292**	**133,642**

Duration of lease contracts (WALT)

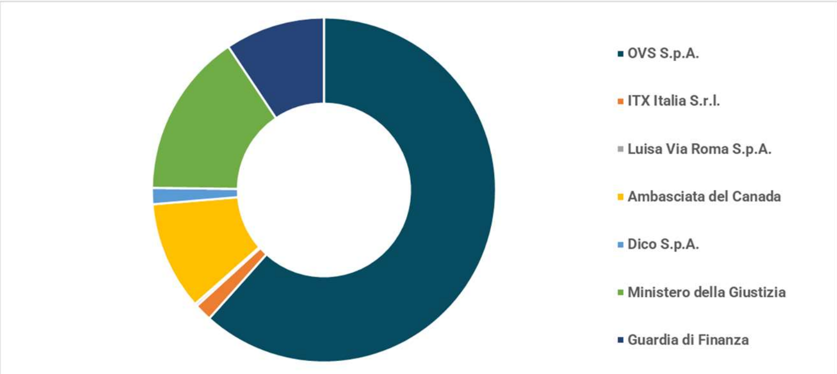
The index relating to the overall weighted average lease term (WALT) on annual leases of NEXT RE's real estate portfolio owned as at 30 June 2023 is equal to 3.5 years. The above index was calculated on the first contractual expiry date of the individual lease contracts in place, not taking into account any early termination options.

CITY	PROPERTY	TENANT		WALT on lease fees as at 31/12/2022	WALT on lease fees as at 30/06/2023
Milan	Via Spadari 2 - Management offices	ITX Italia S.r.l.	15/10/2031	0.8	8.3
	Via Spadari 2 - Management offices	Luisa Via Roma S.p.A.	31/12/2030	0.0	7.5
	Via Spadari 2 - Commercial	OVS S.p.A.	27/12/2027	5.0	4.5
	Via Cuneo 2		27/12/2027	5.0	4.5
	Corso San Gottardo 29/31		30/06/2028	5.5	5.0
Rome	Via Zara 22/30	Embassy of Canada	31/01/2026	3.1	2.6
		DICO S.p.A.	30/04/2027	4.3	3.8
	Via Vinicio Cortese 147	Guardia di Finanza (Finance Police)		0.0	0.0
Bari	Viale Saverio Dioguardi, 1	Ministry of Justice	31/12/2024	2.0	1.5
WALT ON APPLICABLE LEASE FEES REAL ESTATE PORTFOLIO				**3.8**	**3.5**

Tenants

NEXT RE's real estate portfolio is leased to/used by, as of 30 June 2023, 7 (seven) different tenants/users (net of NEXT RE for the accessory portion): OVS S.p.A., Ministry of Justice, Guardia di Finanza, Embassy of Canada, Dico S.p.A., ITX Italia S.r.l. and Luisa Via Roma S.p.A..

The following graph shows the analysis of the concentration by individual tenant based on the annual rents in place as of 30 June 2023 (for the property in Rome Via Cortese the occupation indemnity paid by the Guardia di Finanza was considered).

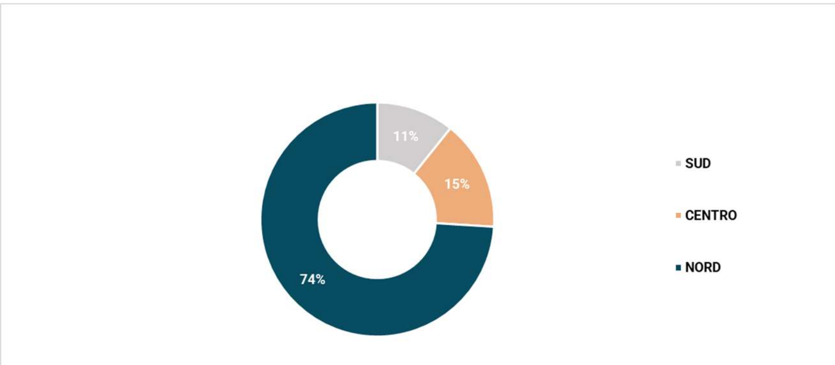


Geographical allocation

As at 30 June 2023, NEXT RE's real estate portfolio is distributed across 3 (three) different cities: Milan, Rome and Bari.

The following graph shows the geographical allocation analysis (NORTH - CENTRE - SOUTH) of the portfolio based on the market values of the properties as at 30 June 2023.

Geographical allocation of properties on the market value as at 30 June 2023



For further information on real estate assets, please refer to the in-depth description provided in the Notes to the financial statements Note 1. Investment property.

Economic performance analysis

A management reclassification of the operating results is provided below in order to facilitate a better understanding of how the operating results were determined for the first half of 2023.

(values in € thousands)	30/06/2023	30/06/2022
Rental income	3,096	2,907
Costs relating to property assets	(750)	(992)
Net Operating Income	**2,346**	**1,915**
Other revenues and income	12	490
Personnel costs	(2,405)	(990)
Overhead costs	(1,766)	(1,700)
Other costs and expenses	(109)	(252)
EBITDA	**(1,922)**	**(537)**
Amortisation and write-downs	(56)	(334)
Fair value adjustment of property investments	(3,099)	1,816
EBIT	**(5,078)**	**945**
Fair value adjustment of financial instruments	0	(69)
Financial income/(expenses)	(762)	(685)
EBT (Earnings Before Taxes)	**(5,840)**	**191**
Taxes	(255)	(29)
Net result for the period	**(6,095)**	**162**

Net Operating Income: Real estate management margin was EUR 2,346 thousand and increased compared to that achieved in the first half of 2022 by approximately EUR 431 thousand. Rental income increased by €189 thousand mainly due to the ISTAT adjustments of lease agreements recognised in the period. The balance of the item Property-related costs as of 30 June 2023 was lower than the balance as of 30 June 2022 for €242 thousand due to the sale, at the end of 2022, of the asset in Verona, which, being vacant, generated, in the first half of 2022, costs of €293 thousand for utilities, management and surveillance charges and IMU.

The item **Other revenues and income** amounted to €12 thousand. The item as of 30 June 2022 included the net proceeds of €469 thousand arising from the agreement entered into on 28 June 2022 concerning the transfer of the security issued by the Euro Sub-fund of the Luxembourg-law Fund "Historic & Trophy Building Fund" managed by Main Source S.A. "HTBF- € Fund" and the settlement of the ordinary and executive court proceedings related to the recovery of the claims connected to the security.

Personnel expenses amounted to €2,405 thousand and increased by €1,415 thousand compared to the first half of the previous year. This difference was due to the effect, in the amount of €1,971 thousand, of the settlement agreements concerning the terms and conditions of the consensual early termination of the employment contracts of the General Manager and the Chief Investment Officer, to the resulting reduction in personnel expenses in the amount of €307 thousand and to the non-accrual for short-term and long-term incentive bonuses in the amount of €248 thousand.

Overhead costs amounted to €1,766 thousand and increased compared to 30 June 2022 for a net amount of €66 thousand, mainly due to i) higher costs for directors' fees for €149 thousand, following the early termination of the offices of the Chairman and of the Chief Executive Officer), ii) lower costs for legal advice for €100 thousand, iii) lower costs for communication for €56 thousand, and iv) higher costs for bank commissions for €69 thousand, incurred for the early repayment of the financing with Unicredit Leasing and with Banca Centro Lazio.

The item **Other Costs and Expenses** mainly includes ordinary costs for CONSOB and Stock Exchange contributions and membership fees.

The item **Amortisation, Depreciation and Write-downs** includes, inter alia, the depreciation portion of the portion of the Rome, Via Zara asset for instrumental use in the amount of €28 thousand.

The item **Fair value adjustment of financial instruments** is equal to zero as the Group did not hold any financial instruments in its portfolio as of 30 June 2023.

The **Fair value adjustment of property investment** includes adjustments to the fair value of investment property inferred from the valuations of the Independent Expert. The item includes write-downs of €4,548 thousand and revaluations of €1,449 thousand. Compared to 31 December 2022, the value of the portfolio therefore decreased by a total of €3,099 thousand; this change was mainly affected by the generalised increase in interest rates, which had a significant impact on the variables used by the independent expert in the valuation of real estate assets at 30 June 2023. For further details, please refer to Note 1. Investment Properties of the Condensed Consolidated Half-year Financial Statements.

The item **financial income/(expenses)** includes financial expenses accrued on loans granted by the parent company CPI PG for €665 thousand.

The item **Taxes** includes the write-down of deferred tax assets for EUR 190 thousand and IRAP contingent liabilities for EUR 64 thousand.

Balance sheet analysis

The following tables show the Company's total financial debt as at 30 June 2023 and as at 31 December 2022.

(Values in € thousands)

Item		30/06/2023	31/12/2022
A.	Fixed capital	135,538	137,893
B.	Financial instruments	0	544
C.	Net working capital	169	(1,806)
D=A.+B.+C.	**Invested capital**	**135,707**	**136,630**
E.	**Shareholders' equity**	**(79,835)**	**(85,915)**
F.	**Other non-current assets and liabilities**	**2,404**	**2,459**
G.	Long-term payables to banks and other lenders	(61,888)	(66,663)
H.	Long-term financial derivative liabilities	0	0
I.	Short-term payables to banks and other lenders	(482)	(1,569)
J.	Short-term financial derivative liabilities	0	0
K.	Securities held for trading	0	0
L.	Available cash and cash equivalents	4,094	15,059
M.=G.+H.+I.+J.+K .+L.	**Total financial debt**	**(58,276)**	**(53,174)**
N.=E.+F.+M.	**Sources of financing**	**(135,707)**	**(136,630)**

COMPOSITION OF ITEMS:

A. Fixed capital: includes real estate investments, intangible assets and other tangible assets and investments;

B. Financial instruments includes investments in bonds and mutual funds, other financial assets measured at fair value and derivative assets;

C. Net working capital: this includes trade receivables and payables and other current assets and liabilities;

F. Other non-current assets and liabilities: these include other non-current assets, employee benefits and assets and liabilities relating to deferred and pre-paid tax assets and liabilities and non-current tax payables;

I. Total Financial Debt: is determined as required by Consob in Attention Notice no. 5/21 with evidence of the method of representation indicated in the Guidelines on disclosure requirements pursuant to EU Regulation 2017/1129 (so-called Prospectus Regulation) published by ESMA as further specified below.

The net working capital is positive equal to € 169 thousand.

Shareholders' equity, including the negative result for the period of € 6,095 thousand, amounted to € 79,835 thousand.

The balance of Other net non-current assets and liabilities amounted to € 2,404 thousand and refers to i) other non-current assets of €2,470 thousand, ii) employee severance indemnity fund of € -17 thousand, iii) provisions for risks of -€24 thousand, and iv) other non-current payables of -€25 thousand.

The following tables show the Total Financial Debt of the Company as at 30 June 2023 and 31 December 2022, as required by Consob in Attention Notice no. 5/21 with evidence of the method of representation indicated in the Guidelines on disclosure requirements under EU Regulation 2017/1129 (so-called Prospectus Regulation) published by ESMA. As of 5 May 2021, the Guidelines update the previous CESR Recommendations (including references in Communication no. DEM/6064293 of 28-7-2006 on net financial position).

In this respect, the ESMA Guidelines provide for the following main changes to the debt statement:

a. reference is no longer made to Net financial position, but to Total financial debt;

b. non-current financial debt also includes trade and other non-current payables, i.e. payables that are not remunerated but have a significant implicit or explicit financing component;

c. as part of current financial debt, the current portion of non-current financial debt should be shown separately.

Values in Euro thousands		30/06/2023	31/12/2022
A.	Cash and cash equivalents	3,944	15,059
B.	Cash equivalents	150	0
C.	Other current financial assets	0	0
D.	**Liquidity**	**4,094**	**15,059**
E.	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	0	0
F.	Current portion of the non-current financial payable	(482)	(1,569)
G.= (E+F)	**Current financial debt**	**(482)**	**(1,569)**
H.= (G-D)	**Net current financial debt**	**3,612**	**13,489**
I.	Non-current financial debt (excluding current portion and debt instruments)	(61,888)	(66,663)
J.	Debt instruments	0	0
K.	Trade payables and other non-current payables	0	0
L.=(I+J+K)	**Non-current financial debt**	**(61,888)**	**(66,663)**
H+L	**Total financial debt**	**(58,276)**	**(53,173)**

**Values restated on the basis of Consob "Attention Notice no. 5/21"*

Total financial debt was € 58,276 thousand and increased by € 5.1 million compared to 31 December 2022.

The change is mainly attributable to i) the reduction in financial payables following the early repayments of the BCL loan and the Unicredit lease for a total of €6.3 million, which led to a corresponding decrease in liquidity, and ii) the increase, due to the recognition of interest accrued in the half-year for €0.7 million, of the financial payables related to the Credit Facility Agreements granted by CPI PG for which the Company has the option to repay at maturity in 2026. Cash and cash equivalents decreased significantly, not only due to the financial outflows described above, but also due to the effects of the Transaction Agreements mentioned above.

Transactions with related parties

Information on transactions with related parties is provided below.

SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

There were no significant transactions with related parties in the first half of 2023.

TRANSACTIONS AND RELATION WITH RELATED PARTIES OF LESSER IMPORTANCE

On **21 March 2023**, the Company's Board of Directors approved the settlement agreements concerning the terms and conditions: (i) of the consensual early termination of the executive employment relationship of the General Manager (Stefano Cervone) and of the Chief Investment Officer (Claudio Carserà) effective as of 30 April 2023 as well as (ii) of the termination of the respective offices of the Chairman of the Board of Directors (Giancarlo Cremonesi) and of the Chief Executive Officer (Stefano Cervone), effective as of the conclusion of the Shareholders' Meeting called to approve the 2022 financial statements.

Since all of the above-mentioned parties are related parties of the Company pursuant to Article 2.1, letter (a) of the "Procedure on Related Party Transactions of NEXT RE SIIQ S.P.A." (the "**RPT Procedure**"), the aforesaid transactions related to the Transaction Agreements were qualified as related party transactions of lesser significance, in application of the countervalue index set forth in paragraph 1.1, letter (a) of Annex 3 of the Regulation approved by Consob resolution no. 7221/2010, as subsequently amended and supplemented (the "**RPT Rules**"); therefore, the opinions of the Related Parties and Investments Committee and of the Nomination and Remuneration Risks Committee were previously obtained pursuant to Article 7, paragraph 1, letter (a) of the RPT Rules and Articles 4.2 and 4.3 of the RPT Procedure, as well as the opinion of the Board of Statutory Auditors, each for the aspects within their respective competences.

In particular, the Related Parties and Investments Committee deemed it in the Company's interest to enter into the Transaction Agreements in order to (i) reduce recurring corporate costs, in line with the cost-efficiency plan envisaged in the 2023-2026 Business Plan, aimed at maximising the prospective performance and results of operations, (ii) preserve the existing relationship with strategic advisor Dea Capital SGR S.p.A, which ensures appropriate oversight of the management of the Group's real estate assets and real estate investment/disinvestment transactions and whose skills, experience and relationships are useful for taking advantage of any new market opportunities functional to pursuing the Company's development plan, as well as (iii) to avoid the risk of litigation of any nature with the aforementioned related parties and to define any issues that may arise in relation to labour and administration relations and, at the same time, to identify a consensual exit path from the Company that facilitates an orderly handover.

The Related Parties and Investments Committee and the Appointments and Remuneration Risk Control Committee, which met in joint session prior to the Board meeting of 21 March 2023, deemed the Settlement Agreements to be economically advantageous, in order to define ex ante the costs for the Company arising from the consensual termination of employment and administration relationships with the above-mentioned persons, recognising to the same amounts in accordance with the provisions of their respective employment contracts and the Company's current Remuneration Policy, as well as in line with market practices in similar situations; furthermore, the terms of the Settlement Agreements were deemed substantially correct, in that the consensual termination of the employment relationships in place with the General Manager and the Chief Investment Officer was formalised in the context of formal agreements with specific provision for waivers aimed at settling the relationships in a tombstone manner, to be replicated in the conciliation minutes pursuant to Article 2113 Civil Code, which will also have the effectiveness effects of the consensual termination of the relationship pursuant to Article 26, paragraph 7 of Legislative Decree No. 151/2015.

Considering the foregoing, the Related Parties and Investments Committee and the Appointments and Remuneration Risk Control Committee expressed their favourable opinion on the Company's interest in entering into the Transaction Agreements and on the appropriateness and substantial fairness of the related terms and conditions.

With regard to the terms and conditions of the Transaction Agreements, the Company disclosed, firstly by means of a press release dated 21 March 2023 and, subsequently, in the Report on Remuneration Policy and compensation paid pursuant to Article 123-ter of the Consolidated Law on Finance, to which reference should be made, that, in compliance with the provisions of the Remuneration Policy, as well as in line with market practice in similar situations:

- to Lawyer Giancarlo Cremonesi, also in consideration of the waiver of any right or claim against the Company and its subsidiaries, an indemnity for resignation from the offices of Director and Chairman of the Board of Directors of the Company as well as Sole Director of the subsidiary Fidelio Engineering S.r.l., for an amount corresponding to the residual year of the fixed gross remuneration resolved upon in relation to the aforesaid offices;
- to Mr. Stefano Cervone, also in consideration of the waiver of any right or claim against the Company and its subsidiaries, was granted an indemnity for his resignation from the offices of Director and Chief Executive Officer of the Company, for an amount corresponding to the residual year of the fixed gross remuneration resolved upon in relation to the aforesaid offices, as well as the incentive for leaving envisaged by the agreement of 15 February 2018 for the consensual early termination of the executive employment relationship existing with the Company as General Manager;
- to Eng. Claudio Carserà, also in consideration of the waiver of any right or claim against the Company and its subsidiaries, was granted the redundancy incentive envisaged by the agreement of 15 February 2018 for the consensual early termination of the subordinate working relationship of an executive nature existing with the Company as Chief Investment Officer.

On **16 May 2023**, the newly formed Board of Directors of the Company, after hearing the opinion of the newly-named Committee of Independent Directors, resolved on the fixed additional remuneration to be attributed to the directors holding special offices, pursuant to Article 2389, paragraph 3, of the Italian Civil Code and, specifically, to the newly appointed Chairman of the Board of Directors and Director in Charge of the Internal Control and Risk Management System Mirko Bertaccini and to the Chief Executive Officer Giovanni Naccarato, both of whom, pursuant to Article 2.1, letter a) of the RPT Procedure, qualify as related parties of the Company.

The newly established Independent Committee, a body to which the Company's Board of Directors also assigned the functions of Related Party Transactions Committee pursuant to the RPT Regulation and RPT Procedure, issued its favourable opinion pursuant to Article 7 of the RPT Regulation, as well as Article 4.2 of the RPT Procedure, in compliance with the provisions - at primary legislation level - of Article 2391-bis of the Italian Civil Code.

In particular, the Independent Committee deemed: (i) the Company's interest in carrying out each transaction existed, in order to provide itself with a management with operational and management powers within the administrative body; (ii) the economic terms and conditions of each transaction were appropriate and fair, in order to sufficiently remunerate the powers of the Chairman of the Board of Directors and Director in Charge and the Chief Executive Officer, as well as the responsibilities arising from the granting of the aforesaid powers by the Board of Directors (iii) the economic conditions were congruous, also in light of the Company's desire to initiate a process of rationalisation and containment of corporate costs, as well as in light of the total remuneration paid to the previous Chief Executive Officer, which took into account, inter alia, the latter's employment relationship and the title attributed to him as General Manager of the Company.

Considering the foregoing, the Committee of Independent Directors expressed its favourable opinion on the Company's interest in the completion of each transaction and on the appropriateness and substantial fairness of the related conditions.

On **13 June 2023**, the Company's Board of Directors, after receiving the opinion of the Committee of Independent Directors, resolved to assign the role and functions of CFO - until the date of the Shareholders' Meeting convened to approve the financial statements as of 31 December 2025 and against the payment of an additional fee for the functions and related responsibilities - to the Director of Administration, Financial Statements and Accounting as well as Manager in charge of preparing the Company's financial reports, Francesca Rossi, a related party of the Company pursuant to Article 2.1(a) of the RPT Procedure.

The transaction was therefore qualified as a less material transaction with a related party, as it did not exceed the materiality threshold provided for in Appendix 3 to the RPT Regulation (i.e., the materiality index of the countervalue).

In particular, the Committee of Independent Directors, in its meeting of 13 June 2023, deemed: (i) the Company's interest in carrying out the transaction in order to acquire a CFO to be valid; (ii) the transaction was worthwhile, also in light of the cost savings generated by avoiding the need to initiate an external selection process for this role; (iii) the terms and conditions of the transaction were correct, and it was also in the interest of the Company and all its stakeholders.

Therefore, the Committee of Independent Directors expressed its favourable opinion on the Company's interest in completing the transaction and on the convenience and substantial fairness of its terms and conditions.

Legal and regulatory framework of Listed Real Estate Investment Companies (SIIQ)

The special regime for Listed Real Estate Investment Companies (“**SIIQ**”) introduced and governed by Article 1, paragraphs 119-141-*bis* of Italian Law no. 296/2006 (hereinafter also **“Law no. 296/2006”**) and subsequent amendments, as well as by the provisions contained in the implementing regulation of the Italian Ministry of Economy and Finance no. 174/2007 (hereinafter also the “**Decree**”), entails exemption from taxation for IRES purposes and proportionally from IRAP (“**Special Regime**”) of business income deriving, among other, from real estate leasing activities (the so-called exempt management). On the other hand, the profit deriving from any other activities carried out by the SIIQ is subject to ordinary IRES (corporate income tax) and IRAP (regional business tax) taxation (ordinary management).

The regulation of the special regime has been amended as a result of Italian Decree Law no. 133/2014, the “Unblock Italy” decree (hereinafter also known as “**Italian Decree Law no. 133/2014**” and, along with Italian Law no. 296/2006 and the Decree, the “**SIIQ Legislation**”), in force since 13 September 2014 and converted with amendments by Italian Law no. 164 of 11 November 2014. More recently, Art. 1, paragraph 718 of Italian Law no. 234 of 30 December 2021 (“2022 Budget Law") amended, effective as of 1 January 2022, Art. 1, paragraph 125 of Italian Law no. 296/2006 (relating to the extension of the Special Regime to subsidiaries, referred to below in the paragraph "*Requirements of the Special Regime for SIIQs*").

Requirements of the Special Regime for SIIQs

The requirements for access to the Special Regime required by the SIIQ Legislation can be summarised as follows:

(i) **Subjective requirements**

The Special Regime is available to companies that:

a. are established as joint-stock companies listed in regulated markets in Italy or in EU or EEA member states included on the "White list" referred to in Ministerial Decree of 4 September 1996;

b. mainly carry out real estate leasing activities.

The provisions of Art. 1, paragraph 125 of Italian Law no. 296/2006, as amended by Art. 1, paragraph 718 of the 2022 Budget Law, establish that the Special Regime may be extended, in the presence of a joint option, to joint stock companies, limited partnerships and limited liability companies, provided that the relative share capital is not less than that specified in Art. 2327 of the Italian Civil Code (€ 50,000), which are unlisted, resident in Italy, also primarily engaged in real estate leasing activities, as defined in paragraph 121 of Article 1 of Italian Law no. 296/2006, in which, alternatively:

1) a SIIQ or SIINQ (Unlisted Real Estate Investment Company) holds more than 50% of the voting rights at the ordinary shareholders' meeting and 50% of the profit sharing rights; or

2) at least one SIIQ or SIINQ and one or more other SIIQs or SIINQs or real estate FIAs (alternative investment funds) referred to in Art. 12 of M.D. no. 30 of 5 March 2015, whose assets are at least 80% invested in real estate for lease purposes or in investments in SIIQs or SIINQs or other real estate AIFs that invest in the same assets or rights in the same proportions, jointly hold 100% of the investment in its share capital, as well as voting rights in the ordinary meeting and profit sharing rights, provided that the SIIQ or SIINQ or the investing SIIQs or SIINQs hold at least 50% of the voting rights in the ordinary shareholders' meeting and profit sharing rights.

Since 2009 the Special Regime has also been extended to Italian permanent establishments - which mainly carry out real estate lease activities - of companies resident in EU or EEA member states included on the above-mentioned "White list".

(ii) **Statutory Requirements**

The Articles of Association of the SIIQ must necessarily contain certain provisions and in particular:

a. rules in terms of investments;
b. limits to risk concentration on investments and counterparties;
c. maximum leverage limit, individual and at group level.

(iii) **Shareholding Structure Requirements**

Paragraph 119 of Italian Law 296/06 also sets the following requirements:

a. Control requirement: no shareholder may hold, directly or indirectly, more than 60% of the voting rights at the ordinary shareholders' meeting and more than 60% of the rights to participate in the profits of the SIIQ;
b. Free float requirement: for this requirement to be met, at least 25% of the shares must be held by Shareholders who, at the time the option is exercised, do not directly or indirectly own more than 2% of the voting rights at the Ordinary Shareholders' Meeting or more than 2% of the rights to participate in profits (not required for companies already listed).

(iv) **Objective requirements**

Application of the Special Regime is subject to the condition that the companies concerned "*mainly carry out real estate lease activities*" (Art. 1, par. 121, Italian Law 296/2006 and Art. 1 of the Decree). This prevalence must be verified on the basis of two indices:

a. *Asset test*: real estate properties intended for lease, investments in other SIIQs or SIINQs, investments in real estate funds and in qualified real estate SICAFs must represent at least equal to 80% of the assets;
b. *Profit test*: during each year, income from lease activities, income from SIIQs or SIINQs, income from real estate funds and qualified real estate SICAFs, capital gains realised on properties intended for lease, must represent at least 80% of the positive components of the income statement.

Failure to comply with one of the prevailing conditions (asset test or profit test) for three consecutive years results in the definitive termination of the Special Regime and the application of the ordinary rules as from the second of the years considered. Failure to comply with both prevalence parameters for even just one tax period will result in the automatic forfeiture of the SIIQ Special Regime with effect from the same period.

(v) **Additional provisions**

a. Companies that opt for the Special Regime have the obligation, in each financial year, to distribute to shareholders (i) at least 70% of the net profit deriving from real estate leasing activities, from the ownership of investments in SIIQ/SIINQ and in SICAF and qualified real estate funds (as resulting from the Income Statement of the relevant annual financial statements), if the total profit for the year available for distribution is equal to or higher than the exempt operating income, or (ii) at least 70% of the total profit for the year available for distribution, if this is lower than the profit deriving from the leasing activity and from the ownership of equity investments in SIIQ, SIINQ and qualified real estate funds or SICAF (so-called exempt management).

b. Furthermore, there is the obligation to distribute, in the two financial years following the year of realisation, 50% of the income deriving from net capital gains realised on real estate properties intended for lease and on investments in SIIQ, SIINQ and qualified real estate funds or SICAF.

Failure to distribute the portion of exempt management profit subject to the mandatory distribution described above will result in the forfeiture of the special SIIQ scheme with immediate effect.

Causes of immediate termination of the Special Regime

Companies must meet the requirements set forth in paragraph 119 of Italian Law 296/06 within the first period of effectiveness of the SIIQ regime and for its entire duration. If one of the above-mentioned requirements - except for the free float requirement - is no longer met, the SIIQ regime will be terminated with effect from the same tax period.

In particular, the following constitute grounds for immediate termination of the SIIQ special regime:

(i) the revocation of the admission to the listing of shares in regulated markets (it being understood that the mere temporary suspension of shares from trading does not constitute a cause for termination),
(ii) non-compliance with the shareholding requirement, which requires no shareholder to directly or indirectly hold more than 60% of the voting rights at the Ordinary Shareholders' Meeting and more than 60% of the rights to share in profits; however, where the 60% shareholding requirement is exceeded as a result of extraordinary corporate transactions or transactions in the capital market, the special regime is suspended until the shareholding requirement is re-established (Italian Inland Revenue Circular no. 32/E/2015, in para. 2 "*Requirements and procedures for access to the regime*" states, moreover, that "*where the control requirement ...is exceeded for a limited period of time, it will be deemed as having been met, without interruption, for the entire tax period. It is understood that this requirement must be met at the end of the tax period considered...")*.

The Company's exercise of the option and maintenance of the SIIQ regime as at 30 June 2023

The Company exercised the option to access the Special Regime on 7 September 2016, with effect from the tax period beginning on 1 January 2017, and has met all the requirements deemed necessary for the application of the tax benefits provided by the special legislation on SIIQ (including the so-called control requirement) by the end of the 2017 financial year: consequently, the Special Regime takes effect from the first tax period for which the option is exercised (1 January 2017). Accordingly, in the same manner in which the option was exercised (7 September 2016), Agenzia delle Entrate (the Italian Inland Revenue Agency) was notified (17 January 2018) of the integration of participatory requirements which were not in their possession at the time of exercising the option.

It is recalled that more recently, following the takeover bid launched by the controlling shareholder CPI PG, the latter held more than 60% of ordinary shares. Specifically, as of 26 November 2021, CPI PG held, in total, a 77.1078% interest in the Company's subscribed capital, represented by 16,983,075 shares with voting right, of which 11,012,055 shares not admitted to trading (the "**Unlisted Shares**"), equal to all the unlisted shares of the Company, and 5,971,020 ordinary shares admitted to trading on the Euronext Milan market (equal to 54.22% of the total listed shares), resulting in failure to meet the control requirement.

In order to once again meet the control requirement and continue to apply the Special Regime by 31 December 2021, on 26 November 2021, the Board of Directors convened the Extraordinary Shareholders' Meeting for 27 December 2021, submitting to it the proposal for the mandatory conversion, in a 1:1 ratio, of 11,012,055 unlisted ordinary shares into 11,012,055 class B shares, without the right to attend or vote at the Company's ordinary shareholders' meeting and with the same right to share in profits as the ordinary shares, which will be automatically and proportionately reduced to the extent necessary so that the right to share in profits of each class B shareholder, taking into account any other ordinary shares held, is equal to - and, in any event, not more than - 60% of the rights to share in the profits of the Company.

On 27 December 2021, the Extraordinary Shareholders' Meeting unanimously approved such mandatory conversion, as a result of which CPI PG came to hold a total stake equal to 77.1078% of the Company's subscribed share capital, represented by (i) 5,971,020 ordinary shares with voting rights admitted to trading on the *EXM* market - equal to 54.22% of the share capital with voting rights at the ordinary shareholders' meeting of the Company - and (ii) 11,012,055 class B shares, with the characteristics described above.

It should be noted that at the Ordinary General Meeting of Shareholders to approve the 2022 financial statements, held on 16 May 2023, it emerged that CPI PG had increased its shareholding in ordinary shares (no. 7,061,263 ordinary shares) corresponding to 64.11% of the capital entitled to vote at the Company's ordinary general meetings.

As a result of the reports and verifications promptly carried out by the Company, CPI PG re-established the control requirement during the month of June 2023 through the sale of no. 500,000 ordinary shares (see internal dealing communication of 23 June 2023).

As of 30 June 2023, therefore, CPI PG held a total stake equal to 79.79% of the Company's subscribed share capital, represented by (i) no. 6,561,263 ordinary shares with voting rights admitted to trading on the EXM market - equal to 59.57% of the share capital with voting rights in the Company's ordinary shareholders' meeting - and (ii) no. 11,012,055 Category B Shares, having the characteristics described above.

With reference to the prevalence tests carried out as of 30 June 2023, these showed that both the asset test and the income test were higher than 80% and therefore the objective requirements were exceeded as of that date.

As anticipated, pursuant to Article 1, paragraph 119 of Law No. 296/06, if the control requirement is, at the end of the tax period, exceeded as a result of extraordinary corporate or capital market transactions, the Special Scheme is suspended until the requirement is re-established. The suspension constitutes a different and additional hypothesis with respect to the termination of the Special Scheme, from which it differs in that it entails, upon the re-establishment of the control requirement, the possibility of reapplying the Special Scheme as from the tax period in which it occurs, without the need to exercise a new option and pay a new 'entry tax'. Considering the results of the audits conducted by the Company and still in progress, in the present case the suspension of the application of the Special Regime for the Company would only concern the 2022 tax period, with the consequent recalculation of the taxable income and the subjection of the entire income received by the Company to IRES and IRAP according to the ordinary applicable taxation rules.

The recalculation of the taxes due for the year 2022 will result in a higher IRAP to be paid by the Company for about Euro 64,000 and the recognition for IRES purposes of a loss of about Euro 3.5 million, to be transferred to the tax consolidation to which the Company adheres. Considering that the control requirement was reinstated in June 2023, provided that this requirement remains in place until 31 December 2023, the Company will be able to return to applying the Special Regime as early as the 2023 tax period.

Risk management

MAIN RISKS AND UNCERTAINTIES TO WHICH NEXT RE IS EXPOSED

During the first half of the year, NEXT RE was faced with a number of risks, identified as financial, operational, strategic and compliance risks. In order to control, prevent and minimise these risks, the company uses the international principles of Enterprise Risk Management (ERM), a risk management technique that tends to safeguard NEXT RE, through the use of various tools, from the possible materialisation of the aforementioned risks. In compliance with the principles of the Self-Regulatory Code of Listed Companies, the newly formed Board of Directors: (i) appointed the Director in charge of the Internal Control and Risk Management System (ii) established the "Independent Committee" with propositional and advisory functions in the areas of controls, risks, appointments, remuneration, transactions with related parties, investments and divestments. The Committee is made up of "Independent" Directors who monitor the process of identifying the main corporate risks, through which the risk factors for the Issuer are identified, including all risks that may be relevant to the medium-long term sustainability of the company's business. The Internal Control and Risk Management System is a set of rules, procedures and organisational structures aimed at monitoring compliance with corporate strategies, the effectiveness and efficiency of corporate processes, compliance with laws and regulations, as well as with the Articles of Association, corporate rules and procedures. This System must aim to facilitate the adequate identification, measurement, management and monitoring of the risks assumed by the Issuer and the degree of its exposure to risk factors, considering the possible correlations existing between the various risk factors, the significant likelihood of the risk occurring, the impact of the risk on the company's operations and, finally, the extent of the risk as a whole. Basically, it must make it possible to deal with the different types of risk to which the company is exposed over time, such as operational, market, liquidity, credit, settlement, legal, reputational risks, etc., in a reasonably timely manner.

1. FINANCIAL RISKS

The activities carried out by the Company expose it to a series of financial risks: *market risks, credit risks and liquidity risks*.

1.1 Market risks

Real estate investments are measured at fair value and changes in fair value are recognised in the profit or loss for the period; therefore, fluctuations in the real estate market, arising from adverse changes in macroeconomic variables, may affect the Company's results. Market risk is the risk of losses related to fluctuations in the prices of properties in the portfolio. This risk also includes the effects of the rate of vacancy of properties (the so-called Vacancy Risk).

Market risk thus includes Price Risk, which can be identified as the risk of depreciation of a financial instrument or portfolio as a result of unfavourable market trends. As NEXT RE is a company that operates within the real estate market, it is therefore subject to the aforementioned risk. Risks related to price fluctuations are also monitored with the support of independent experts. The real estate portfolio is mainly made up of high-quality, diversified properties in large urban centres, particularly Milan and Rome, cities whose real estate markets are less volatile than those of secondary cities. In terms of vacancy risk, the Company favours long-term lease contracts and implements an active asset management process aimed at understanding the needs of tenants and maximising their degree of satisfaction.

1.2 Interest rate risk

The risk of losses from financing operating activities, in particular, consists of increased borrowing costs resulting from rising interest rates. Intra-group fixed-rate financing mitigates the Company's exposure to the risk of interest rate fluctuations. With reference to the existing loans stipulated in the past at variable rates, the Company, within the guidelines of the Industrial Plan approved by the Board of Directors on 6 February 2023, has started a rationalisation and streamlining of the Company's economic and financial structure, which has provided for the early repayment of almost all variable-rate loans through the use of existing cash.

1.3 Credit risk

Credit risk or counterparty insolvency risk arises from the loss that the Issuer may incur as a result of the inability of a contractual counterparty to fulfil its obligations, in particular that of meeting its payment obligations. In this regard, it must be noted that the Company's investment strategy favours counterparties with a high credit rating. It is considered that the write-downs already made are representative of the actual risk of non-collectability. With reference to bank deposits and assets for derivative instruments, it must be noted that the Company operates on a continuous and lasting basis with counterparties of primary standing, with an acceptable credit rating, thereby limiting the relevant credit risk.

1.4 Liquidity risk

Liquidity risk is the risk that the Issuer will encounter difficulties in meeting future obligations associated with its financial and commercial liabilities to the extent and within the time limits set.

The Company had cash on hand as of 30 June 2023 in the amount of €4,094 thousand and had financial liabilities in the amount of €62,370 thousand of which €482 thousand was due within the next financial year.

The Company periodically updates its financial forecasts in order to monitor and promptly identify any actions to be taken.

The significant change in the item Cash and cash equivalents recorded in the first half of 2023 is attributable to financial outflows arising from the repayment of loans, as provided for in the 2023-2026 Business Plan, as well as the effects connected to the Transaction Agreements mentioned above.

2. OPERATIONAL RISKS

This is the risk of incurring in losses from inadequate or failed internal processes, human resources and internal systems or from external events.

2.1 Tenants risk

This risk is mitigated by the provisions of the Company's Articles of Association whereby the Company may not generate: (i) directly and indirectly, rents from the same tenant or from tenants belonging to the same group, to an extent exceeding 2/3 of the Company's total rents; the 30% limit indicated above does not apply if the Company's real estate is rented to tenants belonging to a group of national or international importance.

2.2 Reputational Risk

Reputation has been evaluated as a form of trust in respect of the future and, consequently, reputational risk is considered as the loss of this trust, a loss generated as a result of a series of negative choices or operational errors. It then results in a loss of “Trust” or “Credibility” of the company by customers, shareholders, investors and counterparties.

The Company mitigates this risk with an adequate organisational structure and with actions deemed useful for improving company communication through procedures suitable for regulating relations with stakeholders and investors.

2.3 Climate change risk

The climate change risk associated with the Company's business translates into the risk that assets do not meet certain characteristics - required by new regulations, increased operating costs or the ever-increasing expectations of stakeholders - and lose value in terms of both fee and fair value.

The Company recognises that the transition to a low-carbon, more sustainable, resource efficient and circular economy, in line with the UN Sustainable Development Goals, is a key step in ensuring the long-term competitiveness of the EU and global economy. The Company is continuing the process of adapting its operational and organisational structure, which it started in 2021, and which aims to introduce principles and criteria in its operational management and investment processes to oversee and monitor ESG risks.

On 15 September 2022, the Sustainability Policy was approved, which responds to the purpose of gathering, organising and implementing the actions and processes necessary to integrate the ESG sustainability principles to which the Company intends to refer, identifying the specific transversal actions needed to implement these ESG components in Next Re's strategy and operations. The Sustainability Policy envisaged the establishment of a special technical committee with the functions of guiding, monitoring and supporting the Board of Directors in relation to ESG issues (the 'ESG Committee'), the reorganisation of which, as a result of the corporate governance reorganisation process, is currently underway.

As of the date of this report, in line with the sustainability path that has been undertaken, certification was obtained according to the BREEAM In Use protocol for the entire real estate portfolio.

With particular reference to transition risks and their potential impact on the fair value valuation of the real estate portfolio, as described above, the Company has begun a process of integrating ESG factors into its business model, within the scope of which an analysis has been carried out and is still in progress, aimed at identifying potential interventions on the assets aimed at reducing their environmental impact. On the other hand, at present, objective parameters and specific databases are not yet available to accurately reflect in real estate valuations the impacts related to "ESG" issues, although, for properties that achieve good/very good levels of energy efficiency, there is a different appreciation in the real estate market, since these properties are appealing to tenants of higher standing.

With reference to the adverse weather phenomena that occurred in northern Italy during the summer of 2023, the Company did not notice any damage to the properties owned in Milan. It should also be noted that the insurance policies taken out by NEXT RE on its real estate portfolio have an "all risk" formula that protects the property in the event of such events.

3. STRATEGIC RISKS

Strategic risk is the actual or potential risk of an impact on revenues or capital resulting from poor business decisions related to choices of strategic objectives of the company, business strategies and resources used to achieve strategic goals.

The Company mitigates this risk by implementing a process of strategic planning and investment analysis and assessment, in line with the Business Plan.

4. COMPLIANCE AND LEGAL RISK

Compliance risk is the risk of incurring judicial or administrative sanctions, financial losses or reputational damage as a result of breaches of self-regulation rules or laws, regulations or supervisory authority orders.

Legal risk is the risk of loss or impairment of portfolio assets due to inadequate or incorrect contracts or legal documents, or those containing clauses that prove to be significantly onerous. This risk is understood as a manifestation of operational risk that makes it necessary to diagnose the cause of the loss or impairment in the portfolio.

This section includes the risks related to Liability pursuant to Italian Legislative Decree no. 231/01, sanctions related to breaching the regulations for listed companies, liability pursuant to Italian Law 262/05 and finally the risk of maintaining the requirements of the SIIQ regime.

- *Liability pursuant to Italian Legislative Decree 231/01*: the Company has adopted an Organisational Model pursuant to Italian Legislative Decree 231/01 as more fully described in the section "Organisational Model and Code of Ethics" relating to Compliance with Italian Legislative Decree no. 231/2001.
- *Penalties for breaches of the regulations governing listed companies*: the Company ensures constant monitoring of compliance with the regulatory provisions that apply to it as a listed company, with specific reference to the rules on market abuse (Reg. EU 596/2014 and its implementing European and national provisions including Italian Legislative Decree no. 107 of 10 August 2018), to the regulations on transactions with related parties pursuant to Consob Reg. 17221/10 and the disclosure obligations prescribed by Italian Legislative Decree no. 58/98 and Consob Reg. 11971/99. It is also planned to constantly monitor the evolution of legislation and market regulations and the possible effects on the Company's obligations.
- *Liabilities pursuant to Law 262/05*: application of penalties related to the liabilities of the Manager responsible for drafting the company's financial reports.

The measures adopted to monitor risk exposure and mitigate its impact are described below. In compliance with this law, the Company has adopted an administrative-accounting control system connected with financial reporting, suitable for providing adequate certainty regarding the true and fair representation of the economic, equity and financial information produced, through appropriate administrative-accounting procedures, for drafting the annual financial statements, the half-year financial statements and financial reporting in general. The operational activities of implementation and audit are referred to the internal structure that operates according to the guidelines and under the supervision of the Manager in charge appointed by the Board of Directors in accordance with the law.

Maintenance of SIIQ regime requirements

The maintenance of SIIQ status is subject to the compliance with the subjective, shareholding, objective and statutory requirements provided for by the relevant legislation. NEXT RE is exposed to the risk that some of the aforementioned requirements may no longer be met and, as a result, it will lose its SIIQ status. The occurrence of this circumstance would result in the loss of the tax benefits related to this regime, in particular the exemption of rental income from income tax; in addition, NEXT RE would not be required to distribute dividends under the terms of the SIIQ legislation.

The Company ensures constant monitoring of compliance with tax regulations and verifies that the income and equity requirements provided for by the SIIQ regime are maintained. The controls adopted for the purpose of monitoring risk exposure and mitigating its impact are as follows: the assessments made on the tax model adopted are examined with the support of selected specialist professionals and the Administrative Department, which monitor regulatory developments and accounting processes. Specifically, separate accounts must be kept for taxable and exempt management. The Management monitors, on a half-yearly basis and in advance in the case of extraordinary operations, asset tests and profit tests as well as profiles relating to the composition of the shareholding structure and the relevant control structure in order to monitor and comply with the requirements established by the regulations.

With reference to the actions taken during the previous year for the purposes of maintaining the so-called control requirement, please refer to as illustrated in the previous section of this Report entitled "*Legal and Regulatory Framework of a SIIQ*".

Furthermore, as at 30 June 2023, all the Objective Requirements, both the Asset Test and the Profit Test, were met. In fact, with regard to the Asset Test, the value of the real estate owned and used for rental is higher than 80% of the total value of the assets and, with regard to the Profit Test, the amount of the revenues from the rental activity of real estate owned by way of ownership or other real right is higher than 80% of the positive components of the income statement.

Regarding the individual Statutory Requirements, the following must be noted. The Articles of Association, under Article 4, states the following:

(1) Rules in terms of investments

“The Company does not invest in a single real estate property having unitary urban and functional characteristics: (i) directly, in excess of 2/3 of the total value of its real estate assets; and (ii) directly and/or through subsidiaries, real estate funds and other real estate investment vehicles, in an amount greater than 2/3 of the total value of the real estate assets of the group it belongs to. In this regard, it must be noted that, in the case of development plans that are subject to a single urban planning design, those portions of the property that are subject to individual and functionally autonomous building permits or that are equipped with sufficient works so as to guarantee connection to public services cease to have unitary urban and functional features”;

(2) Limits on the concentration of investment and counterparty risks

“The Company cannot generate: (i) directly, lease payments, from a single tenant or from tenants belonging to the same group, in excess of 2/3 of the Company’s total lease payments; and (ii) directly and through subsidiaries, real estate funds and other real estate investment vehicles, lease fees, coming from the same tenant or tenants belonging to the same group, in an amount greater than 2/3 of the total lease fees of the Group”. The above mentioned limit does not apply if the Company's real estate is leased to any tenant(s) belonging to a group of national or international relevance.

(3) Maximum financial leverage level

The Company can assume: (i) directly, financial indebtedness (including financial payables to subsidiaries and the parent company), net of cash and cash equivalents and financial receivables from the parent company, for a total nominal value not exceeding 70% of the sum of the total value of its real estate assets, the carrying amount of the investments in subsidiaries and the nominal value of the financial receivables from subsidiaries; and (ii) directly and through subsidiaries, real estate funds and other real estate investment vehicles, consolidated financial indebtedness (including payables to the parent company), net of cash and cash equivalents and financial receivables from the parent company, for a total nominal value not exceeding 70%

of the total value of the Group's real estate assets. The aforesaid limits may be exceeded under exceptional circumstances or, in any case, not dependent on the will of the Company. Unless the Shareholders and/or the Company are otherwise interested, the overrun shall not extend beyond 24 months.

The rules on investments in real estate, risk concentration limits and leverage provided for in points (1), (2) and (3) above shall apply for as long as the Company retains the status of a SIIQ. Once the qualification of SIIQ ceases to exist, with the consequent definitive termination of the special regime for listed real estate investment companies in the cases envisaged by the laws and regulations applicable from time to time, these rules will cease to have effect.

As described in the previous section of this Report entitled "Legal and Regulatory Framework of SIIQs", the application of the Special Regime has been suspended for the 2022 tax period in consideration of the temporary loss of the control requirement by CPI PG, which was promptly re-established as of June 2023.

The reinstatement of the control requirement in June 2023 and the maintenance of the same as of 31 December of the current year will allow the Company, together with the fulfilment of the other requirements provided for by the regulations - which, as just mentioned, were fulfilled as of 30 June 2023 -, to return to the application of the Special Regime as of the 2023 tax period.

Organisational model & Code of Ethics

On 25 May 2022, the Board of Directors approved the latest update of the Organisational, Management and Control Model pursuant to Legislative Decree No. 231/2001 (hereinafter also referred to as the 'Organisational Model') and, specifically, the General Section, the Special Section, the Code of Ethics, the List of Crimes Supposed to be committed and the additional annexes to the General Section.

Through this update, the Company has taken steps to: (i) incorporated the new regulations introduced on the subject of the Administrative Responsibility of Entities (i.e. expansion of the types of offences referred to in Leg. 231/2001); (ii) remodelling the mapping of the risk-crime activities by means of a "company process" logic, consistent with the organisational structure assumed by the Company as well as with the organisational controls in place, as elements mitigating the risk of commission of the offences referred to in Legislative Decree 231/2001; (iii) adapting the functional tools for the operation of the Supervisory Board, including information flows.

The changes made to the Organisational Model were previously examined and validated by the Supervisory Board pursuant to Legislative Decree No. 231/2001, which availed itself of the support of an advisor of primary standing.

Equity investments held by directors and members of the board of statutory auditors

As of 30 June 2023, the members of the Board of Directors and the Board of Statutory Auditors do not hold shares in NEXT RE's share capital either directly or indirectly through subsidiaries, trust companies or intermediaries.

Other information on the management

Personnel and organisational structure

As at 30 June 2023, the workforce consisted of 3 employees, including 2 executives, including Chief Financial Officer and the Manager responsible for preparing the company's financial reports, pursuant to and for the purposes of Articles 154-*bis* of the TUF and 21-*bis* of the Articles of Association, Francesca Rossi.

Research and development activities

The Company did not engage in any research and development activities in the first half of 2022.

Treasury shares and/or shares of parent companies

As of 30 June 2023, the Company directly held a total of 38,205 treasury shares equal to 0.17% of the share capital.

Relationships with subsidiaries, associates, parent companies and companies subject to the control of parent companies

With reference to the type of transactions between Group companies and transactions with related parties, reference must be made to *Annex 1 - Transactions with related parties* of the notes to the Condensed half-year financial statements.

Secondary offices

As of 30 June 2023, the Company had no secondary offices or local units, following the termination, effective as of 16 June 2023, of the local unit previously established at the building in Milan, Via Spadari no. 2.

Personal data processing according to Italian Legislative Decree no. 196/2003

The Company processes personal data in compliance with the provisions of EU Regulation 679/2016 and Italian Legislative Decree no. 196 of 2003, as amended.

The Company, as data controller, undertakes to protect the confidentiality and rights of data subjects and, in accordance with the principles dictated by the aforementioned regulations, the processing of data provided is based on the principles of correctness, lawfulness and transparency.

Certification pursuant to article 2.6.2, paragraph 9 of the Markets Regulation organised and managed by Borsa Italiana S.p.A.

The Board of Directors of NEXT RE certifies meeting the conditions set forth in Article 16 of the Rules adopted by Consob resolution no. 20249 of 28 December 2017 on markets (formerly Article 37 of Consob Regulation no. 16191/2007).

Option to opt-out (OPT-OUT) from the obligation to publish a disclosure document in the event of significant transactions

Pursuant to article 3 of Consob Resolution no. 18079 of 20 January 2012, notice is hereby given that the Company avails itself of the exemption provided for by articles 70, paragraph 8, and 71, paragraph 1-*bis*, of Consob Reg. no. 11971/99 as amended.

Definition of SME

With reference to the definition of a SME, as per article 1, paragraph 1, letter w-*quater*.1) of the TUF, it is noted that on the date of these financial statements, the Company falls within this definition as it has a turnover of less than € 300 million and a market capitalisation of less than € 500 million.

Certifications

On 7 August 2019, the Company achieved the ISO 9001:2015 certification, effective from 25 July 2019; this was renewed on 10 June 2022.

On 26 April 2023, NEXT RE underwent an audit to assess the conformity of its management system with the ISO 9001:2015 standard, the result of which was that the management system appeared solid and widespread within the organisation, thus not highlighting any issues.

ESG

The Group has embarked on the path of integrating ESG (Environmental, Social, Governance) objectives into its business strategy, believing that adherence to and promotion of environmental, social and corporate governance standards contributes, inter alia, to increasing the value of its real estate portfolio, improving its performance over time and fostering the creation of shared value for all stakeholders and the sustainable success of the Company.

The first important step in this direction was to obtain certification according to the BREEAM In Use protocol on the entire real estate portfolio, thus highlighting the Company's effective commitment to sustainability. This important achievement was followed by the adoption of the Sustainability Policy, on 15 September 2022, which identifies the sustainability principles adopted by the Company and identifies the specific transversal actions necessary to implement ESG components in the Group's strategy and operations, helping to improve the impact on all operational areas of the Company's business. With the approval of the aforementioned procedure, Next Re set up a special technical committee with the functions of guiding, monitoring and supporting the Board of Directors in relation to ESG issues (the 'ESG Committee') - in charge of setting the priorities, programme and objectives that, on a two-yearly basis, must be pursued by the Company for the development of ESG factors as well as supporting the Board of Directors in the implementation of the Sustainability Policy and in the analysis of issues relevant to the generation of long-term value. The ESG Committee is currently being reconstituted following the recent redefinition of corporate governance.

Update on the impact of COVID-19

With reference to the impact of the COVID-19 pandemic on the income statement for the first half of 2023, it should be noted that rental revenues take into account a reduction of 112 thousand Euro related to the release, for the relevant portion, of temporary rent reductions granted to OVS in previous years.

On the contrary, with reference to future impacts, it should be noted that the rent reductions granted to the customer OVS will have a negative impact for a total of 1,010 thousand Euro due to the IFRS 16 accounting treatment that provides for the linearisation of these effects along the contractual term.

Foreseeable performance trend

As known, in accordance with the "2023 - 2026 Business Plan", approved on 6 February 2023, NEXT RE achieved in the first half of 2023 - following the formalisation of the settlement agreements concerning the terms and conditions of the consensual early termination of the executive employment relationships of the General Manager and the Chief Investment Officer, as well as the termination of the respective offices of the Chairman and the Chief Executive Officer - a significant reduction in corporate costs functional to the effective pursuit of the Company's objectives of streamlining and stabilising operating cash flows and economic results.

Similarly, also in the first half of 2023 and in line with the guidelines of the '2023 - 2026 Business Plan', almost all exposure to credit institutions was extinguished in advance in order to rationalise the financial structure.

In this context, the foreseeable evolution of operations continues to be guided by the assessments expressed by the controlling shareholder CPI Property Group S.A., in exercising its management and coordination activities in relation to the downsizing of Next Re's growth prospects.

The management, having acquired the stabilisation of operating cash flows, will therefore move towards increasing the profitability of the property portfolio, also by implementing the process of valorisation and rotation of the latter.

On 14 September 2023, the Board of Directors examined the 2023 forecast and updated the budget for the financial year 2024, which forecasts a positive operating cash flow.

The liquidity from the real estate transactions envisaged in the aforementioned budget will be used to pursue the goal of optimising the Company's financial structure, as well as that of sterilising any negative effects from the aforementioned transactions.

The Company will also have to revise the 2023-2026 Business Plan during the next quarter.

EPRA performance indicator

This section of the financial report presents some performance indicators calculated in accordance with the best practices defined by EPRA (European Public Real Estate) and reported in the EPRA Best Practices Recommendations guide. In particular:

EPRA Earnings: is an indicator of the company's operating performance and represents the income generated net of Fair Value adjustments, gains and losses from property disposals and other limited items that do not represent the company's core business.

NET ASSET VALUE METRICS: these are the main performance indicators that provide stakeholders with information on the fair value of the company's assets and liabilities and are calculated by adjusting the Shareholders' Equity as reported in the financial statements in accordance with IFRS principles by certain items, excluding certain assets and liabilities that are not expected to arise under normal business conditions over the long term.

In October 2019, EPRA, through its Best Practices Recommendations, introduced three new Net asset Value metrics: **EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets Value (NTA)** and **EPRA Net Disposal Value (NDV)** which replace the previous metrics: **EPRA NAV**[1] and EPRA NNNAV[2]. The new metrics express the net asset value to stakeholders, assuming different reference contexts.

NET REINSTATEMENT VALUE (NRV): this indicator aims to represent the value of net assets over the long term. It represents the repurchase value of the company, assuming the company does not sell real estate. It is calculated starting from the relevant Group shareholders' equity (as reported in the financial statements according to IFRS principles) excluding certain assets and liabilities that are not expected to arise under normal business conditions, such as the Fair Value of hedging derivatives; deferred taxes on market valuations of real estate and hedging derivatives.

NET TANGIBLE ASSETS (NTA): the assumption underlying the calculation of indicator ratio is that the company buys and sells real estate, which impacts the company's deferred tax liability. It represents a scenario where some properties could be subject to sale. As at 30 June 2023 the Group has no properties held for sale for this reason deferred taxes coincide with those excluded in the calculation of NRV.

In contrast to the NRV, the value of goodwill and intangible assets recorded in the financial statements are also excluded from shareholders' equity attributable to the Group.

NET DISPOSAL VALUE (NDV): represents the value for stakeholders in a scenario in which the company is sold, where deferred taxes, financial instruments and other adjustments are calculated to the maximum extent of their liability net of the relevant tax effect. In this sale scenario, the Group's equity is adjusted to take into account the fair value of the financial debt.

EPRA Cost Ratios: these are indicators which aim to make the company's significant structural and operating costs more comparable. They are calculated as the percentage of operating costs and overheads, net of management fees and other limited items that do not represent the company's business, of gross lease income. EPRA Cost Ratios are twofold: gross and net of direct costs of Vacancies.

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[1] **EPRA Net Asset Value (NAV)**: represented the Fair Value of net assets considering a long-term time horizon and business continuity; it is calculated starting from the relevant shareholders' equity (as reported in the financial statements according to IFRS principles) excluding certain assets and liabilities that are not expected to arise under normal business conditions, such as the Fair Value of hedging derivatives or deferred taxes on market valuations of real estate and hedging derivatives.

[2] **EPRA Triple Net Asset Value (NNNAV)**: represented the value of the relevant equity by including in the calculation the Fair Value of the main equity components that are not included in the EPRA NAV, such as (i) hedging financial instruments, (ii) financial debt and (iii) deferred taxes.

EPRA Net Initial Yield (NIY): is a performance indicator and expresses the ratio of annualised end-of-period rental income (including variable and temporary revenues), net of unrecoverable operating costs, to the market value of Real Estate Assets, net of properties under development.

EPRA topped-up NIY: this is a performance measurement indicator obtained by adjusting EPRA Net Initial Yield with annualised end-of-period lease income (including variable and temporary revenues) and when fully operational, i.e. excluding any temporary incentives (such as fee reductions and step-ups).

EPRA Vacancy Rate: this measures the vacancy rate of the portfolio as the ratio of the assumed market fee (ERV) of unoccupied premises to the ERV of the entire portfolio.

Like for like Rental Growth: measures the growth rate of revenues from rental activities relative to the homogeneous perimeter (assets present for the entire period of the current and previous year).

In February 2022, EPRA, through an update of the Best Practices Recommendations Guidelines 2022, introduced a new financial indicator, the **EPRA LTV (Loan-to-Value)**, which expresses the company's leverage from the shareholders' perspective. This indicator has been introduced for the first time in this company's financial report.

Below is a summary table showing the main consolidated performance indicators obtained from the application of EPRA Best Practices Recommendations compared to the consolidated results as at 30 June 2022 and 31 December 2022:

	30 June 2023		30 June 2022		Δ Y-Y	Δ Y-Y (%)
	€ million	€ per share	€ million	€ per share		
EPRA Earning	(2.9)	(0.1)	(1.6)	(0.1)	(1.3)	-78.8%
	%		%			
EPRA Cost Ratio (including direct vacancy costs)	163.8%		129.7%		34.1%	
EPRA Cost Ratio (excluding direct vacancy costs)	163.2%		119.0%		44.2%	
LIKE FOR LIKE RENTS	6.8%		-1.6%		8.4%	
	30 June 2023		**31 December 2022**		**Δ Y-Y**	**Δ Y-Y (%)**
	€ million	€ per share	€ million	€ per share		
EPRA NRV	79.8	3.6	85.9	3.9	(6.1)	-7.1%
EPRA NTA	79.8	3.6	85.9	3.9	(6.1)	-7.1%
EPRA NDV	83.9	3.8	91.3	4.1	(7.5)	-8.2%
	%		%			
EPRA LTV	42.9%		39.8%		3.2%	
EPRA Net Initial Yield	3.7%		3.5%		0.1%	
EPRA Topped-up Net Initial Yield	4.2%		3.9%		0.3%	
EPRA vacancy rate	0.0%		3.4%		-3.4%	

The table below shows the calculation of EPRA Earnings and Epra Earnings per share:

EPRA Earnings (Euro/000)	30 June 2023	30 June 2022
Net result on IFRS basis	**(6,095)**	**161**
Variations to calculate EPRA Earnings:		
Changes in value of investment properties, development properties held for investment and other interests	3,099	(1,816)
Profits or losses on disposal of investment properties, development properties held for investment and other interests	0	0
Profits or losses on sales of trading properties including impairment charges in respect of trading properties		
Tax on profits or losses on disposals		
Negative goodwill / goodwill impairment		
Changes in fair value of financial instruments and associated close-out costs	134	69
Acquisition costs on share deals and non-controlling joint venture interests		
Deferred tax in respect of EPRA adjustments	0	0
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)		
Non-controlling interests in respect of the above		
EPRA Earnings	**(2,861)**	**(1,586)**
Basic number of shares	*22,025,109*	*22,025,109*
EPRA Earnings per Share (EPS)	**(0.1)**	**(0.1)**

The EPRA Earnings indicator is calculated by adjusting the consolidated net result by non-monetary items (write-downs, adjustment of the Fair Value of real estate and financial instruments recorded in the profit and loss account, any write-downs and write-ups of goodwill), by non-recurring items (capital gains and losses deriving from the sale of real estate, profits from trading activities with relevant current taxes, costs relating to the early closure of loans), by deferred taxes relating to the Fair Value of real estate and financial instruments recorded in the profit and loss account and by the adjustments themselves stated above pertaining to third parties.

As of 30 June 2023, this indicator showed a negative value of €2,861 thousand and increased compared to 30 June 2022 by about €1,275 thousand. The change was mainly due to: i) an increase in the real estate management margin of about €431 thousand due to higher rental revenues for €188 thousand and lower costs related to real estate assets for €242 thousand due to the sale of the Verona asset in 2022, which, being vacant generated higher non-recoverable expenses during the first half of 2022, ii) lower other revenues and income for €476 thousand, of which €469 thousand deriving from the agreement entered into on 28 June 2022 concerning the transfer of the HTBF security and the settlement of the ordinary and enforceable judicial proceedings relating to the recovery of receivables connected to the same security, iii) an increase in personnel costs for €1.415 thousand, attributable to the effect, amounting to €1.971 thousand, of the settlement agreements signed with the previous top management, to the resulting reduction in personnel expenses of €307 thousand and to the non-accrual for short- and long-term incentive bonuses of €248 thousand, iv) to lower depreciation, amortisation and write-downs of €278 thousand, mainly due to the write-down as of 30 June 2022 of the furniture and fittings of the Verona property sold last year, v) to higher taxes for €226 thousand related to the write-down of deferred tax assets for €190 thousand and to contingent liabilities for IRAP, vi) other non-significant effects for about €40 thousand.

The following table shows the calculation of the Epra Cost Ratios:

	EPRA Cost Ratios (Euro/000)		30 June 2023	30 June 2022
	Include:			
(i)	Administrative/operating costs reported in the IFRS income statement		4,954	3,674
(ii)	Net service charge costs/fees			
(iii)	Management fees net of realised/estimated returns			
(iv)	Other income/charge-backs to cover costs net of related income			
(v)	Share of general real estate costs of real estate investments accounted for using the equity method			
	Exclude:			
(vi)	Write-downs of investment properties			
(vii)	Land annuity costs			
(viii)	Charges to be charged back to tenants not separately invoiced			
	EPRA costs (including direct costs on the vacant portfolio)	**A**	**4,954**	**3,674**
(ix)	Direct costs on the vacant portfolio		(18)	(302)
	EPRA costs (excluding direct costs on the vacant portfolio)	**B**	**4,936**	**3,372**
(x)	**Gross rental income (net of land rent costs)**		**3,024**	**2,833**
(xi)	Less: other overhead costs included in gross rental income (if significant)			
(xii)	Plus: share of real estate revenues of real estate investments accounted for using the equity method			
	Gross rental fees	**C**	**3,024**	**2,833**
	EPRA Cost Ratio (including direct costs on the vacant portfolio)	**A/C**	**163.8%**	**129.7%**
	EPRA Cost Ratio (excluding direct costs on the vacant portfolio)	**B/C**	**163.2%**	**119.0%**

The EPRA Cost Ratio as at 30 June 2023 shows an increase from 129.7% last year to 163.8% (163.2%, excluding vacancy costs) mainly due to higher personnel costs resulting from the settlement agreements signed with the previous top management partly offset by lower real estate costs not chargeable to tenants following the sale of the Verona property.

As at 30 June 2023, there were no capitalised operating expenses on the value of property.

The following table shows the EPRA NAV indicators that are compared to those measured as at 31 December 2022.

	EPRA NRV		EPRA NTA		EPRA NDV	
EPRA Net Asset Value Metrics (Euro/000)	30/06/2023	31/12/2022	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Shareholders' equity IFRS	79,835	85,915	79,835	85,915	79,835	85,915
Include / Exclude:						
i) Hybrid instruments						
Diluted NAV	79,835	85,915	79,835	85,915	79,835	85,915
Include*:						
ii.a) revaluations in investment property (if IAS 40 cost option is used)						
ii.b) revaluations of properties under construction (IPUC) (if IAS 40 cost option is used)						
ii.c) Revaluations of other non-recurring investments						
iii) Revaluations of lease contracts held as finance leases						
iv) Revaluations trading properties						
Diluted NAV at Fair Value	79,835	85,915	79,835	85,915	79,835	85,915
Exclude:						
v) Deferred taxes in connection with FV gains on investment property						
vi) Fair value of financial instruments						
vii) Goodwill arising from deferred taxes						
viii.a) Goodwill as per IFRS financial statements						
viii.b) Intangible assets as per IFRS financial statements			(52)	(63)		
Include:						
ix) Fair value of fixed-rate debt					4,045	5,420
x) Revaluations of Intangible assets at FV						
xi) Taxes on transfers of real estate						
NAV	79,835	85,915	79,783	85,852	83,881	91,335
Number of fully diluted shares	22,025,109	22,025,109	22,025,109	22,025,109	22,025,109	22,025,109
NAV per share	3.6	3.9	3.6	3.9	3.8	4.1

The NRV/NAV decreased compared to 31 December 2022 due to the change in shareholders' equity, which decreased as a result of the negative net result for the period of €6,095 thousand; for the same reason, the NTA also decreased compared to the result of the previous year. The difference between the latter indicator and the NRV relates to the exclusion of the intangible assets recognised in the balance sheet.

The NRV increased compared to the previous year by about 8.2%. This change, in addition to the above, reflects the decrease compared to 31 December 2022 of the positive effect of the fair value valuation of the financial debt, determined by discounting the flows at a rate consisting of a base rate, derived from the term structure of rates, and the 'market' spread.

This is due to the use of a rate curve and market spread rate updated with the conditions in place at 30 June 2023, in addition to the different composition of the debt, both in terms of duration and in terms of cost and volume.

The following table shows the EPRA LTV indicator that is compared to that measured at 31 December 2022. The indicator is obtained by comparing the company's net debt to the market value of the assets held by the company and measures the sustainability of financial debt related to real estate assets.

EPRA LTV	Group Values	Proportional consolidation			Aggregate 30/06/2023	Aggregate 31/12/2022
		Investments in Joint Ventures	Significant investments	Minority investments		
Include:						
Funding from Financial Institutions	62,296				62,296	68,022
Financial bills of exchange						
Hybrid Instruments (including Convertible Securities, Preference Shares, Options, Perpetuals Bonds)						
Bonds						
Currency derivatives (futures, swaps, options and forwards)						
Net current payables	-				-	1,809
Real estate for business use (debt)						
Current accounts (with equity features)						
Excluding:						
Cash and cash equivalents	4,094				4,094	15,059
Net debt (a)	**58,202**	**0.0**	**0.0**	**0.0**	**58,202**	**54,772**
Include:						
Real estate for business use	1,752				1,752	1,780
Real estate investments at fair value	133,642				133,642	135,943
Properties for sale						
Development properties						
Intangible assets						
Net current receivables	170				170	
Financial assets						
Total value Investment property (b)	**135,563**	**0.0**	**0.0**	**0.0**	**135,563**	**137,723**
LTV (a/b)	**42.9%**	**0.0%**	**0.0%**	**0.0%**	**42.9%**	**39.8%**

EPRA LTV stood at 42.9% (compared to 39.8% in December 2022), up 3.16 p.p. due to the combined effect of the increase in net debt and the reduction in the value of Investment Properties, which in turn reflected the effects of the fair value adjustment.

The EPRA Net Initial Yield (NIY) and the EPRA topped-up NIY are shown below:

EPRA NIY and topped-up NIY (Euro/000)		30/06/2023	31/12/2022
Market value of the wholly-owned portfolio		133,642	135,943
Market value of the partially-owned portfolio (share of JVs/Funds)			
Assets held for sale (including those held partially)			
Minus: Development properties			
Market value of the overall portfolio		**133,642**	**135,943**
Estimation of transfer costs			
Market value of the real estate portfolio	**B**	**133,642**	**135,943**
Annualised gross rent fees		6,345	6,173
Non-recoverable real estate costs		(1,459)	(1,391)
Annualised net rent fees	**A**	**4,885**	**4,782**
Plus: Increases for rent fee changes and other temporary incentives to tenants		731	520
Annualised net topped-up rent fees	**C**	**5,617**	**5,302**
EPRA NIY	**A/B**	**3.7%**	**3.5%**
EPRA topped-up NIY	**C/B**	**4.2%**	**3.9%**

The NIY is obtained by comparing annualised end-of-period lease income (including variable and temporary revenues), net of stranded operating expenses, with the market value of real estate assets, net of properties under development. Annualised rental income includes all adjustments that the company is contractually entitled to consider at the end of each financial year (indexing and other changes). Real Estate to be considered for NIY purposes includes: (i) wholly owned properties; (ii) any properties held in joint ventures; and (iii) properties held for trading purposes. Excludes property under development and land (investment property under development).

EPRA Topped-up NIY is a performance measurement indicator obtained by adjusting EPRA Net Initial Yield with annualised end of period rental income (including variable and temporary income) and when fully operational, i.e. excluding any temporary incentives (such as lease reductions and step ups).

The increase in the indices is attributable to the combined effect of the reduction in the value of the real estate portfolio, for the reasons mentioned above, and the increase in annualised rents.

The EPRA vacancy rate, calculated as per Epra's indications on properties not subject to development, was 0 as at 30 June 2023 (it was 3.4% as at 31 December 2022). The reduction is attributable to the sale of the property located in Verona, which was vacant until the closing date of the sale transaction, as well as to the rental, as of the date of these financial statements, of the portion of the third floor for office use of the property located in Milan, via Spadari, vacant as of 31 December 2022.

EPRA Vacancy Rate		30/06/2023	31/12/2022
Estimated rent fees on vacant spaces	A	-	238
Estimated rent fees on the overall portfolio	B	7,135	7,035
EPRA Vacancy Rate	**A/B**	**0.0%**	**3.4%**

The following table shows the reconciliation of the rents recorded as at 30 June 2023 and 30 June 2022 with the rents calculated on a like-for-like basis (assets present for the entire period of the current year and the previous year) taking into account the intended use of the properties and their location.

Like for like rent (Euro/000)	commercial properties	office properties	hotel properties	change in property portfolio perimeter	total
Lease fees as at 30 June 2022	**1,718**	**1,110**	**4**	**0**	**2,833**
Fees for properties acquired/disposed of in 2022	0	0	0	(4)	(4)
Fees for properties acquired/disposed of in 2023	0	0	0	0	0
Like-for-like fees as at 30 June 2022 (B)	**1,718**	**1,110**	**4**	**(4)**	**2,828**
New contracts signed	27				27
Closed contracts			(4)		(4)
Renegotiation					0
Inflation	130	28			159
Other changes	10				10
Like-for-like fees as at 30 June 2023 (A)	**1,885**	**1,138**	**0**	**(4)**	**3,020**
Fees for properties acquired/disposed of in 2022				4	
Fees for properties acquired/disposed of in 2023					
Lease fees as at 30 June 2023	**1,885**	**1,138**	**0**	**0**	**3,024**
like for like (A) - (B)	167	28	(4)	0	191
like for like rental Growth %	10%	3%	N/A	N/A	6.8%

Like for like rents (Euro/000)	Milan	Rome	Other cities	change in property portfolio perimeter	total
Lease fees as at 30 June 2022	**1,716**	**631**	**486**	**0**	**2,833**
Fees for properties acquired/disposed of in 2022	0	0	0	(4)	0
Fees for properties acquired/disposed of in 2023	0	0	0		0
Like-for-like fees as at 30 June 2022 (B)	**1,716**	**631**	**486**	**(4)**	**2,828**
New contracts signed	27				27
Closed contracts			(4)		(4)
Renegotiation					0
Inflation	134	24			159
Other changes	10	0			10
Like-for-like fees as at 30 June 2023 (A)	**1,887**	**655**	**482**	**(4)**	**3,020**
Fees for properties acquired/disposed of in 2022				4	
Fees for properties acquired/disposed of in 2023					0
Lease fees as at 30 June 2023	**1,887**	**655**	**482**	**0**	**3,024**
like for like (A) - (B)	171	24	(4)	0	191
like for like rental Growth %	10%	4%	N/A	N/A	6.8%

Like-for-like rents for the first half of 2023 increased mainly due to the increase resulting from the ISTAT adjustment and other changes, as well as the portion of rents pertaining to the first half of 2023 connected to the rental of the portion of the third floor for office use of the building located in Milan, Via Spadari, which was vacant as of 31 December 2022.

More information on investment property

In accordance with EPRA Best Practices Recommendations updated as at October 2019, the capital expenditure investments made in the last two financial years are shown:

Capital expenditure - EUR/1000	30 June 2023	31 December 2022
Purchases	-	-
Development	-	-
Investment property	798	851
Increase leasable area	356	658
No Increase leasable area	442	193
Tenant incentives		
Other unallocated expenses		
Capitalised interest (if applicable)	-	-
Total CapEx	**798**	**851**

The item Costs incurred to increase leasable area refers to the renovation costs in relation to the office portion of the third floor of the building located in Milan Via Spadari, acquired during the previous year, for the works to enhance and upgrade the surface, which, as of 30 June 2023, was leased.

The Company also incurred costs, classified among those not to increase leasable surfaces, in relation to the entire building in Milan Via Spadari for €442 thousand, with respect to which, in 2021, an important investment programme was started together with the owners of the other real estate units on the common portions of the complex relative to the requalification of the common surfaces of the building - façades, porter's lodge, vertical connections.

There are no joint ventures in the Group.

The estimated Rental Value of Vacant Space is reported in the section above on the Epra Vacancy Rate.

Please refer to the Consolidated Financial Statements as at 31 December 2022 for the accounting policies adopted for the various categories of property.

On the other hand, with reference to the valuation of the real estate portfolio, the choice of independent experts and the valuation criteria used, please refer to the paragraph "The real estate portfolio" in the Report on Operations and to the paragraph "Use of estimates and assumptions" in the Notes to the Consolidated Financial Statements.

3. CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS OF NEXT RE SIIQ S.P.A.

Consolidated Financial statements of NEXT RE

The consolidated financial statements are drawn up in Euro units.

Consolidated statement of financial position

	Note	30/06/2023	of which with related parties	31/12/2022	of which with related parties
ASSETS					
Non-current assets					
Investment property	1	133,641,596	0	135,942,648	0
Other tangible fixed assets	2	1,781,732	0	1,813,815	0
Rights of use	3	62,294	0	73,542	0
Intangible assets	4	51,930	0	62,753	0
Deferred tax assets	5	0	0	190,329	0
Other non-current assets	6	2,470,302	0	2,435,583	0
Total non-current assets		**138,007,854**	**0**	**140,518,670**	**0**
Current assets					
Financial assets at fair value	7	0	0	543,578	0
Receivables and other current assets	8	1,533,021	0	1,101,887	0
Cash and cash equivalents	9	4,093,866	0	15,058,512	0
Total current assets		**5,626,887**	**0**	**16,703,977**	**0**
TOTAL ASSETS		**143,634,741**	**0**	**157,222,647**	**0**
SHAREHOLDERS' EQUITY					
Share capital		63,264,528	0	63,264,528	0
Share premium reserve		22,931,342	0	22,931,342	0
Other reserves		12,458,219	0	12,111,652	0
Profits/(Losses) carried forward		(12,780,995)	0	(12,785,995)	0
Other items of the comprehensive income statement		56,636	0	41,899	0
Profit/(loss) for the year		(6,094,541)	0	351,567	0
GROUP SHAREHOLDERS' EQUITY		**79,835,189**	**0**	**85,914,993**	**0**
Minorities' equity		0	0	0	0
TOTAL SHAREHOLDERS' EQUITY	**10**	**79,835,189**	**0**	**85,914,993**	**0**
LIABILITIES					
Non-current liabilities					
Employee benefits	11	16,789	0	66,393	0
Provisions for risks	12	24,327	0	74,224	0
Payables to banks and other lenders	13	61,888,375	61,125,427	66,662,960	60,460,161
Trade payables and other non-current payables	14	25,044	0	26,876	0
Total non-current liabilities		**61,954,535**	**61,125,427**	**66,830,453**	**60,460,161**
Current liabilities					
Payables to banks and other lenders	13	481,634	0	1,569,018	0
Trade payables and other payables	14	1,363,383	524,453	2,908,183	819,058
Total current liabilities		**1,845,017**	**524,453**	**4,477,201**	**819,058**
TOTAL LIABILITIES		**63,799,552**	**61,649,880**	**71,307,654**	**61,279,219**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**143,634,741**	**61,649,880**	**157,222,647**	**61,279,219**

Consolidated Statement of profit/loss for the period

	Note	30/06/2023	of which with related parties	30/06/2022*	of which with related parties
Rental income	15	3,095,475	0	2,906,744	0
Property operating expenses	16	(749,552)	0	(992,129)	0
Net rental income		**2,345,923**	**0**	**1,914,615**	**0**
Proceeds from sale of investment properties		0		0	0
Expenses related to the sale of investment properties		0		0	0
Total income/expenses of investment properties disposal		**0**		**0**	**0**
Personnel costs		(2,405,285)	0	(990,449)	0
Wages and salaries		(301,904)	0	(472,162)	0
National insurance charges		(109,794)	0	(222,512)	0
Severance indemnity fund (TFR)		(21,804)	0	(45,987)	0
Other personnel costs		(1,971,783)	0	(249,788)	0
Overhead costs		(1,766,156)	(751,397)	(1,699,341)	(740,567)
Amortisation, depreciation and write-downs of fixed assets		(55,654)	0	(334,575)	0
Total operating costs	**17**	**(4,227,096)**	**(751,397)**	**(3,024,365)**	**(740,567)**
Other revenues and income	18	11,793	0	489,992	0
Other costs and expenses	19	(109,189)	0	(251,937)	0
Total other revenues and income/other costs and expenses		**(97,396)**	**0**	**238,055**	**0**
Positive change in fair value of investment property		1,448,948	0	2,287,348	0
Negative change in fair value of investment property		(4,547,904)	0	(471,648)	0
Net Change in fair value of investment property	**20**	**(3,098,956)**	**0**	**1,815,700**	**0**
Operating income		**(5,077,525)**	**(751,397)**	**944,005**	**(740,567)**
Fair value adjustment of financial assets	21	0	0	(69,326)	0
Financial income	22	22,114	0	2,067	0
Financial expenses	22	(784,565)	(665,266)	(686,776)	(587,389)
Pre-tax result		**(5,839,976)**	**(1,416,663)**	**189,969**	**(1,327,956)**
Taxes	23	(254,565)	0	(28,635)	0
Profit/(Loss) for the period		**(6,094,541)**	**(1,416,663)**	**161,334**	**(1,327,956)**
Group Profit/(Loss)		**(6,094,541)**	**(1,416,663)**	**161,334**	**(1,327,956)**
Minorities' Profit/(Loss)		**0**	**0**	**0**	**0**

**IFRS 1 repeated application*

Consolidated Statement of other comprehensive income

	30/06/2023	30/06/2022*
Profit/(Loss) for the period	**(6,094,541)**	**161,334**
Actuarial gains/(losses)**	14,737	72,081
Total other items of the comprehensive income statement	**14,737**	**72,081**
Total comprehensive profit/(loss)	**(6,079,804)**	**233,415**
Total Group comprehensive profit/(loss)	**(6,079,804)**	**233,415**
Total Minorities' comprehensive profit/(loss)	**0**	**0**

(*) IFRS 1 repeated application

(**) items not reclassifiable to the income statement

Consolidated Statement of changes in shareholders' equity

		Share capital	Share premium reserve	Fair value reserve	Legal reserve	Other reserves	Other items of the comprehensive income statement	Profits (losses) carried forward	Profit (Loss) for the period	Total Group shareholders' equity	Minorities' equity	Total Shareholders' Equity
Balance as at 01/01/2022		**63,264,528**	**22,931,342**	**8,139,414**	**7,122,550**	**(3,577,649)**	**(23,767)**	**(12,785,179)**	**426,520**	**85,497,760**	**0**	**85,497,760**
Allocation of 2021 result		0	0	405,969	21,367	0	0	(816)	(426,520)	0	0	0
Other items of comprehensive income		0	0	0	0	0	72,081	0	0	72,081	0	72,081
Share-based payments reserve		0	0	0	0	47,167	0	0	0	47,167	0	47,167
Result for the period		0	0	0	0	0	0	0	161,333	161,333	0	161,333
Total comprehensive profit/loss		***0***	***0***	***0***	***0***	***0***	***72,081***	***0***	***161,333***	***233,414***	***0***	***233,414***
Minorities' result for the period		0	0	0	0	0	0	0	0	0	0	0
Balance as at 30/06/2022*	**10**	**63,264,528**	**22,931,342**	**8,545,383**	**7,143,917**	**(3,530,482)**	**48,314**	**(12,785,995)**	**161,333**	**85,778,341**	**0**	**85,778,341**

(*) IFRS 1repeated application

	Notes	Share capital	Share premium reserve	Fair value reserve	Legal reserve	Other reserves	Other items of the comprehensive income statement	Profits (losses) carried forward	Profit (Loss) for the year	Total Group shareholders' equity	Minorities' equity	Total
Balance as at 01/01/2023		**63,264,528**	**22,931,342**	**8,545,384**	**7,143,917**	**(3,577,649)**	**41,899**	**(12,785,995)**	**351,567**	**85,914,993**	**0**	**85,914,993**
Allocation of 2022 result		0	0	328,989	17,578	0	0	5,000	(351,567)	0	0	0
Other items of comprehensive income		0	0	0	0	0	14,737	0	0	14,737	0	14,737
Other Movements		0	0	0	0	0	0	0	0	0	0	0
Share-based payments reserve		0	0	0	0	0		0	0	0	0	0
Result for the period		0	0	0	0	0	0	0	(6,094,541)	(6,094,541)	0	(6,094,541)
Total comprehensive profit/loss		**0**	**0**	**0**	**0**	**0**	**14,737**	**0**	**(6,094,541)**	**(6,079,804)**	**0**	**(6,079,804)**
Minorities' result for the period		0	0	0	0	0	0	0	0	0	0	0
Balance as at 30/06/2023	**10**	**63,264,528**	**22,931,342**	**8,874,373**	**7,161,495**	**(3,577,649)**	**56,636**	**(12,780,995)**	**(6,094,541)**	**79,849,926**	**0**	**79,835,189**

Consolidated Cash-flow statement

	30/06/2023	of which with related parties	30/06/2022*	of which with related parties
Pre-tax result	**(5,839,976)**	**(1,416,663)**	**189,969**	**(1,327,956)**
Adjustments:				
Amortisation, depreciation and write-downs of fixed assets	55,654	0	334,575	0
Positive/(negative) fair value of investment properties	3,098,956	0	(1,815,700)	0
Fair value adjustment of financial assets	0	0	69,326	0
Financial income	(22,114)	0	(2,067)	0
Financial expenses	784,565	665,266	686,776	587,389
Financial expenses paid	(73,704)	0	(80,047)	0
Financial income collected	0	0	1,610	0
Fair value Performance Share Plan	0	0	47,166	0
TFR provision, variable remuneration and other risk provisions	22,522	0	502,320	0
Cash flow generated by operations	**(1,974,097)**	**(751,398)**	**(66,072)**	**(740,567)**
Taxes (net of deferred taxes)	0	0	0	0
Cash flow generated by operations net of taxes	**(1,974,097)**	**(751,398)**	**(66,072)**	**(740,567)**
	0	0		
Other assets/other liabilities	**(2,349,458)**	**(294,605)**	**971,749**	**207,591**
Change in trade receivables	(647,375)	0	(1,122,668)	0
Change in trade payables	(895,855)	(294,605)	410,026	207,591
Change in other current assets	132,077	0	(277,326)	0
Change in other current liabilities	(945,657)	0	785,162	0
Change in other non-current assets	34,719	0	135,292	0
Change in tax receivables	89,647	0	709,736	0
Change in tax payables	(63,652)	0	331,527	0
Change in severance indemnity fund (TFR)	(53,362)	0	0	0
Cash flow before investments and financing	**(4,323,555)**	**(1,046,002)**	**905,677**	**(532,976)**
Investments and divestments	**(80,027)**	**0**	**1,880,481**	**0**
(Increase)/decrease in properties	(623,605)	0	(119,519)	0
(Increase)/decrease in financial instruments	543,578	0	2,000,000	0
Financial assets	**(6,561,064)**	**0**	**(421,648)**	**0**
Other changes in equity	0	0	0	0
Increase in financial payables	0	0	0	0
Decrease in financial payables	(6,561,064)	0	(421,648)	0
Cash and cash equivalents generated during the period Note 24	**(10,964,646)**	**(1,046,002)**	**2,364,512**	**(532,976)**
Initial cash and cash equivalents	**15,058,512**	**0**	**6,836,541**	
Final cash and cash equivalents* **	**4,093,866**	**0**	**9,201,053**	

(*) IFRS 1 repeated application

Consolidated Profit (loss) per share

	30/06/2023	30/06/2022*
Profit/(Loss) for the period	(6,094,541)	161,334
Weighted average number of ordinary shares outstanding	21,987,004	21,987,004
Basic earning (loss) per share	**-0.2772**	**0.0073**

	30/06/2023	30/06/2022*
Profit/(Loss) for the period	(6,094,541)	161,334
Weighted average number of ordinary shares for diluted earnings per share purposes	21,987,004	21,987,004
Diluted earning (loss) per share	**-0.2772**	**0.0073**

**IFRS 1 repeated application*

The weighted average number of ordinary shares outstanding does not include the 38,105 treasury shares held.

The share capital as at 30 June 2023 is divided into 11,013,054 ordinary shares and 11,012,055 Class B shares, all without par value. Class B shares attribute the same right to share in profits as the ordinary shares, which will be automatically and proportionately reduced to the extent necessary so that the right to share in profits of each class B shareholder, taking into account any other ordinary shares held, is equal to - and, in any event, not more than - 60% of the rights to share in the profits of the Company. Pursuant to Art. 24 of the Articles of Association, profits that the Shareholders' Meeting resolves to distribute shall be allocated equally to ordinary shares and Class B shares, it being understood that profits due to the shareholders holding Class B shares but not distributed to them due to the aforementioned limits set forth in the Articles of Association shall be allocated to the statutory reserve.

In light of the above, the weighted average number of ordinary shares and Class B shares was taken into account in the calculation of earnings per share.

Notes to the financial statements

FORM AND CONTENTS OF THE FINANCIAL STATEMENTS

NEXT RE SIIQ S.p.A. (hereinafter also referred to as "**NEXT RE**" or the "**Company**" or the "**Parent Company**") with registered office in Rome, Via Zara 28, Tax Code and VAT no. 00388570426, REA number RM-1479336, is a real estate investment company, established in Italy, with shares listed on the Euronext Milan market ("**EXM**") organised and managed by Borsa Italiana S.p.A.

NEXT RE SIIQ S.p.A. is a subsidiary and subject to the Management and Coordination of CPI Property Group S.A.. For more information, please refer to the chapter Management and coordination activities.

NEXT RE SIIQ is the Parent Company of the NEXT RE SIIQ Group formed by itself and its wholly-owned subsidiary Fidelio Engineering S.r.l..

NEXT RE's Condensed Consolidated half-year Financial Statements as at 30 June 2023 have been drafted in accordance with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB), as published in the Official Journal of the European Union (OJEU).

As described in the Company's annual financial report as at 31 December 2022, the Company prepared, until 31 December 2020, statutory and consolidated financial statements in which Next RE SIIQ and the subsidiary Cortese Immobiliare S.r.l. were included. Following the merger of Cortese Immobiliare S.r.l. into NEXT RE, which was finalised during the 2021 financial year, as at 31 December 2021, the Company only prepared the statutory financial statements. In fact, the subsidiary Fidelio Engineering S.r.l. was not operational at the end of the financial year. During the last few months of 2022, the aforementioned subsidiary started its operations and therefore, as of 31 December 2022, the Company once again prepared statutory and consolidated financial statements, the scope of which includes Next RE and Fidelio Engineering. In order to present the comparative data for the first half of 2022 required by IAS 1, the Parent Company proceeded to the so-called repeated application of IFRS 1, preparing condensed consolidated half-year financial statements as of 30 June 2022, with a perimeter aligned to that in place as of 30 June 2023.

On 14 September 2023, the Board of Directors authorised the publication of these Condensed Consolidated Half-Year Financial Statements, which are subject to limited audit by EY S.p.A. in accordance with the assignment granted pursuant to Legislative Decree No. 39 of 27 January 2010, conferred by the Shareholders' Meeting of 26 April 2021, which lasts for nine financial years (2021-2029).

The Condensed Consolidated Half-Year Financial Statements for the period to 30 June 2023 have been prepared in accordance with IAS 34 - Interim Financial Reporting, and therefore do not present all the information required in the preparation of the Annual Financial Statements. For this reason, it is necessary to read the Condensed Consolidated Interim Financial Statements together with the Consolidated Financial Statements as at 31 December 2022.

In accordance with Article 5, paragraph 2 of Legislative Decree No. 38 of 28 February 2005, the condensed consolidated Half-Year financial statements are prepared using the Euro as the functional currency. The amounts in the condensed consolidated half-yearly financial statements are shown in Euro. The rounding of figures in the notes to the financial statements is made to ensure consistency with the amounts in the statement of financial position and the statement of profit/(loss) for the period. The notes to the condensed consolidated half-year financial statements are in thousands of Euro, unless otherwise indicated.

The condensed consolidated Half-Year financial statements are prepared on a going concern basis. In fact, the Directors have assessed that there are no uncertainties regarding the Group's ability to operate as a going concern. As illustrated in the Interim Report on Operations, the result for the first half of 2023 is impacted by the economic effects of the signing of the Settlement Agreements and the change in fair value of the real estate assets recognised in the income statement for a total of €5.3 million. These impacts represent the result, respectively, of: i) the assessments expressed by the controlling shareholder CPI PG in the exercise of its management and coordination activities concerning the downsizing of NEXT RE's growth prospects, which the board of directors took note of at the board meeting of 21 March 2023, and ii) the results of the estimates of the market value of the real estate portfolio as of 30 June 2023 made by the Independent Expert. Both of the aforementioned events were not included in the forecasts contained in the 2023-2026 Business Plan approved on 6 February 2023.

Considering the above, the Board of Directors of 14 September 2023 reviewed the 2023 Forecast and approved the 2024 Budget, while the Business Plan is currently being updated. In light of the forecasts contained in the 2024 Budget and the cash on hand in the Company's accounts, the Directors believe that there are no elements that could negatively affect the Company's ability to continue as a going concern in the twelve months following 30 June 2023. Finally, please also refer to what is stated in the section Foreseeable development of operations included in the Report on Operations.

PRINCIPLES OF NEW APPLICATION

The accounting policies adopted for the preparation of the condensed consolidated half-year financial statements as at 30 June 2023 are consistent with those used for the preparation of the annual financial statements as at 31 December 2022, except for the adoption of new standards and amendments effective 1 January 2023. The Company has not proceeded with early adoption of any new standards, interpretations or amendments issued but not yet effective. A number of amendments and interpretations apply for the first time in 2023 but have not had an impact on the condensed consolidated half-year financial statements.

FORMAT OF THE FINANCIAL STATEMENTS ADOPTED BY THE COMPANY

The financial statements and relevant disclosures have been drafted in accordance with IAS 1.

The Condensed consolidated half-year financial statements as at 30 June 2023 consist of the following primary statements:

- Consolidated statement of financial position, which is presented by showing current and non-current assets and current and non-current liabilities separately, with a description in the notes for each item of assets and liabilities of the amounts that are expected to be settled or recovered within and no later than 12 months following the reporting date;
- Consolidated statement of profit or loss for the period, showing separately the Costs relating to real estate assets that contribute to "Net rental income" and other costs classified by nature;
- Consolidated statement of other comprehensive income;
- Consolidated statement of changes in shareholders’ equity;
- Consolidated Cash flow statement, drafted using the indirect method.
- Consolidated statement of Profit/(Loss) per share.

The condensed consolidated half-year financial statements have been prepared under the historical cost principle, except for investment properties, financial instruments and assets, derivative financial instruments and non-cash distribution liabilities, which are carried at fair value.

The condensed consolidated half-year financial statements include the Notes, which contain comments on the items of the financial statements and other explanatory information.

VALUATION CRITERIA AND ACCOUNTING PRINCIPLES

The accounting standards are the same as those used to prepare the Annual Financial Statements as at 31 December 2022, to which reference is made for a detailed description of the same.

Use of estimates and assumptions

The drafting of the condensed consolidated half-year financial statements requires the Group to make estimates and assumptions that could affect the carrying amounts of certain assets and liabilities, costs and revenues, as well as the disclosure of contingent assets/liabilities at the reporting date.

The drafting of the condensed consolidated half-year financial statements and notes required the use of estimates and assumptions in determining certain assets and liabilities. The subsequent results that will result from the occurrence of events may therefore differ from these estimates. The estimates and assumptions used are reviewed on an ongoing basis and the effects of any changes are recognised immediately in the financial statements.

Estimates are used to determine the fair value of investment properties, financial instruments and derivative financial instruments (where present). Estimates and assumptions are based on data reflecting the current state of available knowledge, and independent experts and consultants have been used for most of these valuations.

Property valuations are carried out twice a year, on 30 June and 31 December, using appraisals prepared by independent experts of recognised professionalism and honour.

In fact, real estate appraisal assignments are only given to experts who undertake to operate with independence, integrity and objectivity.

The Board of Directors of NEXT RE SIIQ S.p.A. on 22 June 2022, in compliance with the Company's Independent Experts procedure, appointed the company Colliers Valuation Italy S.r.l. for the three-year assignment to carry out a six-monthly valuation of NEXT RE assets for a fee of € 10,000 for the first valuation as at 30 June 2022 and € 5,250 for each of the subsequent valuations on a constant basis.

In addition to following the recommendations of the supervisory authorities and the various best practices of the sector, NEXT RE has adopted a specific company procedure which, on the basis of current legislation, establishes, *inter alia*, the rules for selecting and appointing independent experts, providing (as specified above) that only persons who meet pre-established professional, independence and integrity requirements can be appointed.

Valuations by the Independent Expert are carried out for each property using valuation criteria compatible with the provisions of IFRS 13 and explained below:

- Comparative (or Market) Method: it is based on the comparison between the Property and other comparable assets, recently bought and sold and/or leased or currently offered on the same market or on competitive markets.
- Income method: it takes into consideration two different methodological approaches.
  - ✓ *Direct Capitalisation*: is based on capitalising, at a rate deducted from the real estate market, the future net income generated by the properties;
  - ✓ II. Discounted Cash-Flow (DCF) method, based:
    - a) On calculating, over a period of n. years, future net income from the lease of the property;
    - b) On calculating the property's Market Value by capitalising in perpetuity, at the end of such period, the net income;
    - c) Discounting up to the date of the net income (cash flow) valuation.

The above methods shall be applied individually to each property or combined with each other, depending on the specificities of the property. Valuations are carried out on the basis of the maximum and best use (highest and best use) of the properties subject to valuation, taking into account, among all the technically possible, legally permissible and financially feasible uses only those potentially capable of conferring the maximum value on the properties themselves. The maximum and best use is determined on the basis of specific considerations according to the type / location / urban characteristics of the property subject to valuation and the reference real estate market.

In determining capitalisation and discount rates used in the valuation of individual properties, account is taken of:

- the type of tenant currently occupying the property or responsible for compliance with the leasing obligations and possible future occupants of vacant properties, as well as the general perception by the market of their creditworthiness;
- the sharing of insurance and maintenance responsibilities between landlord and tenant;
- the property's residual economic life.

Operating procedures for the periodic valuation of properties are governed by a specific internal procedure that regulates all activities of the process: from the selection and appointment of experts, documentation that is sent to them, valuation methods, survey of the properties subject to valuation, operating rules and coordination with the experts, to monitoring the whole process.

Information and data used for the purpose of valuations include, among others:

- information supplied to the experts by NEXT RE, such as current lease payments, terms and conditions of existing leases, property taxes, costs related to property management, including any envisaged incremental costs (capital expenditure);
- assumptions made directly by the experts (typically linked to the reference market, such as the discount rate, the capitalisation rate, the inflation curve, etc.). The definition of the above evaluation elements is based on their professional opinion, taking into account a careful observation of the reference market.

The information forwarded to the experts, the assumptions and the evaluation models used by them are reviewed by the relevant Departments who are responsible for the organisation, coordination of valuation activities, as well as their monitoring and verification.

With reference to the sensitivity of fair value measurements to changes in the main unobservable inputs, it must be noted that there would be reductions in the fair value under the following assumptions:

- decreases in current lease levels and/or estimated annual fees per sqm;
- an increase in discount rates and / or capitalisation rate;
- the emergence of unforeseen incremental expenses on the properties;
- for properties on which future incremental expenses are expected (capex), an increase in the estimate of such expenses, and/or an extension of the timing thereof;
- problems with collecting payments from current tenants.

Conversely, opposing changes in the above phenomena would result in an increase in fair value.

The fair value of financial instruments is calculated on the basis of prices directly observable on the market, where available, or, for financial instruments with restricted circulation, using specific valuation techniques (mainly based on present value) that maximise observable market inputs.

In the rare circumstances where this is not possible, the inputs are also estimated with the methodological support of external advisers, taking into account the characteristics of the instruments being valued. Changes in the assumptions made in estimating the input data could affect the fair value recognised in the financial statements for these instruments.

In view of its sector, it is estimated that the climate risk will not have a significant impact on the use of accounting standards and the use of estimates and assumptions. Furthermore, at present it is believed that climate change will not result in a material adjustment within the next fiscal year.

Segment reporting

The Management views the Company as a single segment. The Parent Company currently manages a portfolio of office, commercial and hotel properties of various sizes but the management process together with the risks incurred remains the same for all types of properties. In addition, the information reviewed by the Board of Directors shows only the values of the real estate portfolio broken down by property and between office, commercial and hotel use, while the economic values are analysed by property. Considering the reporting structure used, the resource allocation process, the materiality analysis and the Company's activities, Management therefore identifies only one segment (i.e. NEXT RE).

Comments to the Notes to the condensed consolidated financial statements

ASSETS

Note 1. Investment property

	30/06/2023	31/12/2022
Investment property	133,642	135,943
Investment property	**133,642**	**135,943**

Changes during the first half of 2023 in the item Investment property are shown below.

	Buildings
Net carrying amount as at 31/12/2022	**135,943**
Increases	798
Decreases	0
Net change in the fair value	(3,099)
Net carrying amount as at 30/06/2023	**133,642**

The real estate portfolio held by NEXT RE recorded a total valuation of € 133,642 as of 30 June 2023.

The table below describes the changes in the values of each property that occurred during first half of 2023.

Property	31/12/2022	Increases	Reclassifications	Carrying amount before adjustment	Market value	Adjustment to market value	30/06/2023
Milan, Via Spadari commercial	53,300	351	0	53,651	49,850	(3,801)	49,850
Milan, Via Spadari offices	8,150	447	0	8,597	8,050	(547)	8,050
Milan, Via Cuneo	25,850	0	0	25,850	26,600	750	26,600
Milan, C.S. Gottardo	15,900	0	0	15,900	15,900	0	15,900
Rome, Via Zara	13,193	0	0	13,193	13,892	699	13,892
Rome, Via Vinicio Cortese	4,850	0	0	4,850	4,750	(100)	4,750
Bari, V. Dioguardi	14,700	0	0	14,700	14,600	(100)	14,600
	135,943	798	0	136,741	133,642	(3,099)	133,642

The item Increases includes capitalised costs in the amount of €798 thousand that were mainly incurred with reference to the new office portions of the building in Milan, Via Spadari, as part of the redevelopment project underway.

The item revaluations (write-downs) refers to adjustments made during the period to the value of buildings to adjust them to the relative fair value, in accordance with the provisions of the reference accounting standards.

The adjustment to fair value incorporates the result of the appraisals on the market value of the real estate prepared by the independent expert, in compliance with the 'RICS Valuation - Professional Standards', which incorporate the IVS (International Valuation Standards), and in accordance with applicable regulations and regulators' recommendations.

Below are the considerations relating to the change in fair value compared to the previous year of each property:

- property located in Milan, Via Spadari 2 – commercial: the change in fair value recognised at 30 June 2023, equal to -€3,801 thousand, is mainly attributable to the increase in the discount rate used, which reflects the generalised increase in market rates. The negative effect deriving from this change was not absorbed by the positive effects deriving from the decrease in expected Capex, the updating of rents according to the Istat index and the assumption made by the Independent Expert in relation to the re-contracting at the second maturity at a higher ERV according to the observed market dynamics;

- property located in Milan, Via Spadari 2 – offices: the change in fair value recognised at 30 June 2023 was -€547 thousand and derives from the decrease in the expected Capex and the stipulation of a new lease agreement for spaces previously not leased. These effects were offset by the increase in the rates used in the valuation by the Independent Expert;
- property located in Milan, Via Cuneo 2: the change in fair value recognised as of 30 June 2023, equal to €750 thousand is mainly attributable to the updating of rents according to the Istat index, partially offset by the negative effect due to the increase in the discount rate;
- property located in Milan, Corso San Gottardo 29/31: no change in fair value was recognised as of 30 June 2023 as the updating of rents according to the Istat index and the advancement of the lease agreement (which provides for a scale for the first few years of the lease) offset the increase in reference rates;
- property located in Rome, Via Zara 22-32: the change in fair value recognised at 30 June 2023, amounting to €699 thousand, is mainly attributable to the updating of rents according to the Istat index, partially offset by the negative effect due to the increase in the discount rate
- property located in Rome, Via Vinicio Cortese 147: the change in fair value recognised at June 30, 2023, amounting to -€100 thousand is due to changes in the rates used by the Independent Expert;
- the property located in Bari, via Dioguardi 1: the change in fair value recorded at June 30, 2023, equal to -€100 thousand was negatively affected by the rates used by the Independent Expert.

As required by IFRS 13, disclosure of the fair value hierarchy is provided below.

The fair value hierarchy classifies the inputs of the valuation techniques used to determine fair value into three levels. In particular:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable, directly or indirectly, for the asset or liability. If the asset or liability has a specified (contractual) life, a Level 2 input must be observable for substantially the entire life of the asset or liability;
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company's real estate portfolio was valued according to Level 3 fair value models, as directly/indirectly non-market observable inputs, used in the valuation models, preponderate over market observable inputs.

The following table shows NEXT RE's real estate portfolio broken down by legal form type of the property, measured at fair value as at 30 June 2023:

Property	Legal nature	Accounting criteria	Last appraisal date	Significant inputs not observable on the market (level 3) €/000
Milan, Via Spadari	Full ownership	IAS 40, fair value	30/06/2023	57,900
Milan, Via Cuneo	Full ownership	IAS 40, fair value	30/06/2023	26,600
Milan, C.S. Gottardo	Full ownership	IAS 40, fair value	30/06/2023	15,900
Rome, Via Zara	Full ownership	IAS 40, fair value	30/06/2023	13,892
Rome, Via Vinicio Cortese	Full ownership	IAS 40, fair value	30/06/2023	4,750
Bari, V. Dioguardi	Full ownership	IAS 40, fair value	30/06/2023	14,600
				133,642

The unobservable inputs considered most significant by NEXT RE are the discount rate, the capitalisation rate or cap rate (the main difference in the calculation between the net capitalisation rate and the gross capitalisation rate relates to the inclusion of stranded costs such as IMU, insurance and management costs within the latter) and the ERV (Annual Rent per Square Metre) as a change in these significantly affects the fair value. The inflation rate was assumed to be 2%.

The following table shows unobservable inputs used for each asset as at 30 June 2023:

Property	Legal nature	Method	Discount rate	Gross exit cap rate	ERV €/sqm/y
Milan, Via Spadari	Full ownership	Income (DCF)	5.56% for retail portion 5.66% for office portion	for retail portion: 4.12% gross cap rate,3.75% net cap rate; for office portion: 4.80 gross cap rate, 4% net cap rate	1,100 for retail portion and 440 for office portion
Milan, Via Cuneo	Full ownership	Income (DCF)	6.20%	5.07% gross cap rate, 4,5% net cap rate	400
Milan, C.S. Gottardo	Full ownership	Income (DCF)	6.97%	5.18% gross cap rate, 4.75% net cap rate	350
Rome, Via Zara	Full ownership	Income (DCF)	6.51%	5.27% gross cap rate, 4.5% net cap rate	300 for office portion and 220 for commercial unit
Rome, Via Vinicio Cortese	Full ownership	Income (DCF)	8.05%	7.12% gross cap rate, 6.25% net cap rate	155
Bari, V. Dioguardi	Property Leasing	Income (DCF)	6.64%	6.345% gross cap rate, 5% net cap rate	100

The following table shows unobservable inputs used for each asset as at 31 December 2022:

Property	Legal nature	Method	Discount rate	Gross exit cap rate	ERV €/sqm/y
Milan, Via Spadari	Full ownership	Income (DCF)	5.16% for retail portion 5.31% for office portion	for retail portion: 3.85% gross cap rate,3.5% net cap rate; for office portion: 4.51% gross cap rate, 3.75% net cap rate	1,050 for retail portion and 440 for office portion
Milan, Via Cuneo	Full ownership	Income (DCF)	5.91%	5.09% gross cap rate, 4,5% net cap rate	400
Milan, C.S. Gottardo	Full ownership	Income (DCF)	6.67%	5.18% gross cap rate, 4.75% net cap rate	350
Rome, Via Zara	Full ownership	Income (DCF)	6.22%	5.32% gross cap rate, 4.5% net cap rate	300
Rome, Via Vinicio Cortese	Full ownership	Income (DCF)	7.75%	7.12% gross cap rate, 6.25% net cap rate	155
Bari, V. Dioguardi	Property Leasing	Income (DCF)	6.35%	6.38% gross cap rate, 5% net cap rate	100

The change in the discount and capitalisation rates at 30 June 2023, compared to 31 December 2022, was affected by the generalised increase in interest rates on the market, with particular reference to those of BTPs and Euribor. The determination of these rates, in addition to considering exogenous economic factors, reflects the specific conditions of the assets being valued.

To confirm the soundness of the valuation process, a sensitivity analysis of the value of the real estate portfolio in relation to changes in the ERV and capitalisation rate was carried out with the support of the independent expert. In particular, the fluctuation of the value of the Company's real estate portfolio was determined by varying the ERV of the individual properties by +/- 5% and the Gross Cap rate by +/- 0.25 bps. The fluctuation recorded fell within a range of + 6% and -5.3% of the value of the real estate portfolio.

Finally, the following table shows the value of the Company's real estate portfolio, the residual debt relating to outstanding loans referring to the assets, the Net Asset Value (indicated on a voluntary basis and calculated as the ratio between the nominal residual debt of the loans and the fair value of the assets), and the real estate Loan to value indicator calculated as the ratio between the residual debt of the loans referring to the assets and the related fair values as at 30 June 2023.

Property	Legal nature	Lending counterparty	Values as at 30 June 2023	Remaining debt as at 30 June 2023*	Net Asset Value Euro	Loan to Value	Maturity	Duration (years)
Milan, Via Spadari	Full ownership	CPI PG S.A.	57,900	22,687	35,213	39%	27/01/2026	2.6
Milan, Via Cuneo	Full ownership	CPI PG S.A.	26,600	14,481	12,119	54%	27/01/2026	2.6
Milan, C.S. Gottardo	Full ownership	CPI PG S.A.	15,900	10,861	5,039	68%	27/01/2026	2.6
Rome, Via Zara**	Full ownership	CPI PG S.A.	15,900	6,577	9,323	41%	27/01/2026	2.6
Rome, Via Vinicio Cortese	Full ownership	Intesa San Paolo Intesa San Paolo	4,750	761 397	3,592	24%	05/12/2025 01/07/2025	2.4 2.0
Bari, V. Dioguardi	Property Leasing	Unicredit Leasing	14,600	-	14,600	0%		
			135,650	55,764	79,886	41%		

*nominal values of debt

**includes the fair value of the portion of Via Zara 28 used for the Company's registered and operational office

***the lease was terminated during the first half of 2023

It must be noted that debt maturities shown above incorporate the extensions of the latter below the moratorium under Article 56 of Italian Decree Law no. 18 of 17 March 2020, converted, with amendments, by Italian Law no. 27 of 24 April 2020 following the extension - pursuant to Article 1, paragraph 248, of Italian Law no. 178 of 30 December 2020 (Balance sheet forecast for the 2021 financial year and multi-annual budget for the 2021-2023 three-year period) - of the suspension of payments.

Note 2. Other tangible fixed assets

	30/06/2023	31/12/2022
Instrumental building	1,752	1,780
Other assets	30	34
Other tangible assets	**1,782**	1,814

The main changes during the half-year were as follows:

	Instrumental building	Other assets	Total
Net carrying amount as at 01/01/2023	1,780	34	1,814
Reclassifications	-	-	-
Depreciation and write-downs	(28)	(4)	(32)
Final balance as at 30/06/2023	1,752	30	1,782
Historical cost	1,909	50	1,959
Accumulated depreciation	(157)	(20)	(177)
Net carrying amount	**1,752**	**30**	**1,782**

The balance of the item at 30 June 2023 was €1,782 thousand. The item includes: i) the value, net of the related accumulated depreciation, of the instrumental portion of the building in Rome, Via Zara 28 (headquarters of NEXT RE) for €1,752 thousand, and ii) other tangible fixed assets for €30 thousand.

The company has no commitments to purchase new fixed assets.

Note 3. Rights of use

	30/06/2023	31/12/2022
Rights of use	62	74
Rights of use	**62**	**74**

	Rights of use
Net carrying amount as at 01/01/2023	74
Increases	0
Decreases	0
Depreciation and write-downs	(12)
Net carrying amount as at 30/06/2023	**62**

As at 30 June 2023, the item includes the value of the rights of use with reference to the leasing agreements on three company cars.

Note 4. Intangible assets

The item mainly includes the asset with a defined useful life related to the costs incurred in relation to the project for implementing the accounting and management systems Business Central and RefTree, which entered into operation at the beginning of H2 2020. The change refers to the recognition of depreciation for the period.

Note 5. Deferred tax assets

The item decreased by €190 thousand due to the write-down of deferred tax assets accrued in the three-year period 2018-2020, as there is no reasonable certainty that they can be utilised in light of the Group's economic projections, which do not envisage the production of taxable income.

Note 6. Other non-current assets

The table below summarises the composition of Other non-current assets as at 30 June 2023 and 31 December 2022.

	30/06/2023	31/12/2022
Capex contribution Milan, Via Spadari	428	489
Capex contribution Milan, Via Cuneo	325	371
Covid Concessions Milan, Via Spadari	586	499
Covid Concessions Milan, Via Cuneo	201	274
Linearisation of fees	930	803
Other non-current assets	**2,470**	**2,436**

The item as at 30 June 2023 amounted to € 2.470 thousand and refers to:

- to the long-term portion of the capex contribution granted to the OVS tenant in 2018 for the property in Milan, via Spadari for €428 thousand and in the second half of 2021 for the property in Milan, via Cuneo for €325 thousand; these contributions granted to the tenant for property upgrading works are deducted from future rents over the term of the contract;
- to the portions relative to temporary rent reductions granted to the tenant OVS for €787 thousand, with reference to the leases of the Milan Via Cuneo and Via Spadari assets, which will be recognised in profit or loss in the years beyond the following as a reduction of rental income;
  to the effects arising from the linearisation of rents for €930 thousand, which will be recognised in the income statement in the years beyond the following financial years.

The above contributions paid to customers for redevelopment works of properties are used to reduce future fees over the duration of the contract.

Note 7. Financial assets at fair value

	30/06/2023	31/12/2022
Other financial investments	0	544
Financial assets at fair value	**0**	**544**

This item includes financial assets measured at fair value through profit or loss and, as at 30 June 2023, had a balance of zero.

	UCITS	Other	Total
Net carrying amount as at 01/01/2023	544	-	544
Increases	1,971	-	1,971
Decreases	(1,515)	-	(1,515)
Reclassifications	-	-	-
Fair value adjustment	-	-	-
Net carrying amount as at 30/06/2023	**-**	**-**	**-**

Financial assets at fair value, which had increased by €1,971 thousand in the first quarter of 2023, decreased due to the divestment of investment positions. The balancing entry in the income statement of this divestment was €17 thousand and is classified under item 19.

Note 8. Receivables and other current assets

Compared to 31 December 2022, this item increased by € 431 thousand, mainly due to the different timing of the collection of invoiced rents. It should be noted that as of the date of this report, the receivables invoiced as of 30 June 2023 had been collected. The item includes financial assets measured at amortised cost, consisting of trade receivables, tax receivables and other receivables, as detailed below.

	30/06/2023	31/12/2022
Receivables from tenants	966	319
Provision for bad debts	(251)	(251)
Net customer receivables	**715**	**68**
Tax receivables	219	309
Accruals and deferrals	137	265
Concessions to customers - COVID-19	226	224
Capex contribution - current portion	215	215
Security deposits	1	1
Other receivables	20	20
Total	**1,533**	**1,102**

Net customer receivables

Net customer receivables show a balance of € 715 thousand (€ 68 thousand as at 31 December 2022) and consisted mainly of:

- receivables from tenants of owned properties for € 715 thousand; the amount includes receivables for invoices and credit notes to be issued for € 37 thousand;
- receivables completely written down for € 251 thousand.

With reference to the provision to cover losses, the changes for the period are shown below.

	Provision for bad debts
Balance as at 01/01/2023	(251)
Provisions	0
Releases	0
Use	0
Balance as at 30/06/2023	**(251)**

The provision for bad debts did not change compared to 31 December 2022. The Company reasonably expects that unimpaired receivables will be collected within twelve months, as to date there are no expected losses due to non-collectability or other causes of non-realisation of tenant receivables.

Tax receivables

	30/06/2023	31/12/2022
Receivables from Revenue for VAT	195	290
Receivables from Revenue for taxes	9	4
Other tax receivables	15	15
Current tax receivables	**219**	**309**

Tax receivables show a balance of € 219 thousand (€ 309 thousand as at 31 December 2022) and consist mainly of:

- VAT receivable resulting from the VAT settlement for June 2023 in the amount of € 195 thousand (€ 290 thousand as at 31 December 2022);
- IRAP and IRES receivables for € 9 thousand;
- other tax receivables for € 15 thousand.

The VAT credit as at 31 December 2022 was partially used for offsetting during the first half of 2023.

Accruals and deferrals

Accrued and deferrals equal to €137 thousand (€265 thousand as of 31 December 2022) mainly related to the deferral of costs pertaining to the following year, including leasing/rental fees of €18 thousand, insurance of €52 thousand and membership fees of €46 thousand.

Deferred costs for concessions to COVID-19 customers

The item refers to the temporary reductions granted to the customer OVS with reference to lease fees covered by specific agreements signed in July 2020, March 2021, August 2021 and May 2022. The above temporary fee reductions will be charged on a straight-line basis over the life of the lease contracts as a reduction in revenue.

Capex contribution - current portion

The item refers to the portion within the next financial year of the capex contribution disbursed in 2018 to the customer OVS for the property in Milan, Via Spadari and for the property in Milan, Via Cuneo disbursed during the second half of 2021. The above amount refers to the portion that will be deducted from rental income over the next 12 months.

Note 9. Cash and cash equivalents

	30/06/2023	31/12/2022
Bank and postal deposits	3,944	15,059
Escrow account	150	-
Total	**4,094**	**15,059**

Cash and cash equivalents amounted to a total of €4,094 thousand (€15,059 thousand as of 31 December 2022) and mainly consisted of bank and postal deposits. Escrow accounts refer to the sum paid by the tenant Luisa Via Roma to cover the guarantee envisaged by the lease agreement. Compared to 31 December 2022, this item decreased significantly as a result of the repayments of the UniCredit Leasing and Banca Centro Lazio loans and the financial outlays connected to the Settlement Agreements.

SHAREHOLDERS' EQUITY

Note 10. Shareholders' Equity

The share capital, fully subscribed and paid up, amounted to € 63,265 thousand as at 30 June 2023 and consisted of 11,013,054 ordinary shares, with no par value, of which 11,012,055 class B shares, with no right to participate in and vote at the Company's ordinary shareholders' meeting and with a limited right to participate in profits, and not admitted to trading on EURONEXT Milan. The Company holds 38,205 treasury shares.

The 2022 consolidated profit of €351,567 was allocated in the amount of €17,578 to the legal reserve, in the amount of €328,988.42 to the fair value reserve, and in the amount of €5,000 was carried forward.

The item Other comprehensive income was positive and amounted to € 56 thousand; it is related to the effects of the actuarial valuation of the employee severance indemnity (TFR) in accordance with IAS 19.

The reserve for share-based payments, as at 30 June 2023, was zero; for further details, please refer to the section on Incentive Plans.

LIABILITIES

Note 11. Employee benefits

The table below summarises the status of employee benefits as at 30 June 2023.

	30/06/2023	31/12/2022
Employee benefits	17	66
Total Employee benefits	**17**	**66**

Changes in the item Employee benefits are shown below.

	30/06/2023	31/12/2022
Initial balance as at 01/01/2023	66	189
Actuarial gains or losses	(15)	(66)
Use	(53)	(125)
Provisions	18	65
Financial expense IAS 19	1	3
Final balance as at 30/06/2023	**17**	**66**

The closing balance, amounting to € 17 thousand as at 30 June 2023 (€ 66 thousand as at 31 December 2022), reflects the current value of the Company's commitment to employees for severance pay, calculated on the basis of current legislative provisions and collective employment agreements and the underlying actuarial dynamics.

Utilisation in the year refers to the payment of severance indemnities to terminated employees in the amount of € 33 thousand and to the advance granted to certain employees following a specific request in the amount of € 20 thousand.

The service cost is classified in the income statement for € 18 thousand as personnel costs, € 1 thousand as interest cost classified under financial expenses and € 15 thousand as actuarial gain classified under other comprehensive income as required by IAS 19.

The demographic and financial assumptions used are set out below:

DEMOGRAPHIC ASSUMPTIONS	EMPLOYEES
Likelihood of death	RG48 mortality tables
Likelihood of disability	INPS tables broken down by age and gender
Likelihood of retirement	100% when AGO requirements are met
Likelihood of receiving, at the beginning of the year, an advance on the severance indemnity set aside equal to 70%	3%
Likelihood of resignation	5%

FINANCIAL ASSUMPTIONS	30/06/2022
Annual discount rate	3.60%
Annual inflation rate	2.30%
Annual rate of increase in severance indemnity (TFR)	3.225%
Annual rate of salary increase	3.00%

The Severance Indemnity Fund (TFR) is part of the defined benefit plans.

Specifically, it must be noted that:

- the annual discount rate used to calculate the current value of the obligation was inferred, consistently with paragraph 83 of IAS 19, by the Iboxx Corporate AA Index with duration 10+ recognised on the measurement date;
- the annual rate of increase of the employee severance indemnity as provided for by article 2120 of the Italian Civil Code is equal to 75% of inflation plus 1.5 percentage points;
- The annual rate of salary increase applied exclusively for Companies with an average of fewer than 50 employees during 2006 was calculated based on the information provided by the Company's Managers.

As at 30 June 2023, the Company's workforce consisted of 3 employees. Below the point-in-time and average employee numbers as at 30 June 2023 and 31 December 2022, are broken-down by category:

Breakdown by qualification	30/06/2023	31/12/2022
Executives	2	4
Middle managers	1	1
Employees	0	2
Total	**3**	**7**

Breakdown by period average	30/06/2023	31/12/2022
Executives	3	4
Middle managers	1	1
Employees	1	2
Total	**5**	**7**

Note 12. Provisions for risks

The item "Provisions for risks", included in non-current liabilities, decreased by € 50 thousand following the full utilisation of the provision for risks allocated in the previous year for €57 thousand and the adjustment of the two remaining positions for €7 thousand due to the updated estimate of potential liabilities related to pending situations for which the existence is not certain and the amount is undetermined.

Note 13. Payables to banks and other lenders

	30/06/2023	31/12/2022
Non-current		
Mortgages and loans	61,838	62,525
Borrowings from other financing entities	50	4,138
Total Payables to banks and other lenders (non-current)	**61,888**	**66,663**
Current		
Mortgages and loans	466	822
Borrowings from other financing entities	16	747
Total Payables to banks and other lenders (current)	**482**	**1,569**
Total	**62,370**	**68,232**

The following table summarises the terms and conditions of the main mortgages and bank loans outstanding on the reporting date.

Bank	Original amount	Residual debt as at 30/06/2023 Nominal values	Residual debt as at 30/06/2023 Carrying amount at amortised cost	Of which within one year	Of which beyond one year	Guarantees	Additional guarantees and clauses
CPI PG	54,606	54,606	57,601	0	57,601		
CPI PG	3,366	3,366	3,525	0	3,525		
Intesa San Paolo S.p.A.	3,900	761	770	302	468	Second-degree mortgage	Channelling of lease fees
Intesa San Paolo S.p.A.	2,100	397	407	163	244	Second-degree mortgage	Channelling of lease fees
	63,972	**59,130**	**62,303**	**465**	**61,838**		

The item Payables to banks and other lenders takes into account the extensions granted by banks that have been reflected in the amortised cost of payables, where applicable, and in the classification of the latter as current and non-current.

The item Due to banks decreased as a result of the early repayment in the amount of €1,429 thousand during the first half of the year of the loan taken out with Banca Centro Lazio.

Payables to other lenders amounted to €66 thousand (€16 thousand was the current portion) and decreased compared to 31 December 2022 due to the early repayment in the first half of the year of the payable to Unicredit Leasing for the lease contract relative to the building located in Bari, viale Saverio Dioguardi.

Pursuant to IAS 7 Cash Flow Statement, the table below shows the changes that occurred in liabilities arising from financing. The table reconciles the cash flows shown in the Cash Flow Statement with the total changes recorded during the period in balance sheet items that make up Total financial debt.

			Non-monetary flows		
	31/12/2022	Cash flow	Changes in fair value	Other changes	30/06/2023
Payables to banks and other lenders (non-current)	66,663	(5,240)	0	466	61,889
Payables to banks and other lenders (current)	1,569	(1,321)	0	233	481
Net liabilities from financing activities	**68,232**	**(6,561)**	**0**	**699**	**62,370**
Available cash and cash equivalents	(15,059)	10,965	0	0	(4,094)
Total financial debt	**53,173**	**4,404**	**0**	**699**	**58,276**

Pursuant to IFRS 7, the table below provides a maturity analysis of financial liabilities:

Liabilities	Carrying amount	within 1 year	1-2 years	2-5 years	beyond 5 years
Payables to banks and other lenders	62,370	481	488	61,401	-

For information on financial indebtedness in accordance with the requirements of the CONSOB Communication of 28 July 2006 and in compliance with ESMA Recommendation no. 32-382-1138 of 2021, please see the section *Analysis of financial performance and financial debt* included in the Interim Report on Operations.

Note 14. Trade payables and other payables

The table below summarises the composition of trade and other payables as at 30 June 2023.

	30/06/2023	31/12/2022
Non-Current		
Tax payables	25	27
Total trade payables and other non-current payables	**25**	**27**
Current		
Trade payables to third parties	489	835
Trade payables to related parties	524	819
Other payables	232	869
Tax payables	100	162
Payables to national insurance agencies	18	223
Accrued expenses and deferred liabilities	0	0
Total trade payables and other current payables	**1,363**	**2,908**

Trade payables to third parties

Trade payables to third parties showed a balance of € 489 thousand (€ 835 as at 31 December 2022).

Trade payables to related parties

This item includes payables due to Dea Capital SGR for asset advisory fees of € 404 thousand, as well as € 120 thousand relating to amounts due to professional directors and statutory auditors.

Other payables

Other payables amounted to € 232 thousand as of 30 June 2023, compared to a balance of € 869 thousand as of 31 December 2022, and mainly consisted of security deposits received for €166 thousand. The decrease compared to 31 December 2022 originated from the payment of variable compensation accrued in the previous year and the related contribution.

Tax payables

	30/06/2023	31/12/2022
Non-current tax payables	25	27
Current tax payables	100	162
Total Tax payables	**125**	**189**

Non-current tax payables present a balance of € 25 thousand (€ 27 thousand as of 31 December 2022); the item refers to taxes related to previous years and to amounts due beyond twelve months due to the instalment plan in place with the Revenue Agency.

Current tax payables show a balance of € 100 thousand (€ 162 thousand as at 31 December 2022) and mainly refer to:

- out-of-period IRAP (regional business tax) expenses of € 64 thousand; please refer to the section "Legal and regulatory framework of SIIQs" included in the Interim Report on Operations for further details;
- withholding taxes on employee and self-employed income paid in July 2023 for € 26 thousand;

Payables to national insurance agencies

	30/06/2023	31/12/2022
Payables to INPS	15	221
Payables to INAIL	3	2
Total payables to national insurance agencies	**18**	**223**

Payables to social security institutions amounted to € 18 thousand (€ 223 thousand as of 31 December 2022) and mainly related to contributions for the month of June 2023 paid in July 2023.

Risks

The risks to which the Company is exposed and the relevant mitigations are explained in detail in the section on risk management in the Interim Report on Operations.

Guarantees

With regard to the financing agreements that the Company has in place with Intesa Sanpaolo, a mortgage was released on the property in Rome, Via Cortese for an original value of €16 million; it should be noted that the residual debt as of 30 June 2023 was € 1,177 thousand and the market value of the property was € 4,750 thousand.

The Company has no loan agreements in place that envisage covenants.

Provisions and contingent liabilities and assets

In the financial statements as of 30 June 2023, the company recognised provisions for risks in the amount of € 24 in relation to the probability of using resources to settle the obligations related to the two outstanding positions, as indicated in Note 12. Provisions for risks.

The Parent Company continues to manage the lawsuit filed by Sorgente Group Italia S.r.l., which challenged the board resolution of 29 October 2021 concerning the resolution of the share capital increase, as well as the board resolution of 7 October 2021 that had accepted the offer of CPI Property Group S.A. and to the shareholders' resolution of 27 August 2021, by which the Board of Directors had been granted the power to increase the share capital pursuant to Article 2443 of the Italian Civil Code; the Parent Company's counsel considers the risk of losing in relation to the acceptance of the claim only merely possible.

INCOME STATEMENT

Note 15. Rental income

	30/06/2023	30/06/2022
Property leases	3,024	2,833
Charge-backs to tenants	71	74
Rental income	**3,095**	**2,907**

The item amounting to € 3,095 thousand as at 30 June 2023 includes rental income and the relevant charge-backs of costs to tenants.

The increase in revenues from property leases, compared to 30 June 2022, was €188,000 and was mainly attributable to the ISTAT adjustment of leases on the date.

The breakdown of revenues by property is shown below.

Property	30/06/2023	30/06/2022
Milan, Via Spadari	961	869
Milan, Via Cuneo	591	532
Milan, C.so San Gottardo	381	361
Rome, Via Zara	385	366
Bari, Via Dioguardi	482	482
Verona - Via Unità d'Italia	2	4
Rome, Via Cortese	293	293
Total	**3,095**	**2,907**

Note 16. Property operating expenses

Property operating expenses amounted to € 750 thousand as at 30 June 2023 and are represented in the following table by cost type and compared with 30 June 2022.

	30/06/2023	30/06/2022
IMU	361	413
Maintenance and running costs of premises	183	199
Technical advice	64	74
Contract registration taxes	51	56
Legal, notary and professional fees	45	40
Insurance	14	14
Property, building and facility management costs	13	20
Real estate consulting	7	38
Utilities	7	42
Other taxes and duties	4	19
Surveillance and concierge	0	71
Other expenses	1	6
Total property operating expenses	**750**	**992**

Costs for IMU and registration taxes relate to taxes applied on the real estate portfolio and decreased due to the sale of the Verona property. Property, building and facility management costs relate to the ordinary and administrative property management activities of the properties in the portfolio. Maintenance costs refer to charges incurred for the ordinary and extraordinary management of the real estate, while the item utilities includes expenses for telephone, electricity, water and gas supply of the buildings. The costs for premises management, maintenance, security and concierge and utilities decreased significantly in relation to the aforementioned sale of the property in Verona, which, being vacant, generated, in the first half of 2022, equal costs for utilities, management and security charges and IMU.

Note 17. Operating costs

	30/06/2023	30/06/2022
Wages and salaries	302	472
National insurance charges	110	222
Severance indemnity fund (TFR)	22	46
Other personnel costs	1,972	250
Sub-total a) Personnel costs	**2,405**	**990**
Directors' fees	492	343
Asset advisory fee	364	356
Legal and notary fees	361	456
Other consultancy and advices	174	151
Charges and banking fees	75	7
IT and consultancy fees	64	53
Fees paid to the Statutory Board of Auditors	42	42
Communications and marketing costs	30	86
Insurance	28	22
Travel, transport and car expenses	22	24
Supervisory Body fees	20	47
HR Services	18	20
Auditor fees	17	16
Internal Audit fees	16	12
Management, cleaning and maintenance expenses of premises	12	12
Real estate consulting and Indipendent Expert	6	34
Utilities	7	7
Security	7	7
Other	11	4
Subtotal b) Overheads	**1,766**	**1,699**
Amortisation, depreciation and write-downs of fixed assets	56	335
Total operating costs	**4,227**	**3,024**

This item includes costs related to the Company's normal operations, including:

- Personnel costs amounted to € 2,405 thousand (€ 990 thousand as of 30 June 2022) and included the economic effects, amounting to approximately € 2 million, of the settlement agreements with top management resolved by the Board of Directors on 21 March 2023 concerning the terms and conditions of the consensual early termination of the executive employment relationships of the General Manager and Chief Investment Officer as well as the early termination of the offices of the Chairman and Chief Executive Officer;
- legal and notary fees are primarily incurred in relation to litigation and advice on non-routine matters;
- Directors' fees increased, compared to the first half of 2022, by a total of € 149 thousand following the early termination of the offices of the Chairman and Chief Executive Officer;
- costs for asset advisory fees accrued to Dea Capital SGR for € 364 thousand in the first half of 2023 (transaction with related parties);
- bank fees increased compared to the same period of the previous year, as they include costs for the early repayment of the Banca Centro Lazio loan and the Unicredit lease;
- The item Amortisation, Depreciation and Write-downs includes the amortisation and write-downs for the period of intangible fixed assets (€12 thousand), rights of use (€11 thousand) and other tangible fixed assets for €32 thousand, of which €28 thousand related to the instrumental portion of the building in Rome, Via Zara, amortised at a rate of 3%.

Note 18. Other revenues and income

The table below summarises the composition of other revenues and income as at 30 June 2023.

	30/06/2023	30/06/2022
Extraordinary income from financial assets	-	469
Other revenues and income	12	21
Total Other revenues and income	**12**	**490**

The decrease in the item as of 30 June 2023 is attributable to the economic effect recorded in the first half of 2022 following the signing of the settlement agreement concerning the transfer of the bonds issued by the Euro Sub-fund of the Luxembourg-law Fund "Historic & Trophy Building Fund" managed by Main Source S.A. "HTBF- € Fund", as well as the settlement of the ordinary and executive judicial proceedings related to the recovery of the debts connected to the Bond.

Note 19. Other costs and expenses

The item Provisions for risks decreased due to the reclassification under payables of the provision made in the first half of 2022. Other costs and expenses include costs incurred for Consob and Borsa Italia contributions and other membership fees. The item includes the loss realised on the disposal of financial instruments measured at fair value for € 17 thousand.

Note 20. Positive/(negative) fair value of investment properties

	30/06/2023	30/06/2022
Negative fair value of investment properties	(4,548)	(472)
Positive fair value of investment properties	1,449	2,288
Total	**(3,099)**	**1,816**

The item includes negative and positive change carried out on the value of investment property in the portfolio on the basis of appraisals prepared by independent experts. For related comments, please refer to Note 1. Investment Property.

Note 21. Fair value adjustment of financial assets

	30/06/2023	30/06/2022
Fair value adjustment of financial assets	0	(69)
Fair value adjustment of financial assets	**0**	**(69)**

The item is equal to zero due to the fact that the Group, as at 30 June 2023, did not hold any financial instruments in its portfolio.

Note 22. Financial income/(expenses)

	30/06/2023	30/06/2022
Interest income	22	2
Financial income	**22**	**2**
Interest on CPI PG loans	(665)	(587)
Interest on financing from banks	(77)	(48)
Interest on leases	(41)	(48)
Interest expense due on other payables	(2)	(4)
Financial expenses	**(785)**	**(687)**

The item Financial expenses is mainly composed of interest expense on loans disbursed by the parent company CPI PG for € 665 thousand and interest on bank loans and leasing for € 118 thousand.

Note 23. Taxes

For income deriving from exempt operations, the Company applies the special rules set forth in Article 1, paragraph 119 et seq. of Law No. 296/2006 and the related implementing decree, while for income deriving from non-exempt operations it applies the ordinary taxation rules for IRES and IRAP purposes. At 30 June 2023, the tax consolidation resulted in a tax loss and no deferred taxation was recognised due to its foreseeable recoverability. The item includes the write-down of deferred tax assets for € 190 thousand and IRAP contingent liabilities for € 64 thousand. For further details, see the section "Legal and Regulatory Framework of SIIQs" included in the Interim Report on Operations.

Note 24. Cash flow statement

The cash flow statement is presented using the indirect method.

In the first half of 2023, operating activities generated a negative cash flow of € 1,974 thousand (negative € 65 thousand in 2022) mainly due to outflows related to Transactional Agreements.

In the first half of 2023, financial debt extinguishment operations absorbed cash of € 6,561 thousand (negative € 422 thousand at 30 June 2022), while investment/disinvestment activities absorbed cash of € 80 thousand (positive € 1,880 thousand at 30 June 2022).

Note 25. Earning per share

The weighted average number of ordinary shares outstanding, used for the calculation of basic and diluted earnings per share, does not include the 38,105 treasury shares in the portfolio.

The share capital as at 30 June 2023 is divided into 11,013,054 ordinary shares and 11,012,055 Class B shares, all without par value. Class B shares attribute the same right to share in profits as the ordinary shares, which will be automatically and proportionately reduced to the extent necessary so that the right to share in profits of each class B shareholder, taking into account any other ordinary shares held, is equal to - and, in any event, not more than - 60% of the rights to share in the profits of the Company. Pursuant to Art. 24 of the Articles of Association, profits that the Shareholders' Meeting resolves to distribute shall be allocated equally to ordinary shares and Class B shares, it being understood that profits due to the shareholders holding Class B shares but not distributed to them due to the aforementioned limits set forth in the Articles of Association shall be allocated to the statutory reserve. In light of the above, the weighted average number of ordinary shares and Class B shares was taken into account in the calculation of earnings per share.

Events subsequent to the reporting date

No events occurred after the reporting date of the condensed consolidated half-year financial statements that required changes in the values of the latter.

For a description of events after the end of the first half of 2023, reference must be made to the chapters Events subsequent to 30 June 2023 and Outlook included in the Interim Report on Operations.

Incentive plans

On 10 November 2021, the Shareholders' Meeting approved the share-based plan called "Stock Grant Plan 2021-2026" aimed at aligning the interests of the management with those of the Shareholders, favouring an increase in the market value of the shares and the creation of value for all stakeholders over the medium-long term, in implementation of the provisions of the current Remuneration Policy for 2021-2023 approved by the Shareholders' Meeting on 26 April 2021 and in compliance with the provisions of the Framework Agreement and the Asset Advisory Agreement signed between the Company and DeA Capital Real Estate SGR S.p.A., as well as in line with generally accepted international practice and in accordance with the recommendations of the Corporate Governance Code, which the Company follows.

The Plan provides for the free and personal allocation, in one or more tranches to be implemented within five years from the date of the shareholders' meeting approval, of treasury shares of the Company to the beneficiaries to be identified by the Board of Directors, with the assistance of the Remuneration Committee, from amongst the Directors, managers, other employees, collaborators and consultants of the Company and companies belonging to its Group (including key managers of companies belonging to the DeA Capital Group in execution of the Framework Agreement and the Asset Advisory Agreement), up to a maximum number of treasury shares corresponding to 3% of the Company's existing share capital *pro tempore* at the date of each implementation of the Plan.

On 27 April 2022, the Board of Directors of NEXT RE approved the Implementing Regulations (hereinafter also the "Regulations") of the First Cycle 2022 - 2024 Stock Grant Plan (hereinafter also the "Plan"), which provides for the free assignment to the beneficiaries of a maximum of 206,176 ordinary treasury shares upon the achievement of pre-established targets or the occurrence of certain conditions.

In particular, the Plan provides for the free assignment of the shares to the beneficiaries, identified as the Executive Directors with management powers and the Executives of the Company, subject to the maintenance of the Relevant Relationship (of administration, dependence, collaboration/consultancy) by each beneficiary until the final date of the vesting period set at 31 December 2024 and the achievement in the period 2022 - 2024 of one or more specific Performance Objectives conditional to the achievement of the Gate Objective that constitutes the condition for access to the First Cycle of the Plan.

The Company used the services of an external consultant for the purpose of the valuation of the rights assigned, which was carried out by reflecting the financial market conditions valid at the valuation date and concerned the total fair value of the Plan, which is influenced by the number of rights that will mature in accordance with the rules set forth in the performance conditions as well as the fair value of each right.

The class of rights subject to estimation concerns the "non-market based" component, being, in this case, the free assignment of rights to receive a maximum number of Ordinary Shares correlated to the achievement of Economic-Financial (NAV and cumulative EBITDA level) and qualitative (ESG Indicators) targets not related to market conditions. In this case, the vesting conditions, as indicated by IFRS 2, were considered by adjusting the number of equity instruments included in the valuation of the transaction amount.

The total fair value of the vesting rights, relating to the 1st Cycle 2022 - 2024, was determined through the application of the binomial tree model for the valuation of American Cox-Ross-Rubinstein (CRR) options, also taking into consideration the Good Leaver clause provided for in the Regulation. The total fair value, was estimated to be zero because, as of 30 June 2023, the assumption allowing the achievement of the Gate Objective, which is the condition for access to the first cycle of the plan, is not deemed to have been met.

All information referring to the Stock Grant Plan 2021-2026 is described in the Information Document prepared pursuant to Article 84-bis, paragraph 1, of Consob Regulation no. 11971/1999 and in accordance with Schedule No. 7 of Annex 3A of the same Regulation, available to the public on the website https://www.nextresiiq.it/Governance - Shareholders' Meeting section.

The Board of Directors' meeting of 21 March 2023 decided to postpone to a subsequent board meeting, following the outcome of the Shareholders' Meeting's determinations, the resolutions on the short-term incentive scheme for the financial year 2023 (MBO 2023), in consideration of the significant changes in corporate governance during the half-year period.

Update on the effects of COVID-19 on the accounts for the first half of 2023

In relation to the impact of the COVID-19 pandemic on the Company's accounts, the Company continues to recognise the effects of temporary rent reductions granted to tenants on a linear basis over the term of the contracts. During the first half of the year, €112 thousand of COVID concessions were recognised as a reduction in rental income, while in subsequent periods, until 2027, reductions of €1,013 thousand will be recognised on a linear basis as a reduction in rental income.

Considerations regarding the conflict between Russia and Ukraine

With regard to the monitoring conducted as of 30 June 2023, no additional elements were identified with respect to those analysed as of the date of the consolidated financial statements as of 31 December 2022.

In this regard, taking into account NEXT RE's business, it is noted that there were no significant direct impacts arising from the increase in energy prices, issues related to the procurement of raw materials and the deterioration of the creditworthiness of counterparties. This is because: i) the energy costs borne directly by the company only concern the portion of the property in Via Zara, Rome, used for operating purposes; ii) the company operates in the services sector and therefore is not significantly exposed to the risk deriving from shortages of raw materials; iii) the company's customers (tenants) do not present risk profiles in terms of solvency.

In addition, it should be noted that, given the Company's financial structure, there were neither needs nor critical issues in accessing credit, nor significant effects connected to the increase in interest rates applied by the credit system.

Certification of the condensed consolidated half-year financial statements

CERTIFICATION OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned Giovanni Naccarato, as Chief Executive Officer, and Francesca Rossi, as Manager responsible for preparing the company's financial reports of NEXT RE SIIQ S.p.A., hereby certify, also taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   - the adequacy in relation to the characteristics of the company; and
   - the actual application of the administrative and accounting procedures for the preparation of the annual financial statements, during the period 1 January – 30 June 2023.

2. It is also certified that:

   2.1 the condensed consolidated half-year financial statements:

   a) have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

   b) correspond to the information contained in the accounting ledgers and records;

   c) provide a true and fair representation of the equity, economic and financial situation of the Issuer and all of the companies included in the scope of the consolidation.

   2.2 The Interim Report on Operations provides a reliable analysis of the performance related to the significant events occurred in the first six months of the year and their incidence on the condensed consolidated half-year financial statements, as well as a description of the principal risks and uncertainties for the remaining six months of the year. The Interim Report on Operations also includes a reliable analysis of the information regarding transactions with related parties.

Rome, 14 September 2023

Chief Executive Officer	The Manager responsible for preparing the company's financial reports
Giovanni Naccarato	Francesca Rossi

Annexes

Annex 1 - Transactions with related parties

The following table shows the amount of transactions with related parties.

(Values in €)

Related party	Payables to banks and other lenders	Trade payables and other payables	Overhead costs	Financial expenses
CPI Property Group S.A.	61,125,427	0	0	665,266
Dea Capital Real Estate SGR S.p.A.	0	403,699	218,231	
Directors	0	79,496	491,908	0
Statutory Auditors	0	41,258	41,258	0
Total	**61,125,427**	**524,453**	**751,397**	**665,266**

Gross employee remuneration, excluding non-monetary benefits, and leaving incentives for the General Manager/Senior Managers amounted to approximately € 2.3 million for the first half of 2023.

Report of the Independent Auditors

NEXT RE SIIQ S.p.A.

Condensed consolidated half year financial report as at June 30, 2023

Review report on the condensed consolidated half year financial report

(Translation from the original Italian text)

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Building a better working world

Review report on the condensed consolidated half year financial report (Translation from the original Italian text)

To the Shareholders of
NEXT RE SIIQ S.p.A.

Introduction

We have reviewed the accompanying condensed consolidated half year financial statement, comprising the consolidated statement of financial position, the consolidated statement of profit/loss for the period, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated cash flows statement for the six months period ended as at June 30, 2023 and the related notes of NEXT RE SIIQ S.p.A.. The Directors are responsible for the preparation of the condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated half year financial statement based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

A review of condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated half year financial statement of NEXT RE SIIQ S.p.A. as at June 30, 2023 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, September 28, 2023

EY S.p.A.
Signed by: Filippo Maria Aleandri, Partner

This report has been translated into the English language solely for the convenience of international readers.

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Capitale Sociale Euro 2.600.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Executive Summary
Third Valuation Update

Next RE SIIQ

30/06/2023

Prepared by:
Colliers Valuation Italy S.r.l.

Prepared for:
NEXT RE SIIQ

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Colliers

Table of Contents

1 Executive summary

NEXT RE SIIQ	
OWNERSHIP	As of 30th June 2023, the assets are owned by "Next RE SIIQ"
VALUATION PREMISES	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion"

VALUTAZIONE	
MARKET VALUE	€ 135.650.000,00
VALUATION DATE	30/06/2023

2 Introduction

2.1 Object and purpose of the valuation

Object of this instruction is the valuation of the assets owned by Next RE SIIQ.

2.2 Definition of Market Value

In implementing the valuation process, Colliers confirms that the report is based on the valuation criteria contained in the Red Book RICS (Replacement cost approach, Comparison approach, Income approach, etc.) and in line with IVS (International Valuation Standards). Please note that in compliance with RICS Valuation Standards the valuation report may be subject to monitoring under the Institution's conduct & disciplinary regulations.

The "Current Value" or **"Market Value"** of a property is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (Red Book RICS). The Market Value refers to the fair amount (price) at which a piece of real estate can reasonably be transferred, at a certain date, from a seller to a purchaser, with neither of the two parties being forced to sell or purchase and both of which are fully aware of all of the significant factors regarding the subject property, of its possible uses, of its characteristics and of the existing market conditions.

The sale price of the asset will therefore be determined based on normal sales conditions, which are present when:

- the seller truly intends to sell the asset and is not subject to circumstances of an economic/financial nature that influence its willingness to sell;
- there is a reasonable amount of time, considering the type of asset and the market situation, to market the asset, carry out sales negotiations and define the relative contractual conditions;
- the terms of the sales transaction reflect the true conditions of the real estate market of the zone in which the asset is located;

Colliers

- offers to purchase the asset reflect real market conditions, and any offers that are not in line with the market (due to the subjective opinion of the purchaser, acting according to principles that do not significantly impact the market economically) are not taken into consideration.

2.3 Limitations and restrictions

We would like to draw attention to a number of fundamental assumptions to which we have referred in preparing this report:

- **Sources of Information**: this report has been prepared on the basis of information provided to us by the Client, who provide us all the relevant information concerning the asset;
- **Areas**: these have been provided by the client and, according to the Clients instructions, were not verified during the course of the inspection;
- **Title deeds**: the valuation is based on information provided by the client. Unless otherwise specified, it is assumed that the client possesses or will possess regular titles of ownership and that there are no third-party claims, obligations, restrictions and/or encumbrances and/or pending litigation that may impact use of the asset;
- **Leasing situation**: the property's leasing situation was provided by the Client;
- **Regulatory assessments**: without prejudice to what has been determined from the information provided by the client, no environmental impact surveys have been carried out, and it is assumed that the property is not in abnormal condition and that neither archaeological remains nor dangerous or deleterious materials that could adversely affect occupation of the site, marketing of the property or current/future values of the asset are present;
- **Expenses**: no allowances have been made for any sale/purchase expenses, such as legal, tax or agency costs, except for those regarding letting of the areas. The property has been considered in its existing state, not encumbered by any mortgages and free from restrictions or easements of any type, except that which is specifically stated in the report;
- **Taxes, duties and other transfer costs**: no deductions have been made from the values expressed in this report for any taxes or duties, or any legal, agency or other costs;

Should this information prove to be incorrect or incomplete, the property valuation could alter and, therefore, we reserve the right, if necessary, to revise our conclusions.

2.4 Conflict of interest

Colliers is not aware of any conflict of interest that may arise from carrying out this assignment. Should we become aware of a potential conflict of interest, Colliers will promptly inform the Client, in order to decide upon how to proceed. We would like to inform that Colliers International SPA, a different company with a different share stakeholders' panel, is currently involved in the CO-agency activity on the asset located in Corso Italia 3, Milan. We confirm again that no conflict of interest arises.

2.5 Insurance

The professional activities performed by Colliers are covered by Professional Insurance, maximum coverage Euros 25,000,000.00 (euros twenty-five million/00).

2.6 Privacy

For the fulfilment of the obligation to verify customers and their data, we will enter into possession of your personal and tax data, which the law qualifies as personal. With reference to personal data, we inform you that all data processing is done in compliance with the provisions of articles 6 and 32 of the GDPR and through the adoption of the appropriate security measures.

Your personal data may be processed by Colliers, through manual processing (paper archives) or electronic tools (electronic databases, organized with various classification systems), according to logic strictly related to the purposes themselves and, in any case, so as to guarantee the security and confidentiality of the data.

The data controller is Colliers. Some categories of employees and collaborators of the Data Controller, as data processors, can access personal data for the purpose of fulfilling their job duties. Your data may be communicated to other managers who will be duly appointed as Data Processors, by the Data Controller. Your personal data will not be otherwise disseminated in any way. We point out that, in compliance with the principles of lawfulness, purpose limitation and minimization of data processing, pursuant to Article 5 of the GDPR, the retention period of your personal data is established for a period of time not exceeding the achievement of purposes for which they are collected and that the data will be processed in compliance with the mandatory time limits prescribed by law. You have the right to obtain from the data controller, the cancellation, limitation, updating, correction, portability, opposition to the processing of personal data concerning you, as well as, in general, can exercise all the rights provided by the Articles 15, 16, 17, 18, 19, 20, 21, 22 of the GDPR.

Regulation (EU) 2016/679: articles 15, 16, 17, 18, 19, 20, 21, 22 - Rights of the interested party 1. The interested party has the right to obtain confirmation of the existence or not of personal data concerning him / her, even if not yet registered, and their communication in intelligible form. 2. The interested party has the right to obtain the indication: to. the origin of personal data; b. of the purposes and methods of processing; c. of the logic applied in case of treatment carried out with the aid of electronic instruments; d. of the identifying details of the holder, of the responsible and of the designated representative according to article 5, paragraph 2; is. of the subjects or categories of subjects to whom the personal data may be communicated or who can learn about them as appointed representative in the territory of the State, managers or agents. 3. The interested party has the right to obtain: to. updating, rectification or, when interested, integration of data; b. the cancellation, transformation into anonymous form or blocking of data processed unlawfully, including data whose retention is unnecessary for the purposes for which the data were collected or subsequently processed; c. the attestation that the operations referred to in letters a) and b) have been brought to the attention, also with regard to their content, of those to whom the data have been communicated or disseminated, except in the case in which this fulfilment proves impossible o involves a use of means manifestly disproportionate to the protected right; d. data portability. 4. The interested party has the right to object, in whole or in part: to. for legitimate reasons, to the processing of personal data concerning him, even if pertinent to the purpose of the collection; b. to the processing of personal data concerning him for the purpose of sending advertising or direct sales material or for carrying out market research or commercial communication.

2.7 Release form liability, identification and limitation of damages

The Client agrees to release and keep Colliers free from any liability due to negative consequences resulting from the assumption and execution of this assignment and from fraudulent or grossly negligent behaviour by the Client, with the exception of any consequences resulting from incompetence, negligence, fraud or gross negligence of Colliers.

2.8 Independence of the parties

Colliers and the Client act as independent parties, each in respect of the limits of the other. In carrying out the activities envisaged by the assignment, Colliers reserves the right to use external advisors and/or collaborators, it being understood that no relationship shall be established between the Client and these external advisors and/or collaborators, and that Colliers shall remain solely and exclusively responsible for the work of external advisors and/or collaborators and for execution of the assignment at the agreed conditions, pursuant to the law. Colliers confirms that sub-contracting requires prior written consent by PGIM.

2.9 Unit of measurement

The areas in this report are expressed in square meters (sqm) and the values in Euros (€).

2.10 Reference date

This assignment refers to the date of 30/06/2023. Unless otherwise stated, any information emerging during this assignment refers to this date.

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3 General Description of the SIIQ

3.1 General description

The properties of the SIIQ consist of 7 assets.

Here is the list of the assets under assessment:

N.	Address	City	Province	Region	Market Value 30.06.2023
1	Viale Saverio Dioguardi 1	Bari	BA	Puglia	**14.600.000 €**
2	Corso San Gottardo 29/31	Milan	MI	Lombardy	**15.900.000 €**
3	Via Cuneo 2	Milan	MI	Lombardy	**26.600.000 €**
4	via Spadari 2 B	Milan	MI	Lombardy	**8.050.000 €**
5	via Spadari 2 A	Milan	MI	Lombardy	**49.850.000 €**
6	via Vinicio Cortese 147	Roma	RM	Lazio	**4.750.000 €**
7	via Zara 22/32	Roma	RM	Lazio	**15.900.000 €**
	Total				**135.650.000 €**

4 Valuation

4.1 Theory and practice in the real estate sector

In determining the valuation process, we adhered to the generally accepted principles and criteria, in accordance with the International Valuation Standards (IVS) and the professional best practices in the appraisal field.

As far as property valuation criteria, practices and valuation theory in the real estate sector are concerned, three different approaches are used:

- The construction cost approach, which expresses the value of an asset based on the costs necessary for its construction or replacement, appropriately depreciated according to age, general conditions, functional, economic or environmental obsolescence and all other age factors deemed relevant. The value of an asset can be calculated as the depreciated cost of reconstruction when there is no market for similar assets, and the value may be expressed as current cost of reconstruction. Determination of the construction cost has three fundamental components: appraisal of the land, estimate of the building construction cost and estimate of the appreciation/depreciation factors;
- The Market Approach defined as "an approach that provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available" (Red Book RICS, January 2020). Such approach expresses the value of an asset based on the average sales prices observed in the local markets, taking into account specific characteristics of the individual assets. The prices used are those obtained from transactions that are comparable in terms of type, location and use of the asset. Application of the sales comparison approach is carried out following the achievement of two objectives: identification of a sample of homogeneous assets and determination of the transaction prices. Furthermore, the appreciation/depreciation factors must also be estimated. Use of this method leads to the determination of average values per square metre inferred from the market transactions;
- The Income Approach, defined as the "approach that provides an indication of value by converting future cash flows to a single current capital value" (Red Book RICS). The income approach is based on the assumption that a rational buyer is not willing to pay a price greater than the present value of benefits that the asset will be able to produce. Application of this approach consists of three phases: determination of the expected economic benefits,

definition of the type of algebraic relationship linking the value to income and selection of a discount/capitalisation rate.

4.2 Valuation Reports

The valuation activity has been described in reports, one for each asset, whose contents are essentially the same for each property.

Follow, by way of example and not limited to, the topics included:

- An executive summary which displays the main information of the object of the report;
- An introduction which defines the object and the purpose of the valuation, the limitations and restrictions;
- A part dedicated to the description of the asset, including the description of the location, the size and area subdivision, the tenancy and the town planning considerations.
- A market analysis, both general and specific of the office market in the area in which the assets are located;
- The valuation process and the adopted criteria, the calculation of the commercial areas and of the Reinstatement Value;
- The conclusions;
- The pictures of the assets.

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4.3 Rates

For the valuation of the assets we used two different rates:

Discount Rate: the discount rate was determined based on the ratio of equity to debt; in this case, we use the Weighted Average Cost of Capital as the discount rate.

In order to assess the appropriate discount rate, we applied the following equation:

WACC= Debt Ratio*Kd + Equity Ratio*Ke

Capitalization Rate: the adopted cap rates have been determined through comparison, by interviewing several of the main operators, both local and not, and by gathering their impressions after the description of the characteristics of the assets.

In this valuation, considering the management activity of the buildings, the reference market of the initiative (both in terms of destination of use and location) and the timing variance both for the location of the spaces and the sale, the following factors have been taken into account (supported by a market analysis carried out among investors and credit institutes):

Economic Factors:

- **BTP- Buoni del Tesoro Poliennali (Italian Treasure Bonds):** Average monthly yield over the past 5 years with maturity date based on the model term period. These values were taken from historical financial market series;
- A premium risk specific of each single initiative, an additional premium location and a risk related to illiquidity.

Debt Factors:

- **Euribor 6 months:** 3,75 % (issue date 01/06/2023);
- **Spread investment risk:** It was adopted a rate of 1,75%.
- **Debt Ratio**: in this case we assumed a debt ratio of 60%, as Italian Best practice.
- **Inflation Rate**: a conventionally adopted inflation rate of 2.00% has been implemented, in accordance with the consumer inflation expectations published by the Bank of Italy (6.40% over 12 months and 5.30% over 24 months), and the desired target level set by the European Central Bank - ECB - (slightly below but close to 2%) in the medium term;

Equity Factors:

- **Equity Ratio**: in this case we assumed an equity ratio of 40%.

5 Conclusions

Considering the foregoing, the Market Value of the assets included within Next RE SIIQ, in the current market conditions is equal to:

€ 135.650.000,00

(One Hundred Thirty-Five Million Six Hundred and Fifty Thousand /00)

N.	Address	City	Province	Region	Surface	GLA	Market Value 30.06.2023
1	Viale Saverio Dioguardi 1	Bari	BA	Puglia	sqm 19.118	sqm 10.485	**14.600.000 €**
2	Corso San Gottardo 29/31	Milan	MI	Lombardy	sqm 4.928	sqm 2.620	**15.900.000 €**
3	Via Cuneo 2	Milan	MI	Lombardy	sqm 6.395	sqm 3.327	**26.600.000 €**
4	via Spadari 2 B	Milan	MI	Lombardy	sqm 941	sqm 809	**8.050.000 €**
5	via Spadari 2 A	Milan	MI	Lombardy	sqm 2.858	sqm 2.014	**49.850.000 €**
6	via Vinicio Cortese 147	Roma	RM	Lazio	sqm 4.580	sqm 2.496	**4.750.000 €**
7	via Zara 22/32	Roma	RM	Lazio	sqm 5.058	sqm 3.068	**15.900.000 €**
	Total				**sqm 43.879**	**sqm 24.819**	**135.650.000 €**

The valuation was produced in relation to the specific assignment conferred the 06/07/2022 by Next RE SIIQ, pursuant to and in accordance with article 16, clause 5 of Ministerial Decree no. 30 of 5th March 2015; all the mentioned subjects are in possession of the requirements prescribed by clause 2 of the same article 16.

A copy of the engagement letter is attached, pursuant to and in accordance with article 16, clause 4, of the M.D. n. 30 of 5 March 2015. The valuation report is address directly to the Client and can be used only by the Client according to the scope of the valuation (par. 2.1). The valuation report cannot be distributed or published without a previous written agreement with Colliers Res. The agreement will define the modality of distribution/publishing and the eventual price.

The Colliers Valuation Italy Srl team participating in the valuation process for this property consisted of the following individuals:

- Arch. Giuseppe Bonomi MRICS (CEO – Chief Executive Officer – Head of the Valuation Process)

- Dott. Matteo Basile MRICS (Head of Valuation – National clients)
- Dott.ssa Chiara Citterio (Junior Valuer)

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