Condensed Half-Year Financial Report

2021

NOVA RE
SIIQ SPA

Condensed Half-Year Financial Report

2021

CONDENSED HALF-YEAR FINANCIAL REPORT 2021 NOVA RE SIIQ S.P.A.

2021

Contents

Chapter 1: COMPANY PROFILE

COMPANY PROFILE

COMPANY INFORMATION AND STRUCTURE

Nova Re SIIQ S.p.A. (hereinafter also referred to as **Nova Re** or the **Company**) with registered office in Rome, Via Zara 28, Tax Code and VAT No. 00388570426, Rome Companies' Register No. 1479336, is a real estate investment company listed on the MTA (from its Italian initials or Mercato Telematico Azionario) of Borsa Italiana.

Since 2020, the Company has been controlled by CPI Property Group (hereinafter also **CPI**), a major international group with headquarters in Luxembourg and shares listed on the Frankfurt Stock Exchange. With over Euro 10 billion in assets, it is one of the leading real estate players in Berlin and the Czech Republic.

The Company currently manages a portfolio consisting of office, hotel and commercial properties and is focused on asset classes that are aimed to meet the needs of new patterns and styles of real estate use, which reflect the economy and society's characteristics of access, utility and experience. The categories engaged look at *Life-cycle Living & Hospitality, Leisure & Wellness, Smart Office Space, Omnichannel Retail & Distribution*.

GROUP STRUCTURE

The Nova Re Group at 30 June 2021 includes the wholly-owned subsidiary Cortese Immobiliare S.r.l.

The Nova Re group (hereinafter also referred to as the **Group**) at 30 June 2021 includes the wholly-owned subsidiary Cortese Immobiliare S.r.l. (hereinafter also **Cortese Immobiliare** or the **Subsidiary**).

The Subsidiary operates in the commercial leasing sector and is classified as management real estate. The activities carried out concern the lease of a single building which is owned by it; these activities are exercised by virtue of the lease contract with the General Command of the Guardia di Finanza (the Italian financial police), entered into on 24 July 2006, with effect from 1 October 2006, duly registered on 28 November 2006 at the Ufficio delle Entrate (Italian Inland Revenue) of ROME 5 under no. 960 series 3T.

In particular, the purpose of the lease is a property located in Rome, Via Vinicio Cortese n. 147, consisting of real estate units registered as cat. A/10 and C/2 to be used as archives to meet the needs of the General Command and the Departments of the Guardia di Finanza. The annual price agreed for the lease is Euro 640 thousand, excluding VAT, with a forecast of ISTAT updating. However, as a result of Italian Legislative Decree no. 66/2014 “revision of public expenditure”, the amount of the lease was reduced by 15% starting from the fee relating to the 2nd half of 2014, going from Euro 640 thousand (excluding VAT) to Euro 544 thousand, in addition to the blocking of the ISTAT update to the year 2011.

COMPANY OFFICES/POSITIONS

NOVA RE
SIIQ SPA

Corporate bodies

BOARD OF DIRECTORS*

Chair
Giancarlo Cremonesi

Managing Director
Stefano Cervone

Vice-Chair and Independent Director
Giovanni Naccarato

Independent Director
Maria Spilabotte
Eleonora Linda Lecchi
Camilla Giugni

Director
Giuseppe Colombo

THE BOARD OF STATUTORY AUDITORS*

Chair
Luigi Mandolesi

Statutory Auditor
Domenico Livio Trombone
Sara Mattiussi

Alternate Auditor
Sergio Mariotti
Giuliana Maria Converti

THE MANAGER IN CHARGE pursuant to article 154-bis paragraph 2 TUF (Consolidated Finance Act)

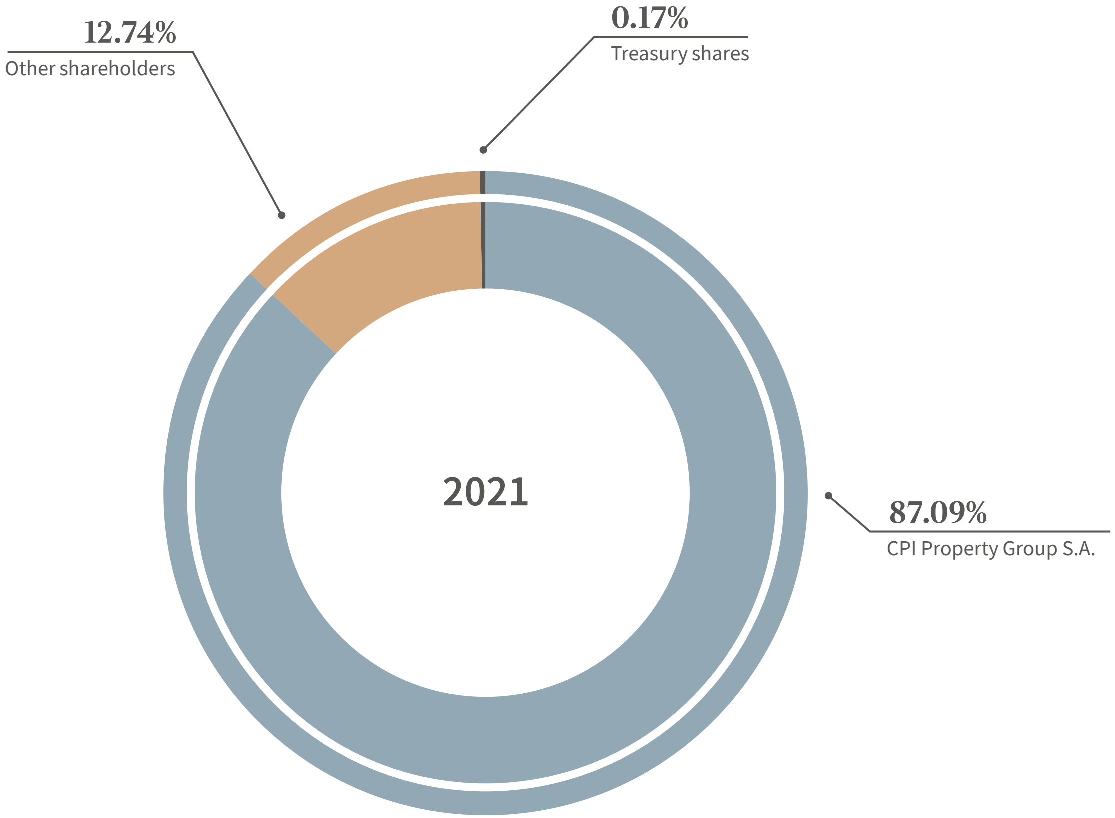
Giovanni Cerrone

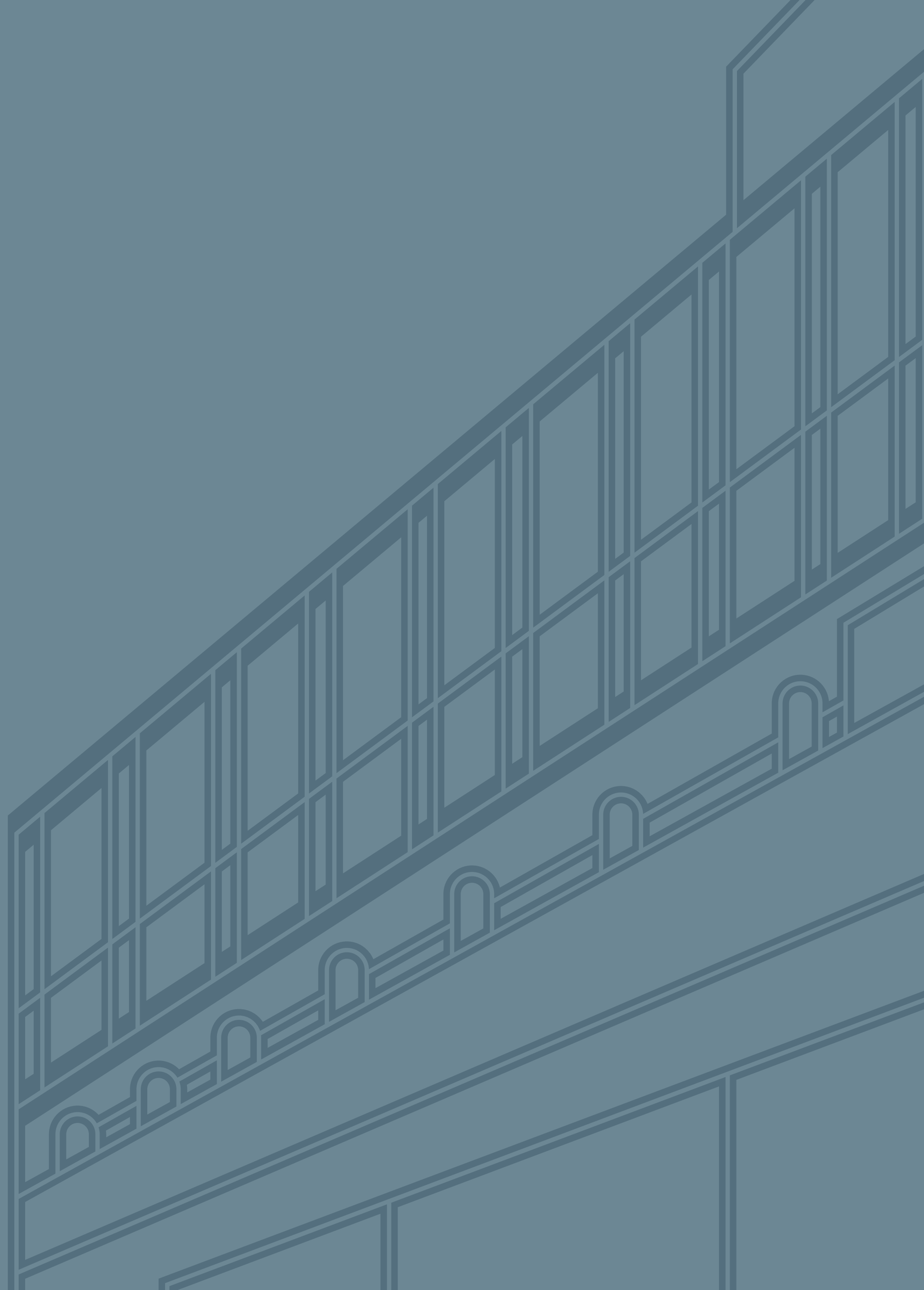
INDEPENDENT AUDITORS

EY S.p.A.

* Appointed by the Shareholders' Meeting of 26 April 2021 and expiring on the date of approval of the Financial Statements for the year ended 31.12.2023

SHAREHOLDING STRUCTURE AS AT 30 JUNE 2021





Chapter 2:
INTERIM REPORT ON OPERATIONS

OCCUPANCY

82%

AS AT JUNE 30, 2021

INVESTMENT PROPERTIES

€ 136.85

MILLIONS AS AT JUNE 30, 2021

INTERIM REPORT ON OPERATIONS

CONSOLIDATED FINANCIAL HIGHLIGHTS

The following are the key indicators as at 30 June 2021 compared to 30 June 2020 and 31 December 2020

PERFORMANCE (EURO/MILLIONS)	30/06/2021	30/06/2020
Rental income	3.15	2.96
Net operating income	1.31	1.79
Fund from operation (FFO)	(1.3)	(0.38)
EBITDA	(1.02)	(0.13)
EBIT	2.30	(3.37)*
Consolidated profit/(loss)	2.02	(4.71)

*Compared to the Condensed Half-Year Financial Report as at 30 June 2020, certain changes have been made in order to provide a better presentation and disclosure

ASSET		30/06/2021	31/12/2020
Total assets	*Euro/millions*	156.94	155.27
Investment property	*Euro/millions*	136.85	120.45
Gross area	*m^2*	55,526	41,829
Occupancy	*%*	82%	100%
WALT	*years*	4.7	6.2
Portfolio assets	*No.*	7	7

INDEBTEDNESS		30/06/2021	31/12/2020
Shareholders' equity	*Euro/millions*	87.12	85.37
EPRA NRV	*Euro/millions*	86.9	85.2
Total financial debt	*Euro/millions*	59.59	41.79
Net loan to value (NET LTV)	%	44%	33%
Loan to value (LTV)	%	47%	50%

Consolidated profit/(loss) for the first half of 2021 was Euro 2 million, a significant improvement on the consolidated net profit for the first half of 2020, which significantly reflected the impacts that the Covid-19 pandemic had on the Group from the second quarter of 2020.

Rental income amounted to Euro 3.15 million and increased by Euro 0.2 million mainly due to the effect of higher revenues related to the new portions of the property in Milan, Via Spadari acquired during the half-year and the release of the provision for bad debts recorded in 2020 in relation to the position of the tenant SHG Hotel Verona with which, in April, the Company concluded a mediation procedure and a settlement agreement, as explained in greater detail below, with which the Company obtained, in particular, the early return of the property and the payment by SHG of the outstanding rents relating to the period September 2020 - April 2021, acknowledging, as per practice, an indemnity for the early release of the property.

Net Operating Income is the margin of revenues from lease activities and real estate operating costs and amounted to Euro 1.31 million and decreased compared to Euro 1.79 million as at 30 June 2020 mainly in relation to the effects of the settlement agreement entered into with the tenant SHG Hotel Verona S.r.l. on 29 April 2021 whereby the Company achieved, in particular, the payment by SHG of the outstanding rents relating to the period September 2020 - April 2021, recognising, as per practice, an indemnity for the early release of the property.

EBITDA, which represents the margin before the result of financial operations, adaptations and adjustments to assets and taxes, includes, in addition to the above, also Operating expenses that amounted to Euro 2.2 million and increased in total by Euro 0.4 million compared to the first half of 2020 mainly in relation to higher legal consultancy fees, connected to the ongoing disputes and to some non-recurring activities and projects.

EBIT, which represents the operating result before financial operations and taxes, includes positive fair value adjustments of Euro 3.4 million as at 30 June 2021 relating to the results of the valuations as at 30 June 2021 carried out by the independent expert. The value of the real estate portfolio increased compared to 31 December 2020 mainly due to the positive effects of the acquisitions made in the first half of 2021 of additional real estate units in the Milan - Via Spadari complex.

Profit/(loss) for the year amounted to Euro 2.02 million; this figure also includes financial expenses of Euro 0.77 million, an improvement of Euro 0.23 million compared with 30 June 2020, essentially due to the lower average cost of debt incurred by the Company

The value of the real estate portfolio increased compared to 31 December 2020 mainly due to the positive effects of the acquisitions made in the first half of 2021 of additional real estate units in the Milan - Via Spadari complex

following the refinancing of mortgages with UniCredit S.p.A and Imprebanca S.p.A. finalised during the first half of 2021.

The *Fund From Operations (FFO)* is calculated as net income/(loss) for the period adjusted for non-cash cost and revenue components and non-recurring income components.

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

SIGNIFICANT EVENTS IN THE HALF-YEAR

The main significant events of the first half of 2021 are shown below.

15 JANUARY | 2021

The Company signed the final contract for the purchase of the property portions, leased to OVS S.p.A. (hereinafter also **OVS**), located on the first and second floors of the property in Milan, Via Spadari 2, adjacent to the units already owned by the Company located on the ground and underground floors, at a price of Euro 5.7 million plus taxes, duties and closing costs. The signing of the final contract was subject to failure to exercise or a waiver of pre-emption rights by the tenant mentioned above, which was formalised in the meantime.

25 JANUARY | 2021

The Company signed the final contract for the purchase of additional real estate units, leased to Zara Italia S.r.l., located on the second floor of the building located in Milan, at via Spadari 2, adjacent to the units already owned by the Company located on the ground, underground, first and second floors, at a price of Euro 1.8 million plus taxes, duties and closing costs. In this case too, signing the final contract was subject to the non-exercise or waiver of pre-emption rights in favour of the tenant named above, which waiver was formalised in the meantime.

26 JANUARY | 2021

Following the publication of the final results of the Offering made by CPI pursuant to and for the purposes of articles 102, 106 paragraphs 1 and 109 of Legislative Decree no. 58/1998 (hereinafter also the **TUF** - Consolidated Finance Act), as a result of the Reopening of Terms, within the meanings of article 41, paragraph 6, of the Consob Regulations adopted by resolution no. 11971 on 14 May 1999 (hereinafter also **Issuers' Regulation**), and subsequent amendments and additions, a total of 9,348,018 ordinary shares of Nova Re were contributed, representing approximately 42.44% of the share capital of the Issuer and approximately 85.18% of the ordinary shares of Nova Re covered by the Offer, at a price of Euro 2.36 per ordinary share and, therefore, for a total value of Euro 22,061,322.48. Therefore, CPI came to hold a total of 20,360,573 ordinary shares of NOVA RE, equal to approximately 92.44% of its share capital.

In addition, taking into account the 38,205 treasury shares of Nova Re (equal to about 0.17% of the related share capital), within the meanings and purposes of article 44-bis, paragraph 5, of the Issuers' Regulation, reference should be made to 20,398,778 shares, equal to about 92.62% of the share capital: therefore, more than 90% but less than 95% of the share capital of the Issuer.

In this regard, it must be noted that CPI, as already stated in the Offering Document, intends to re-establish a free float sufficient to ensure the regular course of trading within ninety days, in accordance with procedures - such as, by way of example, selling off Nova Re ordinary shares, Accelerated Book Building (ABB), capital increases with partial or total exclusion of option rights reserved for parties other than shareholders who hold significant holdings under article 120 of the TUF - which will be considered most appropriate, among other, in view of the market conditions. As already specified in the Offering Document, CPI will take any useful initiative aimed at reducing its investment below the threshold of 60% of voting rights in ordinary shareholders' meetings and of profit sharing rights in order to maintain the special status as Società di Investimento Immobiliare Quotata (Listed Property Investment Company - the so-called SIIQ regimen), under article 1, paragraphs 119 and following of the 2007 Finance Act, within the timing set out in applicable regulatory requirements in force.

27 JANUARY | 2021

The Company approved a loan proposal received from the reference shareholder CPI, for an amount of approximately Euro 54.6 million, intended to cover the costs incurred by Nova Re for the purposes of early repayment of the mortgage loan contract signed on 29 December 2017 with UniCredit S.p.A. The Loan, granted by the shareholder in a single tranche, has a term of five years and bears fixed nominal interest at a rate of 2.1% per annum. Both the repayment of the Loan and the payment of interest will take place in a single instalment at maturity, unless repayment is made early. There were no ancillary costs or guarantees made by Nova Re. CPI is a related party of Nova Re as controlling body for the Company under article 93 of the TUF and exercises management and coordination of the same under articles 2497 and following of the Italian Civil Code. Signing of the Loan contract also qualifies as a Major RPT under article 4, paragraph 1 (a) of Consob Regulation no. 17221/2010, as amended from time to time (hereinafter also the **RPT Regulation**). Therefore, the Funding transaction was approved by the Board of Directors with the prior and unanimous consent of the Nova RE Control, Risk, Appointments, Remuneration and Related Parties Committee, composed entirely of independent directors who are not related to the counter party.

29 JANUARY | 2021

The Company voluntarily repaid the residual balance on the mortgage loan contract signed on 29 December 2017 with UniCredit S.p.A. in advance, in the amount of Euro 51.7 thousand including interest accrued up to that date. Also on 29 January 2021, the debt relating to the derivative contract to hedge interest rate fluctuations on the mortgage loan referred to above in the amount of Euro 1.9 million was settled.

5 FEBRUARY | 2021

The Company formed Fidelio Engineering S.r.l., an *engineering* company, wholly owned by Nova Re, whose scope of business is performing activities in Italy and abroad aimed at redeveloping and refurbishing areas subject to real estate development or existing property subject to redevelopment; as at the date of this condensed half-year financial report, the company is not operational.

16 FEBRUARY | 2021

Following voluntary early repayment of the UniCredit mortgage loan, the bank itself agreed to the total cancellation of the mortgage, the release of factoring arising under lease contracts and the termination of bank account pledges.

8 MARCH | 2021

With reference to the civil proceedings brought by the Company against SHG Hotel Verona S.r.l., the Court of Verona ruled, given the period in which the arrears accrued, against the validity of the notice of seeking possession due to arrears. In the same order, the judge also made a settlement proposal to be discussed during the proposed compulsory mediation procedure; lastly, he set a hearing for 13 July 2021 to examine the merits of the dispute.

9 MARCH | 2021

The first hearing was held in the lawsuit brought by Sorgente Group Italia S.r.l., which, it should be noted, had challenged the Board of Directors' resolution of 29 October 2020, which approved the share capital increase, as well as the Board of Directors' resolution of 7 October 2020, which accepted the offer of CPI, and the Shareholders' resolution of 27 August 2020, by which the Board of Directors had been granted authority to increase the share capital under article 2443 of the Italian Civil Code. At the first hearing, the judge granted the parties more time to file their defence briefs. The proceedings were adjourned until a hearing on 12 October 2021.

15 MARCH | 2021

The Company's Board of Directors approved the Annual Financial Report for the year ended on 31 December 2020, drawn up in accordance with International Financial Reporting Standards (IAS/IFRS), containing the following key results for the 2020 financial year:

- The **Consolidated Profit/(Loss)** for the year shows a loss of Euro 9.3 million as at 31 December 2020 compared to a profit of Euro 0.4 million as at 31 December 2019;
- Consolidated **EBITDA** amounted to Euro 0.3 million, up from Euro 0.1 million in 2019;
- **Consolidated shareholders' equity** was Euro 85.4 million as at 31 December 2020 compared to Euro 68.3 million as at 31 December 2019;
- **Consolidated net financial**

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MARCH | 2021

debt amounted to Euro 41.8 million as at 31 December 2020 compared to Euro 63.7 million as at 31 December 2019;
- **Profit/(Loss) for the year** showed a loss of Euro 9.1 million as at 31 December 2020 compared to a profit of Euro 0.3 million as at 31 December 2019;
- **Shareholders' equity** was Euro 85.1 million as at 31 December 2020 compared to Euro 67.9 million as at 31 December 2019;
- **Net Loan to Value** was 33.1% at 31 December 2020 compared to 49.20% at 31 December 2019.

The Board of Directors resolved to propose, to the Shareholders' Meeting, carrying forward the loss for the year 2020 in the amount of Euro 9,147,540.19.

The Board of Directors also resolved to convene an Extraordinary and Annual Shareholders' Meeting for 26 April 2021 to pass resolutions, as regards the Extraordinary Meeting, on: (a) a proposal to revise and update the company's articles of association; and (b) granting the Board of Directors the power to increase share capital by a maximum amount of Euro 2 billion, including any share premium, to be carried out in one or more tranches, by the date of shareholders' approval of the financial statements as at 31 December 2023 under article 2443 of the Italian Civil Code, even by excluding option rights under article 2441(4) and (5) of the Italian Civil Code as regards the Annual Meeting, on: (a) the approval of the financial statements for the year ended 31 December 2020; (b) the approval of the remuneration policy and advisory vote on the second section of the Report on remuneration policy and compensation paid; (c) the renewal of the Board of Directors, subject to determination of the number of Directors, term of office and remuneration; (d) the appointment of the Board of Statutory Auditors for the three-year period 2021-2023 and determination of the related remuneration; (e) the consensual early termination of the remit to Ria Grant Thornton S.p.A. for the remaining financial years 2021-2025 and conferral of a new remit as statutory auditors to the EY S.p.A company for the period 2021-2029, with definition of the related fee; as well as (f) the renewal of the authorisation to purchase and dispose of treasury shares under articles 2357 and following of the Italian Civil Code, in addition to article 132 of Law Decree no. 58 of 24 February 1998, subject to revocation of the resolution passed by the Shareholders' Meeting of 15 July 2020 since it has not been used.

Lastly, the Board of Directors approved the Report on Corporate Governance and Shareholding Structure for the 2020 financial year drafted pursuant to article 123-bis of the TUF, the Remuneration Policy and the Report on the remuneration policy and compensation paid pursuant to article 123-ter of the TUF.

CPI sent the Company an updated communication pursuant to article 120 of the TUF and article 117 of the Issuers' Regulation, on the basis of which it appears that a sufficient free float has been restored, within the terms of the law, to ensure the regular performance of trading and, in particular, CPI holds 19,180,573 shares of Nova Re, equal to a stake of approximately 87.085% of the share capital of Nova Re (corresponding to 87.236% of the share capital, taking into account 38,205 treasury shares of Nova Re, equal to approximately 0.17% of the relevant share capital).

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MARCH | 2021

With reference to a pre-litigation in the human resources area activated on 4 March 2021, a conciliation report was signed at the trade union, in which the relevant claims and waivers were settled.

1
APRIL | 2021

In compliance with the terms of the law, the lists for the renewal of the Board of Directors and the Board of Statutory Auditors were made available to the public at the registered office, on the Company's website and on the authorised storage mechanism 1INFO. The lists were submitted by the majority shareholder CPI, which holds a total of 19,180,573 shares, equal to 87.085% of the Company's share capital, and by the minority shareholder Associazione Cassa di Previdenza e Assistenza a favore dei Ragionieri e Periti Commerciali, which holds a total of 606,550 shares, equal to 2.75% of the Company's share capital, and were accompanied by the documentation required by the laws and regulations in force and by articles 16 and 22 of the Articles of Association.

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APRIL | 2021

The Board of Directors of the Company and the Board of Directors of Cortese Immobiliare approved the plan for the simplified merger by incorporation of Cortese Immobiliare into the Company, with the objective of achieving an adequate organisational and managerial structure of the Company, ensuring greater efficiency in terms of operating costs. The effect of the merger is to cancel the Company's investment in Cortese Immobiliare, equal to the entire share capital of the latter, without assigning shares in lieu pursuant to article 2504-ter of the Italian Civil Code, with the Company taking over the assets of Cortese Immobiliare.

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APRIL | 2021

In compliance with applicable laws and regulations, the plan for the merger by incorporation of Cortese Immobiliare into the Company was filed with the Rome Companies Register and at the Company's registered office, together with the additional documentation required by applicable laws and regulations. The unitary draft merger, together with the annual financial report as at 31 December 2020 prepared by the Company and the financial statements as at 31 December 2020 of Cortese Immobiliare, in accordance with the applicable laws - including regulations - have been made available at the Company's registered office, on the Company's website as well as on the 1Info storage mechanism.

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APRIL | 2021

the Company's Board of Directors approved the financial data as at 31 March 2021, which contained the following key results:

- **Net operating income** was Euro 1.1 million as at 31 March 2021;
- consolidated **profit/(loss)** for the period shows a loss of Euro -0.5 million as at 31 March 2021;
- consolidated **EBITDA** was a negative Euro -0.1 million;
- **Consolidated shareholders' equity** was Euro 84.8 million as at 31 March 2021 compared to Euro 85.4 million as at 31 December 2020;
- **Consolidated net financial debt** amounted to Euro 51.1 million as at 31 March 2021 compared to Euro 41.8 million as at 31 December 2020;

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APRIL | 2021

- **Net Loan to Value** was 40% as at 31 March 2021 compared to 33% as at 31 December 2020.

The Board of Directors therefore resolved to proceed on a voluntary basis, following the change of control and the Company's entry into the Group, with the publication of periodic financial information in addition to the annual and half-year financial reports, starting from the current financial year. The additional periodic financial information as at 31 March and 30 September of each year will be approved by the Board of Directors at meetings to be held within 45 days of the end of the first and third quarter and will be published by means of specific press releases issued in compliance with the applicable laws and regulations.

The Board of Directors therefore updated the calendar of corporate events in compliance with the provisions of article 2.6.2, paragraph 1, letter b) of the Regulations of Markets organised and managed by Borsa Italiana S.p.A., as follows:

- 23 April 2021 - Board of Directors to approve additional financial information as of 31.03.2021
- 26 April 2021 - Shareholders' Meeting for the approval of the Financial Statements at 31.12.2020
- 14 September 2021 - Board of Directors to approve the Half-Year Financial Report at 30.06.2021
- 29 October 2021 - Board of Directors to approve additional financial information as of 30.09.2021

The Nova Re Shareholders' Meeting passed the following resolutions:

Amendments to the Articles of Association - The Extraordinary Shareholders' Meeting resolved to update the Articles of Association by amending articles 5, 7, 8, 11, 12, 13, 14, 15, 16, 17, 18, 22 and inserting article 28, in order to (i) introduce certain powers or flexibilities provided for by current laws and regulations; and/or (ii) update certain provisions in the light of the most recent market practices; and/or (iii) more generally, amend and refine the wording of certain provisions from a purely formal and terminological point of view.

Delegation to the Board of Directors to increase the share capital for a maximum amount of Euro 2 billion - The Extraordinary Shareholders' Meeting resolved the granting to the Board of Directors the power to increase he share capital by a maximum amount of Euro 2 billion, including any share premium, to be carried out in one or more tranches, by the date of shareholders' approval of the financial statements as at 31 December 2023 under article 2443 of the Italian Civil Code, even by excluding option rights under article 2441(4) and (5) of the Italian Civil Code, and the consequent amendment of article 5 of the Company's Articles of Association.

The 2020 Financial Statements were unanimously approved - The Annual Meeting, having taken note of the Report of the Board of Directors on the results of operations for the financial year 2020, the Draft Financial Statements for the financial year 2020, the reports of the Board of Statutory Auditors and the Independent Auditors, unanimously approved the Financial Statements for the financial year 2020, as drawn up by the Board of Directors and published on 2 April 2021. The net profit for the year showed a loss of Euro 9,148 thousand and significantly reflected the impact that the Covid-19 pandemic had on the Company. As at 31 December 2020, shareholders' equity was Euro 85,147 thousand and net debt was Euro 39,919 thousand (Euro 61,498 thousand as at 31 December 2019).

Remuneration Policy and Report on the remuneration policy and compensation paid pursuant to article 123-ter TUF - The Annual Meeting approved the compensation policy illustrated in the first section of the Report on the remuneration policy and compensation paid prepared by the Board of Directors pursuant to article 123-ter TUF and rendered 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 TUF.

Appointment of the Board of Directors - The Meeting appointed the new Board of Directors, setting the number of members at seven and a term of office expiring on the date of the Shareholders' Meeting called to approve the financial statements for the year ending on 31 December 2023, in the persons of:

(I) Giancarlo Cremonesi, as Chair; (II) Stefano Cervone; (III) Giuseppe Colombo; (IV) Giovanni Naccarato (*); (V) Maria Spilabotte (*); (VI) Camilla Giugni(*); (VII) Eleonora Linda Lecchi(*).

The Directors were drawn from the list submitted by the majority shareholder CPI (which holds a stake equal to 87.085% of the share capital), which obtained favourable votes equal to approximately 96.93% of the share capital present and voting, with the exception of the Director Eleonora Linda Lecchi, taken from the list submitted by the minority shareholder Associazione Cassa Nazionale di Previdenza e Assistenza a favore dei Ragionieri e Periti Commerciali (National Welfare and Assistance Fund for Accountants and Commercial Experts, holding a 2.75% stake in the share capital), which received favourable votes equal to approximately 3.06% of the share capital present and voting.

Appointment of the Board of Statutory Auditors - The Meeting appointed the new Board of Statutory Auditors, determining its term of office as of the date of the Meeting called to approve the financial statements for the year ending 31 December 2023, in the persons of:

(I) Luigi Mandolesi (**), as Chair of the Board of Statutory Auditors; (II) Domenico Livio Trombone (**), as Statutory Auditor; (III) Sara Mattiussi(**), as Statutory Auditor; (IV) Giuliana Maria Converti(**), as Alternate Auditor; (V) Sergio Mariotti(**), as Alternate Auditor.

The Auditors were drawn from the list submitted by the majority shareholder CPI (which holds a stake equal to 87.085% of the share capital), which obtained favourable votes equal to approximately 96.93% of the share capital present and voting, with the exception of the Auditors Luigi Mandolesi and Sergio Mariotti, taken from the list submitted by the minority shareholder Associazione Cassa Nazionale di Previdenza e Assisten-

(*) Director declared to be independent pursuant to current laws and regulations and the Corporate Governance Code
(**) All the candidates for the post of Statutory Auditor have declared that they meet the independence requirements of article 148 of Legislative Decree 58/98 and the Corporate Governance Code

za a favore dei Ragionieri e Periti Commerciali (National Welfare and Assistance Fund for Accountants and Commercial Experts, holding a 2.75% stake in the share capital), which received favourable votes equal to approximately 3.06% of the share capital present and voting.

Independent Auditors - The Meeting - having acknowledged the observations made by the Independent Auditors Ria Grant Thornton S.p.A. regarding the consensual early termination of the assignment for the legal audit of the Company's accounts and the favourable opinion and reasoned recommendation of the Board of Statutory Auditors - approved the consensual early termination of the statutory audit assignment conferred to Ria Grant Thornton S.p.A. with reference to the remaining financial years 2021-2025 and appointed EY S.p.A. for the period 2021-2029, setting the fee at Euro 70,000 plus VAT for each of the nine financial years from 2021 to 2029.

Treasury shares - The Meeting, having revoked the resolution of the Shareholders' Meeting of 15 July 2020 authorising the purchase and disposal of treasury shares, to the extent not used, authorised the Board of Directors to purchase and dispose of treasury shares pursuant to articles 2357 et seq. of the Italian Civil Code and article 5 of EU Reg. no. 596/2014, of article 132 of Legislative Decree 58/1998 of article 144-bis of the Regulation adopted with resolution no. 11971/99. The authorisation to purchase treasury shares is valid for 18 months from the date of 26 April 2021, and concerns acts of purchase to be carried out, even in several stages, in an amount not exceeding the fifth part of the *pro-tempore* portion of the share capital, and so to date for a maximum of 4,405,021 ordinary shares, taking into account the shares held by the Company and its subsidiaries, and in any case within the limits of distributable profits and available reserves resulting from the last duly approved financial statements. The authorisation includes the power to subsequently dispose of the shares in the portfolio, in one or more tranches, even before the purchases have been exhausted, and possibly to repurchase the shares themselves, always in accordance with the limits and conditions established by the authorisation.

Also on **26 2021**, the Board of Directors of the Company confirmed Stefano Cervone as Chief Executive Officer of the Company, assigned to the Chair Giancarlo Cremonesi, in addition to the legal representation of the Company, the position of Director in charge of the internal control and risk management system and elected as Vice-Chair the Director Giovanni Naccarato. The Board of Directors then verified he fulfillment of the regulatory and statutory requirements, including those concerning the balance between genders, for the purposes of duly constituting the administrative body; in particular, it assessed the independence requirements envisaged by articles 147-ter, paragraph 4, and 148, paragraph 3, of the Consolidated Finance Act, and by article 2, recommendation no. 7, of the new Corporate Governance Code as well as by article 16 of the Markets Reg. for the Directors Camilla Giugni, Eleonora Linda Lecchi, Giovanni Naccarato and Maria Spilabotte. The Board also resolved to set up the Related Parties and Investments Committee, comprising Giovanni Naccarato (Chair), Eleonora Linda Lecchi and Maria Spilabotte and the Control, Risks, Appointments and Remuneration Committee comprising Giovanni Naccarato (Chair), Camilla Giugni and Maria Spilabotte.

It should be noted that the Board of Statutory Auditors also assessed the existence of the independence requirements provided for in article 148, paragraph 3, of the Consolidated Finance Act and article 2, recommendation no. 7, of the Corporate Governance Code for its Statutory members.

In addition, the Board resolved to adopt the new Corporate Governance Code - January 2020 edition, approving, among other things, the Policy for Managing Dialogue with Shareholders in General and the Regulations for the functioning of the Board of Directors and of the Internal Committees.

29 APRIL | 2021

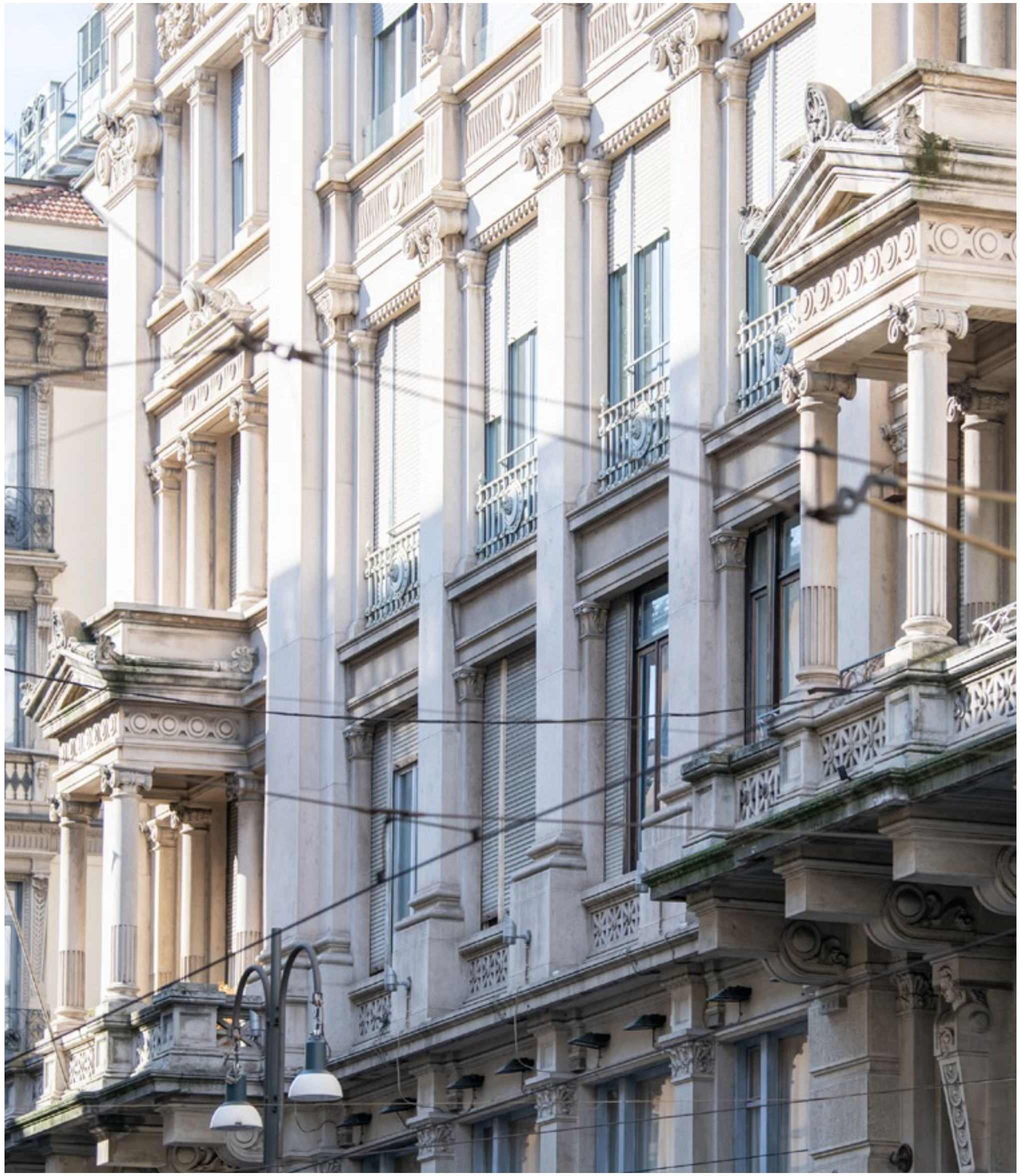
With reference to the eviction procedure for arrears promoted by the Company against the tenant SHG Hotel Verona S.r.l., relating to the property for hotel use located in Verona, via Unità d'Italia 346, the compulsory mediation procedure initiated by the parties was concluded with a positive outcome and the related dispute underway was defined, with the consequent waiver of the continuation of the proceedings pending before the Court of Verona. At this meeting, Nova Re and the tenant settled their mutual claims and positions in a transactional manner and Nova Re achieved, in particular, the early return of the property and the payment by the tenant of the outstanding rents relating to the period September 2020 to April 2021, recognising, as per practice, an indemnity for the early release of the property; Nova Re also purchased all the furniture, fittings, equipment and fixtures contained in the Hotel Verona, recognising a contribution for the improvements made to the property and the facilities serving it and for the concessionary charges paid by the tenant to the Municipality of Verona.

15 JUNE | 2021

The Board of Directors and the Shareholders' Meeting of Cortese Immobiliare resolved to merge Cortese Immobiliare into the Company, the 30 days required pursuant to article 2501-ter paragraph 4 having elapsed since the registration of the draft merger in the competent Companies Registers. Pursuant to law, the merger will become effective as of the last of the registrations of the deed of merger with the Companies Register or such later date as may be set forth in the deed of merger, which is reasonably expected to be executed within the current year 2021. Also on **15 June 2021**, the Board of Directors approved (i) subject to the favourable opinion of the Related Parties and Investments Committee, the new RPT Procedure in order to adapt its content to the regulatory amendments introduced by Consob Resolution no. 21624/2020, a procedure that will come into force on 1 July 2021; (ii) the updated version of the Organisation, Management and Control Model prepared pursuant to Legislative Decree no. 231/2001.

25
JUNE | 2021

The final contract was signed for the sale of a further portion of the property in Milan, Via Spadari 2. The Company purchased the portion for office use located on the third floor of the property - above the portions, already owned by Nova Re, located on the ground, underground, first and second floors - at a price of Euro 4,100,000.00 plus taxes, duties and closing costs.



EVENTS AFTER 30 JUNE 2021

5 JULY | 2021

The company, with reference to press rumours published on 3 July 2021 in Il Messaggero regarding possible agreements between Nova Re and the DeA Capital Group, announced to the market that it had not entered into any binding commitment with DeA Capital, although negotiations are under way with the aim of reaching a strategic agreement, by signing a Framework Agreement, to define a potential partnership between the respective Groups. The Company has communicated that, as of the date of this press release, these negotiations are still at a preliminary stage and, therefore, all the essential elements of the possible transaction are still under discussion.

5 AUGUST | 2021

Between Nova Re, DeA Capital Real Estate SGR S.p.A. (**DeA Capital RE** or **AMC**), DeA Capital S.p.A. (**DeA Capital**), De Agostini S.p.A., (**DeA**) and CPI, a strategic agreement was signed aimed at defining a potential partnership between the respective Groups (**Framework Agreement**). Specifically, the Framework Agreement provides that the parties to the agreement undertake to cooperate on a joint project aimed at creating a strategic operating partnership in the Italian real estate market (the **Joint Project**), including through the assignment by Nova Re to DeA Capital RE of the role of advisor for the provision of certain asset advisory services to Nova Re.

By means of the Framework Agreement, the parties intend, *inter alia*, to regulate the terms, conditions and methods of implementation of the Joint Project on the basis of the milestones indicated below:

1. Asset Advisory Agreement: the central element of the Joint Project is the appointment of DeA Capital RE as advisor to Nova Re for the provision of certain services for the latter's business under a specific agreement (**Asset Advisory Agreement**);
2. Acquisition of a minority stake in Nova Re: subject to the signing of the Asset Advisory Agreement between DeA Capital RE and Nova Re, DeA Capital, through one of its affiliates, will acquire a minority stake in Nova Re (**Nova Re Investment**);
3. Definition of the New Strategic Plan: the Joint Project will be based on a strategic plan (**New Strategic Plan**) to be developed by Nova Re on the basis of the strategic guidelines shared with the AMC (**Strategic Guidelines**);
4. Additional investment: for the purposes of implementing the Joint Project and subject to certain conditions being met, CPI and one or more DeA Group companies will subscribe to and pay a portion of the share capi-

tal increase approved by the Nova Re board of directors under the power granted, pursuant to article 2443 of the Italian Civil Code, to the administrative body on 26 April 2021 by the Extraordinary Shareholders' Meeting of Nova Re, to increase the share capital of the Company by a maximum amount of Euro 2,000,000,000.00 (two billion/00), including any share premium, to be executed also in divisible form, in one or more tranches, within the date of approval by the Shareholders' Meeting of the financial statements for the year ending 31 December 2023, also excluding option rights pursuant to article 2441, paragraphs 4 and 5 of the Italian Civil Code (**Delegated Capital Increase**). In particular, the Framework Agreement provides that Nova Re will undertake to execute, as part of the Delegated Capital Increase, a divisible capital increase for an initial amount of up to Euro 1,000,000,000.00, including nominal value and any share premium, of which Euro 300,000,000.00 is to be subscribed to and paid in cash by third-party investors, in accordance with the terms and conditions that will be set out in the New Strategic Plan (**Capital Increase**).

Part of the Capital Increase will be subscribed by DeA and DeA Capital (or an affiliate thereof), on the one hand, and by CPI, on the other, in order to acquire properties on the market in line with the New Strategic Plan, as follows:

1. DeA and DeA Capital (or one of their affiliates) will subscribe for and contribute in cash an amount (**DeA Subscription Amount**) equal to the lower of (a) 5% of the Capital Increase and (b) Euro 46,510,122.90 (i.e. the difference between Euro 50,000,000.00 and the price paid for the Nova Re Investment), provided in any case that the DeA Subscription Amount shall be understood as a maximum limit for all investments that may be made by DeA or DeA Capital and their respective affiliates pursuant to the Framework Agreement, whether by way of payment of the Capital Increase or otherwise through investment in corporate vehicles intended for specific real estate investments developed with CPI;
2. CPI will subscribe to and contribute, in cash and/or in kind, an amount of the Capital Increase such that, as a result of the Capital Increase, the CPI minimum investment will be between a minimum stake of 50% of the Nova Re share capital and a maximum stake of CPI of 60% of the Nova Re share capital.

The obligations of the parties to the Framework Agreement to subscribe for and pay part of the Capital Increase are subject to the fulfilment (or waiver) of the following conditions precedent, within the following terms:

1. by 30 June 2022:
- approval of the New Strategic Plan by Nova Re in accordance with the Strategic Guidelines, in a form, content and level of detail satisfactory to DeA Capital Re as asset advisor;
- appointment of a person designated jointly by DeA and DeA Capital as a member of the Nova Re board of directors;
- approval by Consob and Borsa Italiana S.p.A. of an offer and listing prospectus in accordance with Regulation (EU) 2017/1129, relating to the Capital Increase and its publication in accordance with applicable laws;

- occurrence of all of the following circumstances with respect to Nova Re in connection with the Capital Increase (prior to, or concurrently with, the subscription of said Capital Increase by DeA and DeA Capital or their affiliates: (x) resolution by Nova Re to increase the share capital of Nova Re in divisible form as part of the Delegated Capital Increase by an amount of up to Euro 1,000,000,000 (including any amount subscribed for and paid up by DeA, DeA Capital and CPI pursuant to the Framework Agreement); (y) subscription and cash payment of the Capital Increase by third-party investors (for clarity, other than DeA, DeA Capital or their affiliates and CPI) in an aggregate amount of at least Euro 300,000,000; and (z) Nova Re compliance with the corporate and investment requirements set forth in article 20 of Decree Law no. 133/2014 in order to apply and adhere to the special tax regime it provides for SIIQ companies (it being understood that the requirements set forth in this point (z) may also be achieved as a result of any transfer of Nova Re shares from CPI to third-party investors prior to the subscription of the Capital Increase);

2. on the date of subscription of the Capital Increase, (x) the continued effectiveness and non-termination for any reason of the Asset Advisory Agreement, and (y) the failure to amend the New Strategic Plan, in the form deemed satisfactory by DeA Capital Re.

The *Framework Agreement* shall cease to be effective in the event of termination of the Asset Advisory Agreement pursuant to the relevant provisions.

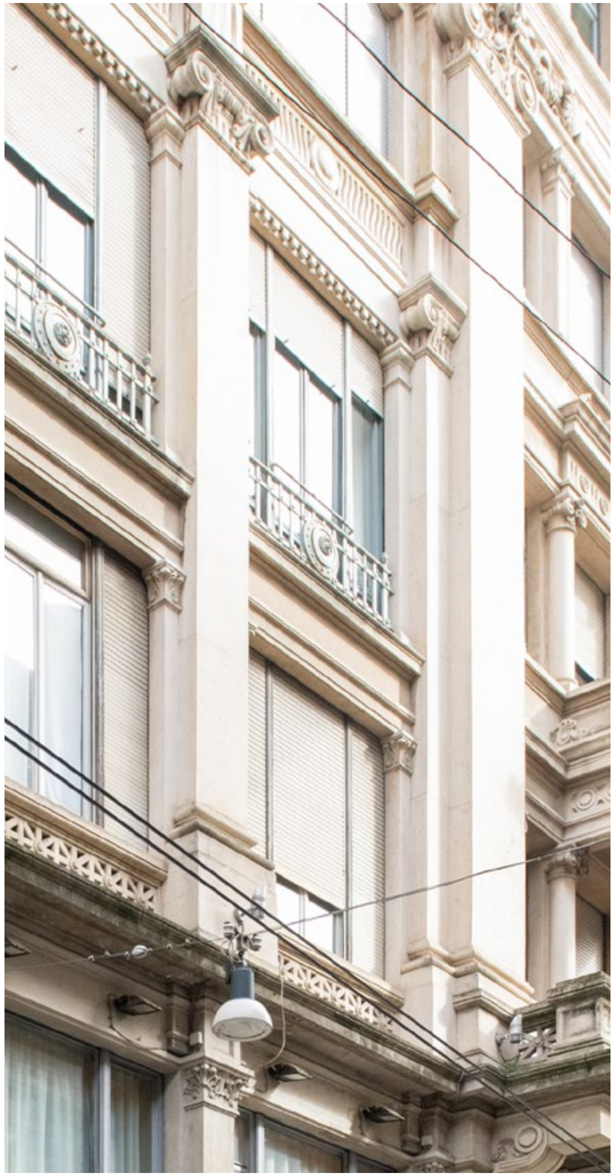
In addition, in execution of the Framework Agreement, on the same date the following were also signed:

- between CPI, as seller, and DEA Capital Partecipazioni S.p.A. (a subsidiary of Dea Capital), as buyer, an agreement to buy and sell the Nova Re Investment, equal to 1,101,255 ordinary shares representing around 5% of the share capital of Nova Re to be executed by 30 September 2021, at a price of Euro 3.169 per share, for a total consideration of Euro 3,489,877.10; the execution of this agreement is conditional on the Asset Advisory Agreement remaining effective and not being terminated for any reason at the date of purchase of the aforementioned investment; this agreement provides, among other things, for the CPI obligation to ensure that a member of the Nova Re board of directors resigns from the related position and that the Nova Re board of directors appoints, by co-option, the person who will be indicated by DEA Capital Partecipazioni S.p.A, provided that this candidate complies with the legal requirements regarding eligibility and any KYC procedures of Nova Re;
- between DeA Capital RE and Nova Re, the Asset Advisory Agreement, concerning the assignment to DeA Capital RE of the exclusive provision of asset advisory services to Nova Re - to be carried out in accordance with specified service levels, as well as all the specific instructions and guidelines issued by Nova Re - including:

1. strategic assistance in the context of the capital increase transactions arising from the Framework Agreement;
2. strategic assistance relating to the approval of the Nova Re business plan and related budgets;

3. reporting;
4. strategic assistance in the context of Nova Re real estate transactions (i.e., real estate asset management, acquisition and sale transactions, etc.). The Asset Advisory Agreement has a duration of six years, automatically renewable for a further six years, starting on 1 September 2021 and expiring on 31 August 2027, except in the cases provided for therein. For further information, please refer to the information document prepared pursuant to and for the purposes of the applicable provisions on related party transactions and the current *Nova Re SIIQ S.p.A. RPT Procedure*, which will be published in accordance with the terms provided for by the laws and regulations in force.

There are no further significant events to report following the half-year end.



ECONOMIC AND STOCK PERFORMANCE

With the progress of vaccination campaigns, global output growth has strengthened; the outlook is improving further, but heterogeneously across different areas. A noticeable rise in US inflation has reflected delays in the adjustment of supply to the strong recovery in demand, but has not so far extended significantly to medium-term expectations. Monetary policies remain expansionary in all major countries.

In the Eurozone, increases in energy prices led to a pick-up in price growth, but this is expected to be temporary. Against a background of general improvement but still characterised by uncertainties - linked to the development of the pandemic and the reopening of the market - the Governing Council of the ECB reiterated that it will maintain the current extremely expansionary monetary conditions for a long time, which remain essential to support the economy and to ensure the return of inflation to values consistent with price stability in the medium term. According to the new monetary policy strategy approved by the Council, particularly strong and persistent expansionary action is needed when interest rates are close to their lower limit.

In Italy, the change in GDP was slightly positive in the first quarter, unlike the other main countries in the Eurozone, where there was a fall in output. According to available indicators, growth accelerated in the second quarter, boosted by the acceleration of the vaccination campaign and the gradual easing of restrictions, and would have been more than 1% over the previous period. In addition to a new expansion in industry, the start of a recovery in services also contributed to this.

The recovery is driven above all by investments; according to Bank of Italy surveys, companies report that the conditions for investing are clearly improving and accumulation plans are accelerating during the year. Consumption is said to have returned to growth in the second quarter. However, the propensity to save remains high and is still affected by precautionary reasons.

Italy’s exports increased, in a context of strengthening world trade. In the first quarter, there was a reduction in tourist influxes. However, mobile phone data provide signs of a recovery in foreign visitors to Italy from the end of April. The propensity of foreign investors to buy Italian securities has been confirmed in recent months. The net international investment position was further expanded.

The latest available data indicate an increase in employment in the spring months, with a partial recovery of jobs for young people and women in the May-June two-month period. Employment had fallen in the first quarter of the year as a result of the marked decline in private services associated with the resurgence of infection.

Inflation is rising, but core inflation remains very low. The increase in the prices of raw materials, favoured by the global recovery, was reflected in consumer prices, bringing inflation in June to 1.3 percent, the highest level in the last three years; net of energy and food, however, inflation remains very weak (0.3 percent). There is no evidence of significant effects of further transmission of energy costs to sales prices of final goods and services; there are no signs of significant increases in wages.

The accommodative stance of the ECB monetary policy continues to be reflected in very eased conditions in financial markets and bank lending. Government bond yields remain subdued: the sovereign risk premium remains below pre-pandemic levels. The growth in loans to non-financial companies and households continued. The demand for corporate credit, most of which was backed by government guarantees, reflected not only debt restructuring needs and precautionary reasons but also the intention to finance a resumption of investment.

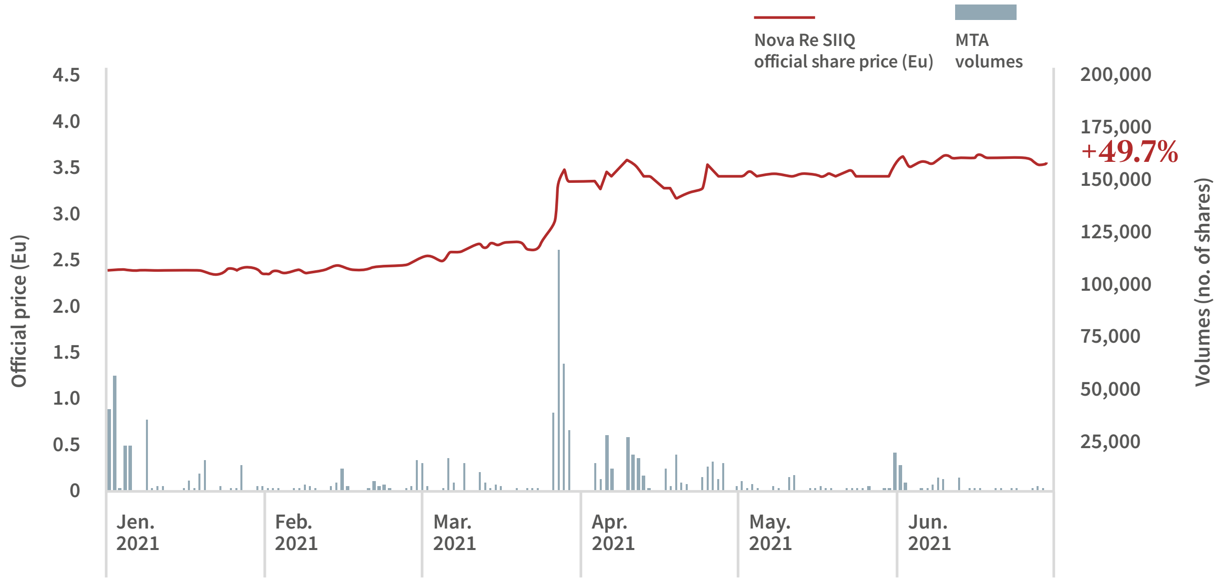
The Government introduced new measures to support workers and businesses with measures launched in the second quarter of the year.

In mid-July, the EU Council approved the National Recovery and Resilience Plan (NRRP) sent by the Government at the end of April.

Source: Bank of Italy Economic Bulletin no. 3 - 2021

Nova Re is a company listed on the MTA of the Italian Stock Exchange. Its shares are identified by the ISIN Code IT0005330516 and the Alphanumeric Code NR.

The following graph shows the performance of Nova Re stock over the period 4 January 2021 - 30 June 2021 and the volumes traded on MTA in the first half of 2021.

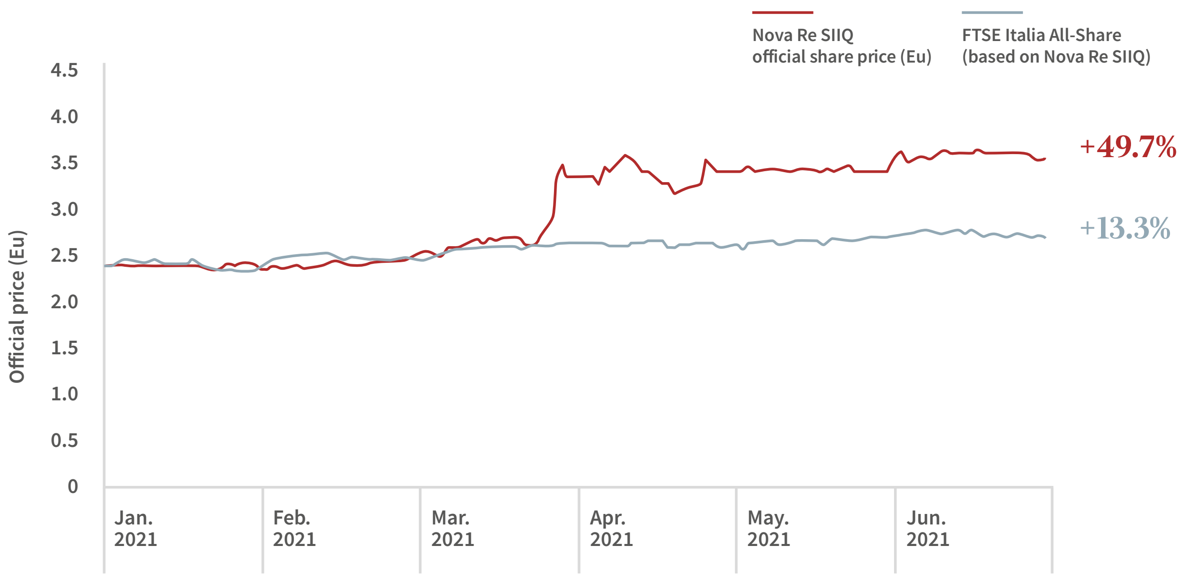


SOURCE: Bloomberg

The following events are recalled impacting Nova Re stock in the first six months of 2021:

1. the conclusion, on 22 January 2021, following the reopening of the terms, of the mandatory totalitarian takeover bid promoted by CPI Property Group on Nova Re at a price of Euro 2.36 per share,
2. the publication, on 19 February 2021, of the preliminary consolidated results for the year ended 31 December 2020;
3. the communication to the market, on 13 March 2021, of the restoration by CPI Property Group of a free float sufficient to ensure the regular course of trading following the sale of 1.18 million listed ordinary shares at a weighted average price of approximately Euro 2.59 per share,
4. the subsequent sale by CPI Property Group, between 29 March 2021 and 31 March 2021, of a further 6,000 listed ordinary shares at a weighted average price of between Euro 2.700 and Euro 3.463 per share, and
5. the approval, on 26 April 2021, by the Extraordinary Shareholders' Meeting of the granting to the Company's Board of Directors of a proxy to increase the share capital by a maximum amount of Euro 2 billion by the date of the shareholders' approval of the financial statements for the year ending 31 December 2023.

In the first half of 2021, the total volumes traded on the MTA amounted to approximately 890 thousand ordinary shares for a total value of approximately Euro 2.7 million, corresponding to a weighted average price for volumes traded on the MTA of approximately Euro 3.00 per share. Average daily volumes during the half-year were approximately 7,033 shares, with a high of 114,124 shares traded on 30 March 2021.



SOURCE: Bloomberg

In the first half of 2021, the Nova Re share price performance (+49.7%) was significantly higher than the FTSE Italia All-Share index (+13.3%).

We report below the data recorded during the 4 January 2021 - 30 June 2021 period.

			DATE
Maximum official price	*Eu*	3.627	17/06/2021
Minimum official price	*Eu*	2.313	02/02/2021
Last official price	*Eu*	3.524	30/06/2021
No. of listed ordinary shares[1]		10,974,349	30/06/2021
Capitalisation based on listed ordinary shares[1]	*Eu*	38,677,996	30/06/2021
Total no. of ordinary shares[1]		21,986,904	30/06/2021
Capitalisation based on total ordinary shares[1]	*Eu*	77,490,644	30/06/2021
Free float percentage of listed ordinary shares[1,2]	%	25.54%	26/04/2021[4]
Free float percentage relative to total ordinary shares[1,3]	%	12.77%	26/04/2021[4]

1) Net of 38,205 treasury shares;
2) Calculated excluding CPI Property Group's investment in the Company's listed ordinary share capital (8,162,018 listed ordinary shares);
3) Calculated excluding CPI Property Group's total investment in the Company's share capital (8,162,018 listed ordinary shares and 11,012,555 unlisted ordinary shares);
4) Date of the last ordinary and extraordinary shareholders' meeting of the Company.

For further information on Nova Re share performance and for company updates please visit the corporate website www.novare.it and, more specifically, the Investors section.

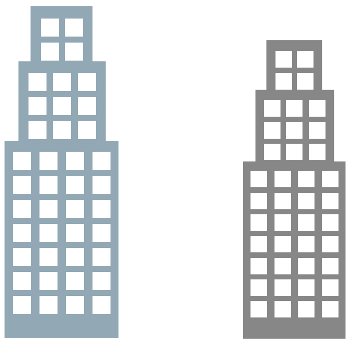
THE ECONOMIC CONTEXT AND THE REAL ESTATE MARKET

The volume of investments in Italy in the first half of 2021 stands at just over 3 billion (H1 2021_3.2 billion source CBRE), a reduction of approx. 20% YoY. The trend is increasing with significant growth in Q2 2021 over Q1.

In terms of asset class, the leading sector in 2021 is logistics, which recorded transactions of 620 million with a YoY growth of 129%. The Offices and Retail market is recovering, still impacted by the Covid effects, although more marked in the first quarter. Constant interest from the Residential and Hotel market.

Investments were concentrated in Milan (about 1.1 billion), which confirms good resilience to the economic crisis, as opposed to Rome (180 million). Excellent results for secondary markets, called other markets, which are instead first for the dynamics of logistics (approx. 2 billion).

The real estate market can finally be said to have recovered in all sectors.



▼ -22% VERSUS H1 2020

€ 3.2 mld

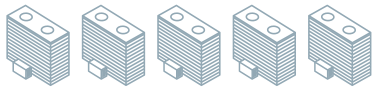
€ 4.1 mld H1 2020

TOP MARKETS

INVESTMENTS BY PRINCIPAL ASSET CLASSES

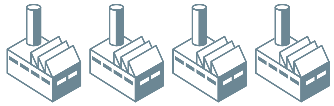
OFFICES ▼ -62%

€ 740 mln
versus € 1.93 mld H1 2020



INDUSTRY AND LOGISTIC ▲ +129%

€ 620 mln
versus € 270 mln H1 2020



HOTEL ▲ +6%

€ 510 mln
versus € 490 mln H1 2020

RESIDENTIAL =

€ 300 mln
versus € 300 mln H1 2020

RETAIL ▼ -7.6%

€ 250 mln
versus € 1 mld H1 2020

OTHERS

€ 780 mln
(Healthcare, Data Center Infrastructure, Education, Public Sector, Asset Mixed-use e portfolio)

Investor and operator sentiment is positive for the second half of the year with r falling in the sectors and locations of greatest interest.

The national economic situation for properties used for the services industry

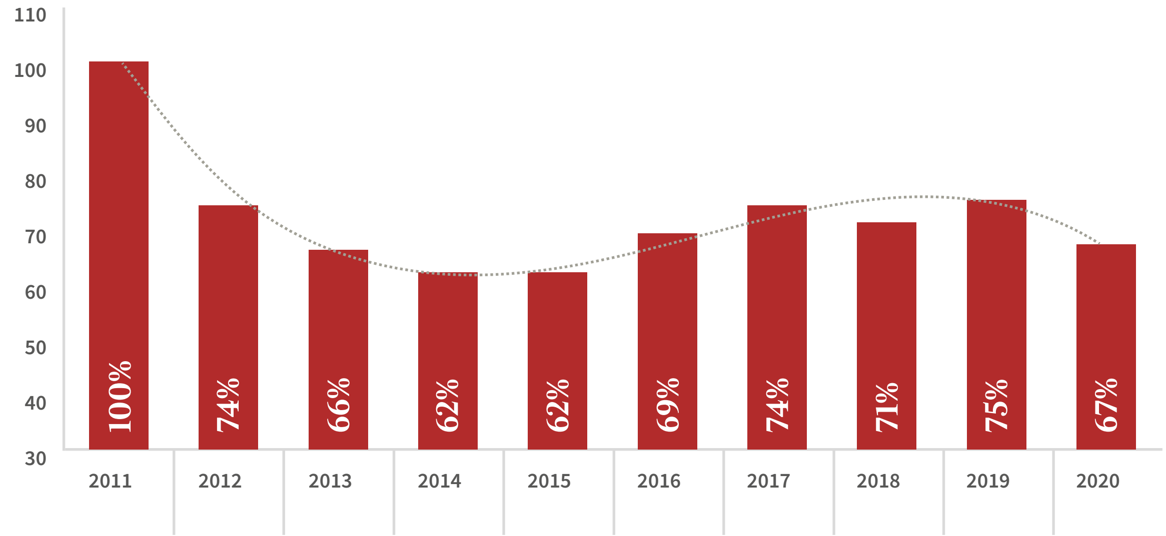
During 2020, the services industry (private offices and studios) recorded a total of 9,463 transactions nationwide, increasing by -10.3% compared to 2019. In detail, 61% of total transactions were recorded in the North, 18% in the South and 21% in Central Italy.

TREND OF NTN SERVICES INDUSTRY - ITALY (2011-2020)*

NTN	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Abs. Val.	14,095	10,407	9,282	8,800	8,728	9,726	10,370	9,997	10,544	9,463
Var.%		-26.2%	-10.8%	-5.2%	-0.8%	11.43%	6.6%	-3.6%	5.5%	-10.3%

Processing by Ufficio Studi Gabetti of data from Agenzia delle Entrate (Italian Inland Revenue)
* New residential NTN series reported in quarterly statistics of Q4 2020

TREND OF NTN SERVICES INDUSTRY - ITALY (2011-2020)*



PROCESSING: Ufficio Studi Gabetti of data from Agenzia delle Entrate (Italian Inland Revenue)

At annual level, performance in 2020 was negative in all three macro areas.

There was a significant recovery in 2021; on a quarterly basis, a total of 2,744 transactions were recorded in the first quarter of 2021, with a change of +50.7% compared to the same period in 2020. In the three macro areas, the following changes occurred: North +53.9%, Central Italy +53% and South +38.7%.

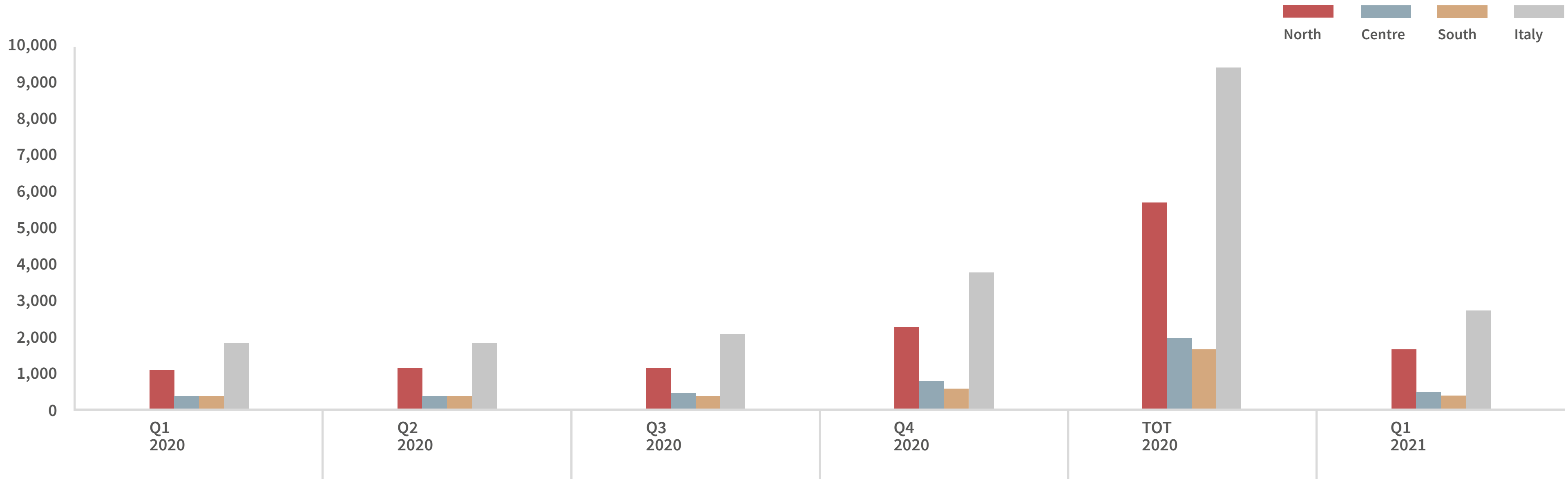
OFFICES - QUARTERLY NTN MACRO AREAS (Q1 2020 Q1 2021)

MACROAREA	Q1 2020	Q2 2020	Q3 2020	Q4 2020	TOT 2020	Q1 2021
North	1,105	1,159	1,153	2,312	5,729	1,700
Centre	354	338	489	830	2,011	542
South	362	315	424	622	1,723	502
Italy	1,821	1,812	2,067	3,764	9,463	2,744

OFFICES - QUARTERLY NTN MACRO AREAS - TREND RATE

MACROAREA	Δ Q1 20/19	Δ Q2 20/19	Δ Q3 20/19	Δ Q4 20/19	Δ 20/19	Δ Q1 21/20
North	-18.6%	-29.9%	-12.0%	9.2%	-11.0%	53.9%
Centre	-16.6%	-29.5%	4.0%	16.0%	-3.8%	53.0%
South	-13.3%	-37.4%	-4.5%	-4.4%	-14.5%	38.7%
Italy	-17.2%	-31.3%	-7.1%	8.1%	-10.3%	50.7%

OFFICES - QUARTERLY NTN MACRO AREAS (Q1 2020 Q1 2021)



PROCESSING: Ufficio Studi Gabetti su dati Agenzia delle Entrate

Analysing the provinces of the eight largest Italian cities, the trends are quite different, also in view of the small number of purchases and sales recorded in a quarter, therefore percentage changes can be high in respect of slight changes in absolute terms.

In 2020, a total of 3,577 transactions were recorded, generating changes of -11.2% compared to 2019.

On a quarterly basis, there were a total of 1,021 transactions in Q1 2021, +53.5% from the same quarter in 2020. Specifically, there was an increase in almost all the provinces analysed: Palermo (+91.5%), Milan (+89.5%), Turin (+56.3%), Rome (+41.8%), Bologna (+8.7%), Florence (+6.9%). Decreases for Naples (-4.9%) and Genoa (-47%).

SERVICES INDUSTRY - OFFICES - QUARTERLY NTN BY MAIN PROVINCES (Q1 2020- Q1 2021)

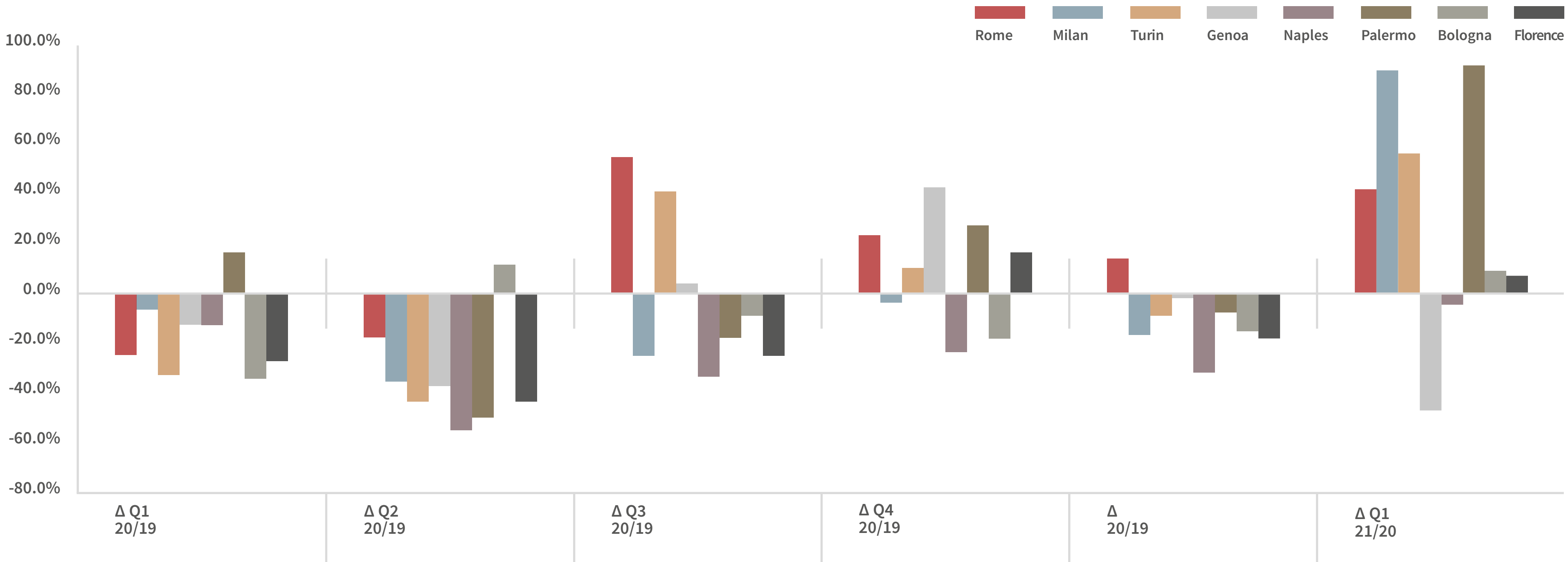
PROVINCE	Q1 2020	Q2 2020	Q3 2020	Q4 2020	TOT 2020	Q1 2021
Rome	95	105	238	323	762	135
Milan	287	339	266	602	1.494	545
Turin	64	52	89	132	336	100
Genoa	33	20	34	44	130	18
Naples	50	36	51	79	215	47
Palermo	36	26	29	63	154	69
Bologna	54	73	62	95	284	58
Florence	47	33	41	82	203	50
Total	665	683	809	1,420	3,577	1,021

Processing by Ufficio Studi Gabetti of data from Agenzia delle Entrate (Italian Inland Revenue)

SERVICE INDUSTRY - TREND RATE MAIN PROVINCES

PROVINCE	Δ Q1 20/19	Δ Q2 20/19	Δ Q3 20/19	Δ Q4 20/19	Δ 20/19	Δ Q1 21/20
Rome	-24.7%	-16.9%	55.4%	24.1%	14.3%	41.8%
Milan	-6.4%	-34.8%	-24.4%	-3.5%	-17.1%	89.5%
Turin	-32.5%	-43.2%	-41.7%	9.6%	-8.7%	56.3%
Genoa	-12.0%	-36.5%	3.9%	42.3%	-1.0%	-47.0%
Naples	-13.0%	-54.9%	-33.6%	-23.1%	-31.9%	-4.9%
Palermo	16.2%	-49.5%	-17.1%	27.4%	-7.6%	91.5%
Bologna	-34.0%	11.2%	-8.5%	-18.2%	-14.2%	8.7%
Florence	-27.0%	-43.1%	-24.7%	16.3%	-17.8%	6.9%
Total	-16.7%	-33.2%	-2.9%	3.3%	-11.2%	53.5%

SERVICE INDUSTRY - TREND RATE MAIN PROVINCES



PROCESSING: Ufficio Studi Gabetti of data from Agenzia delle Entrate

The services industry market in Milan

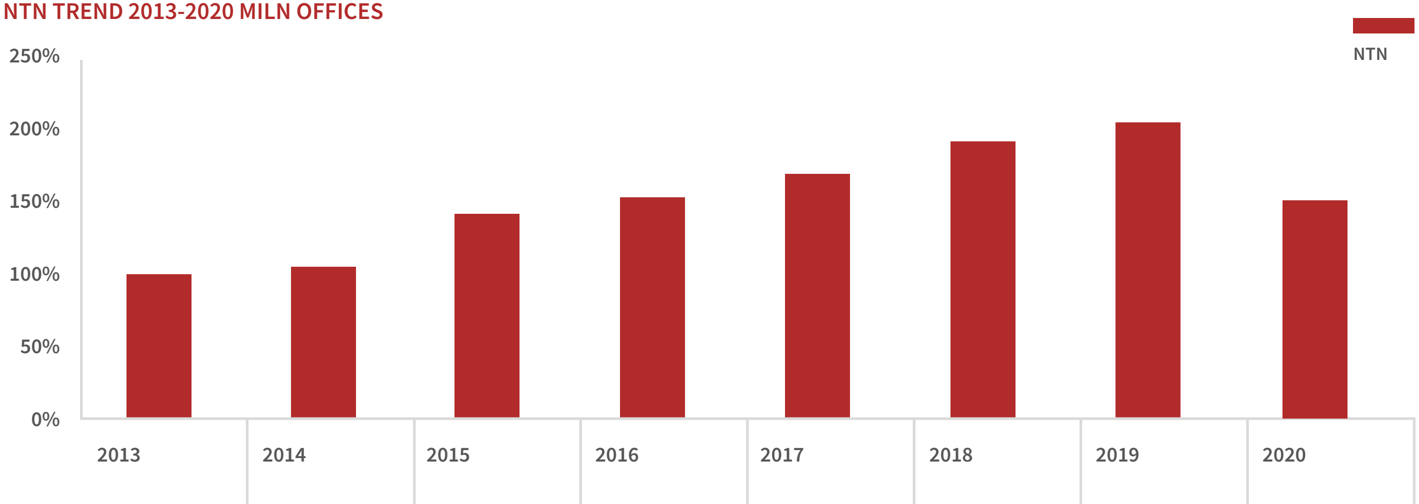
The historical series of the Number of Normalised Transactions (NTN, from its Italian initials) of properties for use by the services industry in the Municipality of Milan, for the 2013-2020 period, shows an average of 910 transactions, with a net growth phase since 2013.

OFFICES MARKET											STATISTICS		
AREA / MILAN		2013	2014	2015	2016	2017	2018	2019	2020	MEDIA (µ)	Δ '20/'13	Δ '20/'19
NTN	Val. Ass.	596	629	850	916	1,016	1,147	1,225	902	910	51.5%	-26.4%
	Var. %	-11.6%	5.6%	35.3%	7.7%	10.9%	12.9%	6.8%	-26.4%			

Processing by Ufficio Studi Gabetti of data from Agenzia delle Entrate (Italian Inland Revenue)

The graph shows the annual trend of the NTN during the 2013-2020 period for the Municipality of Milan.

NTN TREND 2013-2020 MILN OFFICES



PROCESSING: Ufficio Studi Gabetti of data from Agenzia delle Entrate

Market trends - Fees

From the analysis of lease contracts, it is possible to extract some significant data regarding average and prime rents broken down by area.

The prime lease fee during Q1 2021 is Euro 600/sqm/year, a figure that is stable compared the previous quarter.

It must be noted that prime rents would be subject to downward changes in view of possible incentives (e.g. free rent, step-up etc.).

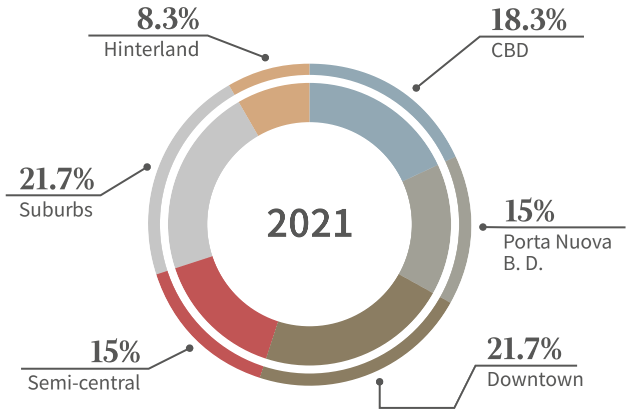
Market trends - Yields

Compared to the previous quarter, (gross) yields were slightly down, with a Prime Yield in the central area of Milan of around 4.25%.

Market trends - Take up

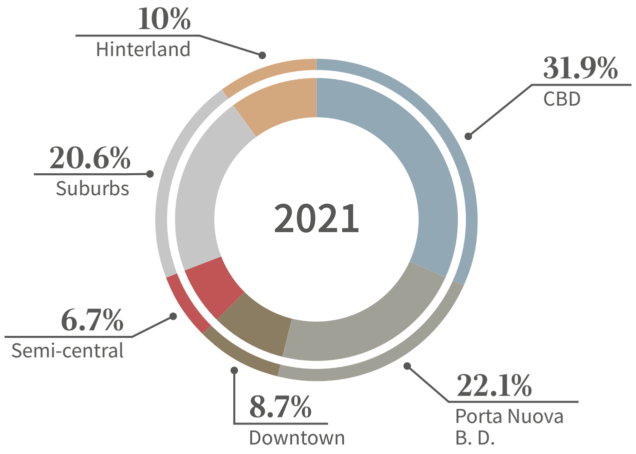
Estimated take up in Q1 2021 was approximately 70,100 sqm (considering the main operators and a fragmented share among smaller operators), and was down from Q1 2020. In terms of the number of contracts closed, the largest share was both in the Centre and Suburbs (21.7% in both areas), followed by the CBD (18.3%). In terms of leased area, the CBD accounts for the largest share (31.9%), followed by Porta Nuova Business District with 22.1% and the Suburbs with 20.6%.

ASSETS LEASE BY AREA MILAN Q1 2021



PROCESSING: Ufficio Studi Gabetti

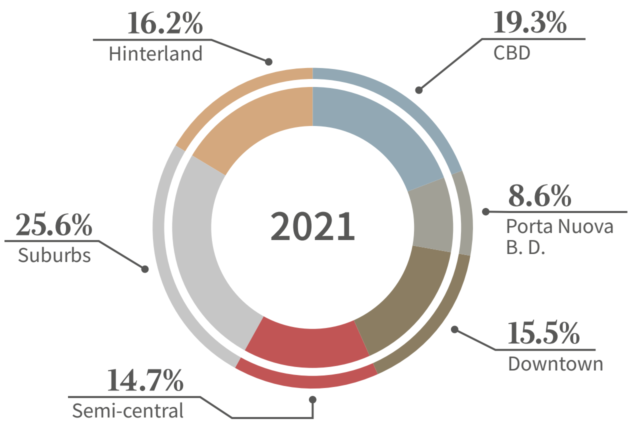
SURFACE LEASED BY AREA MILAN Q1 2021



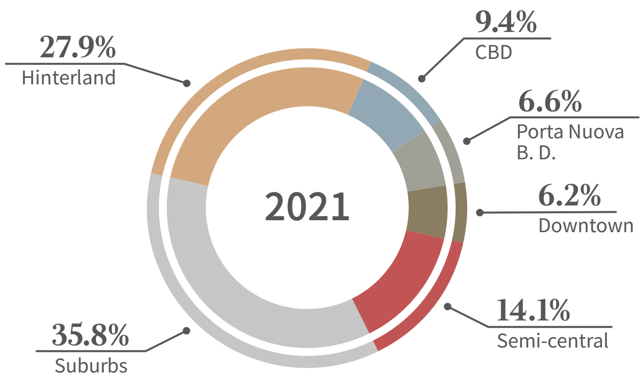
Vacancy

The total estimated vacancy in the Milan area, as of Q1 2021, is approximately 1.4 million sqm. The disaggregated analysis of the territory shows a prevalence of vacancy, in terms of area, in the suburban area of the city, with 35.8%, followed by the Hinterland, with 27.9% of the total vacancy.

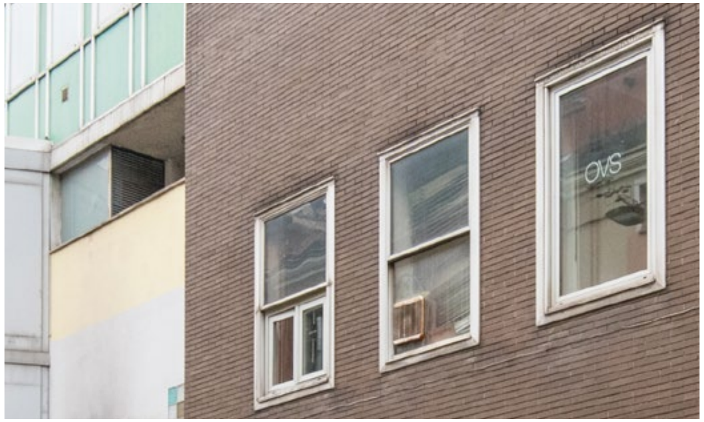
VACANT UNITS BY AREA MILAN Q1 2021



VACANT SURFACE BY AREA MILAN Q1 2021



PROCESSING: Ufficio Studi Gabetti



The services industry market in Rome

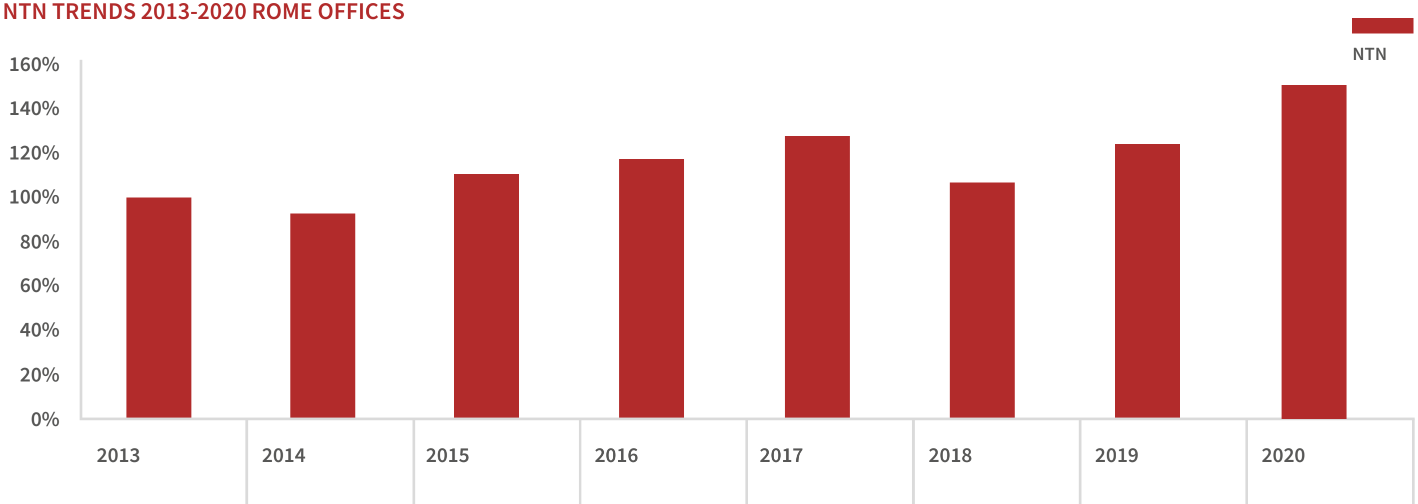
The historical series of the Number of Normalised Transactions (NTN, from its Italian initials) of properties for use by the services industry in the Municipality of Rome, for the 2013-2020 period, shows an average of 504 transactions, with a growth stage since 2013 equal to +49.6%.

OFFICES MARKET										STATISTICS		
AREA / ROME		2013	2014	2015	2016	2017	2018	2019	2020	MEDIA (µ)	Δ '20/'13	Δ '20/'19
NTN	Val. Ass.	436	402	482	511	552	462	537	652	504	*49.6%*	*21.3%*
	Var. %	*-4.5%*	*-7.8%*	*20.1%*	*6.0%*	*8.1%*	*-16.4%*	*16.4%*	*21.3%*			

Processing by Ufficio Studi Gabetti of data from Agenzia delle Entrate (Italian Inland Revenue)

The graphs show the annual trend of the NTN during the 2013-2020 period for the Municipality of Rome.

NTN TRENDS 2013-2020 ROME OFFICES



PROCESSING: Ufficio Studi Gabetti of data from Agenzia delle Entrate

Market trends - Fees

From the analysis of lease contracts, it is possible to extract some significant data regarding average and prime rents broken down by area.

In particular, given the distribution of office buildings in the city of Rome, four macro-areas have been identified: the centre, the semi-centre, the Eur area and the peripheral area, which also includes the Fiumicino Corridor, East Inner Gra and South-East Inner Gra submarkets and the Fiumicino axis.

The prime rent for leases during Q1 2021 is Euro 440/sqm/year, a figure that is stable compared to the previous quarter.

It must be noted that prime rents would be subject to downward changes in view of possible incentives (e.g. free rent, step-up etc.). There is also a rezoning of the CBD and the Centre, resulting in an impact on the average and prime data for the two areas.

Market trends - Yields

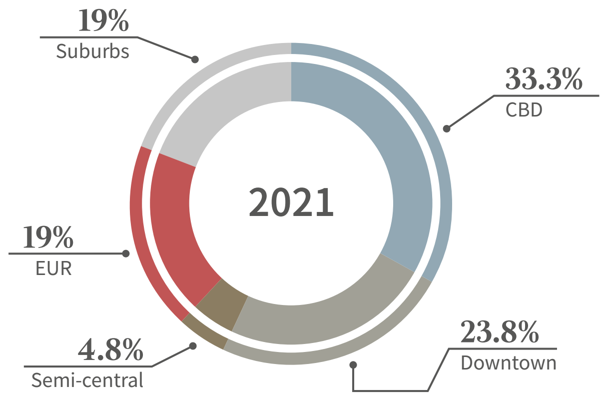
The values of the (gross) prime yields compared to the previous quarter are slightly down, with a Prime Yield in the central area of Rome around 4.75%.

Market trends - Take up

Take up in Q1 2021 was approximately 26,300 sqm (considering the main operators and a fragmented share among smaller operators), substantially in line with Q1 2020. It must, however, be noted that for the city of Rome the market share attributed to non-institutional operators can be considered higher than for the Milan market.

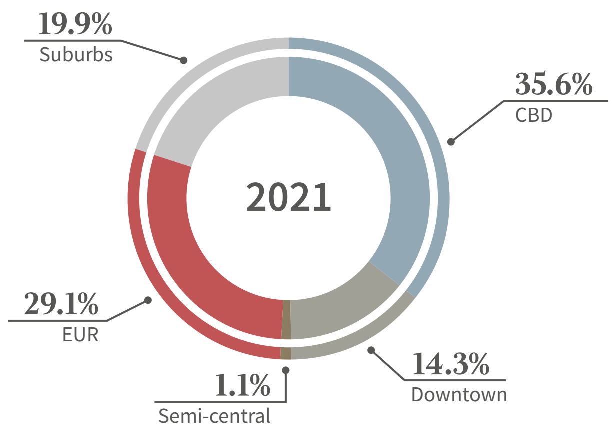
In terms of the number of contracts closed, the largest share was in the CBD area (**33.3%**), followed by the Centre (23.8%). In terms of area, we find the CBD area in the lead with 35.6% followed by the EUR area with 29.1 of the total leased area.

ASSETS LEASED BY AREA Q1 2021



ELABORAZIONI: Ufficio Studi Gabetti

SURFACE LEASED BY AREA Q1 2021



The national economic situation for commercial properties (shops and workshops)

During 2020, the commercial sector (shops and workshops) recorded a total of 26,961 transactions nationwide, -14.5% compared to 2019.

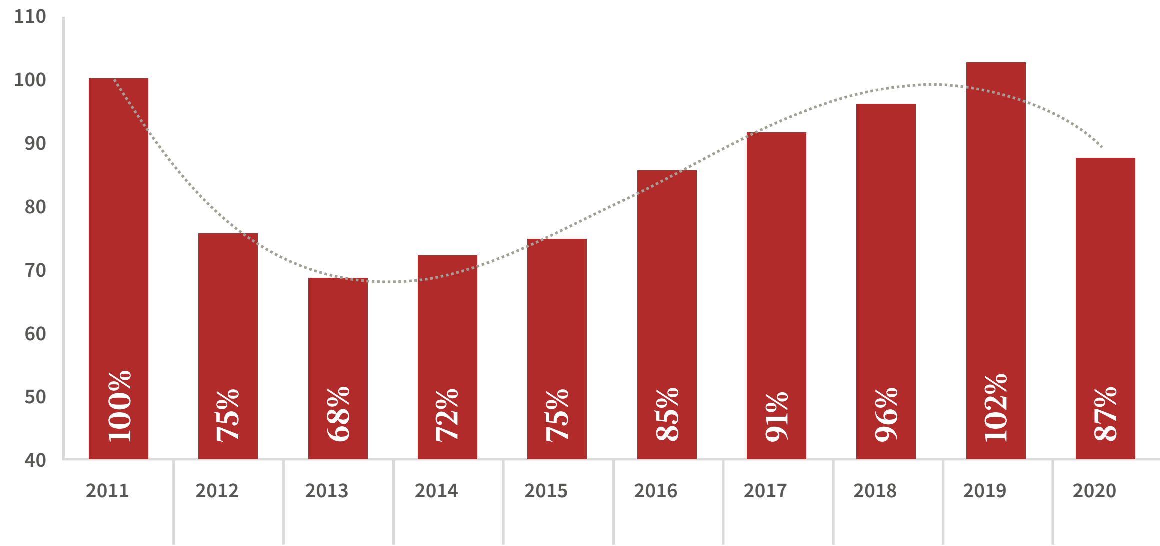
In detail, 48% of total transactions were recorded in the North, 29% in the South and the remaining 23% in Central Italy.

NTN TREND SHOPS AND WORKSHOPS (2011-2020)*

NTN	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Abs. Val.	30,829	23,256	21,108	22,236	23,053	26,299	28,170	29,508	31,534	26,961
Var. %		-24.6%	-9.2%	5.3%	3.7%	14.1%	7.1%	4.7%	6.9%	-14.5%

Processing by Ufficio Studi Gabetti of data from Agenzia delle Entrate (Italian Inland Revenue)
* New residential NTN series reported in quarterly statistics of Q4 2020

NTN TREND SHOPS AND WORKSHOPS (2011-2020)



Processing by Ufficio Studi Gabetti of data from Agenzia delle Entrate (Italian Inland Revenue)

On a quarterly basis, a total of 7,953 transactions were recorded in the first quarter of 2021, with a change of +34.4% compared to the same period in 2020. In the three macro areas, the following changes occurred: North +40.3%, Central Italy +31% and South +27.5%

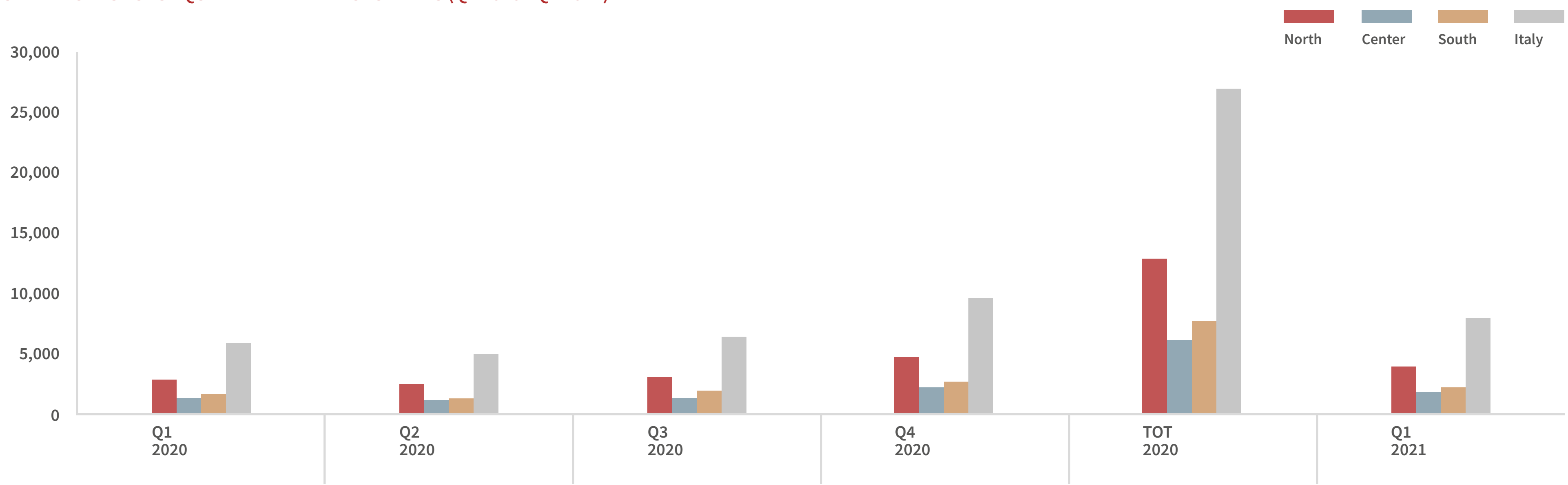
SHOPS AND WORKSHOPS - QUARTERLY NTN MACRO AREAS (Q1 2020 - Q1 2021)

MACROAREA	Q1 2020	Q2 2020	Q3 2020	Q4 2020	TOT 2020	Q1 2021
North	2,803	2,431	3,071	4,731	13,036	3,932
Center	1,385	1,193	1,369	2,200	6,147	1,814
South	1,731	1,390	2,008	2,650	7,778	2,206
Italy	5,918	5,015	6,447	9,581	26,961	7,953

SHOPS AND WORKSHOPS - TREND RATE MACRO AREAS

MACROAREA	Δ Q1 20/19	Δ Q2 20/19	Δ Q3 20/19	Δ Q4 20/19	Δ 20/19	Δ Q1 21/20
North	-19.1%	-39.7%	-6.2%	0.4%	-15.8%	40.3%
Center	-15.5%	-35.5%	-14.4%	7.4%	-13.9%	31.0%
South	-16.7%	-38.6%	2.5%	1.4%	-12.8%	27.5%
Italy	-17.6%	-38.4%	-5.6%	2.2%	-14.5%	34.4%

SHOPS AND WORKSHOPS - QUARTERLY NTN MACRO AREAS (Q1 2020 - Q1 2021)



Processing by Ufficio Studi Gabetti of data from Agenzia delle Entrate (Italian Inland Revenue)

Overall, the provinces of the eight major cities recorded a decrease of -18.8% in 2020 compared to the previous year, for a total of 9,725 transactions.

On a quarterly level, in the first quarter of 2021, the eight major provinces recorded an overall positive change of +31.9% compared to the same period in 2020, with a total of 2,818 transactions.

There was an increase in all the provinces: Naples (+42.5%), Turin (+40.6%), Milan (+37.8%), Florence (+31.8%), Rome (+26.6%), Bologna (+19.6%), Palermo (+8.8%) and Genoa (+6.8%).

SHOPS AND WORKSHOPS - QUARTERLY NTN MAIN PROVINCES (Q1 2020 - Q1 2021)

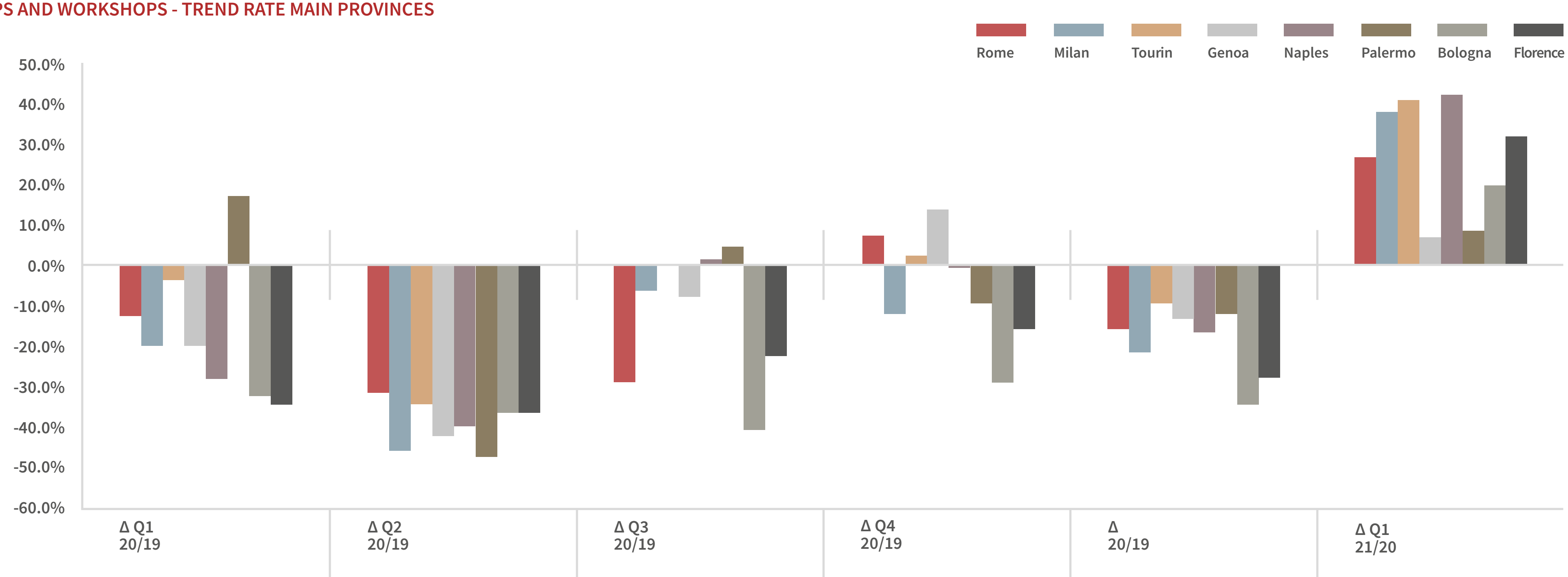
PROVINCE	Q1 2020	Q2 2020	Q3 2020	Q4 2020	TOT 2020	Q1 2021
Rome	475	464	449	842	2,231	602
Milan	628	555	723	1,046	2,952	865
Turin	293	252	316	412	1,273	412
Genoa	90	68	87	157	402	96
Naples	255	225	337	413	1,231	364
Palermo	120	74	115	151	461	131
Bologna	120	130	127	165	542	143
Florence	156	147	154	177	634	206
TOTAL	2,137	1,916	2,309	3,363	9,725	2,818

Processing by Ufficio Studi Gabetti of data from Agenzia delle Entrate (Italian Inland Revenue)

SHOPS AND WORKSHOPS - TREND RATE MAIN PROVINCES

PROVINCE	Δ Q1 20/19	Δ Q2 20/19	Δ Q3 20/19	Δ Q4 20/19	Δ 20/19	Δ Q1 21/20
Rome	-12.6%	-31.8%	-28.9%	7.6%	-15.5%	26.6%
Milan	-19.8%	-46.0%	-6.2%	-11.8%	-21.7%	37.8%
Turin	-3.4%	-34.0%	0.2%	2.5%	-9.2%	40.6%
Genoa	-20.3%	-42.0%	-7.5%	13.7%	-13.0%	6.8%
Naples	-28.1%	-40.1%	1.6%	-0.6%	-16.8%	42.5%
Palermo	17.1%	-47.6%	4.6%	-9.7%	-11.7%	8.8%
Bologna	-32.4%	-36.5%	-40.6%	-28.6%	-34.5%	19.6%
Florence	-34.4%	-36.4%	-22.4%	-15.6%	-27.7%	31.8%
TOTAL	-18.3%	-39.4%	-13.4%	-4.8%	-18.8%	31.9%

SHOPS AND WORKSHOPS - TREND RATE MAIN PROVINCES



Processing by Ufficio Studi Gabetti of data from Agenzia delle Entrate (Italian Inland Revenue)

REAL ESTATE PORTFOLIO

As of 30 June 2021, the Group's portfolio is made up of 7 properties, of which 3 for mainly commercial use, 3 for mainly office use and 1 for hotel use, for a total market value of Euro 138.8 million (which includes the value of the owner-occupied portion of the property in Rome, Via Zara equal to Euro 1.9 million classified under the item Other tangible assets of the condensed half-year consolidated financial statements as at 30 June 2021 as it is used by Nova Re SIIQ as its registered and operational office).

The properties are located in Milan (3), Verona (1), Rome (2) and Bari (1). The total gross area of the portfolio is of 55,526 sqm, while the commercial area is of 29,537 sqm.

In relation to the size of the real estate portfolio, it should be noted that during the first half of 2021, Nova Re recalculated the areas of all assets. Therefore, any differences with respect to the 2020 Annual Financial Report are intended to be related to

1. the recalculation referred to above,

2. the new acquisitions referred to below.

As described below, in the first half of 2021, Nova Re purchased further portions of the Via Spadari 2 complex in Milan, with particular reference to:

- the first floor and a portion of the second floor (leased to OVS), which - together with the portion relating to the underground and ground floor already owned by the company since 31 December 2020, also leased to OVS under a different contract - constitute the Spadari Commercial Portion (as further indicated below)

- a further portion of the second floor (leased to Zara Italia S.r.l.) and the third floor of the property (vacant), all for office use, which make up the Spadari Management Office Portion (as further described below)

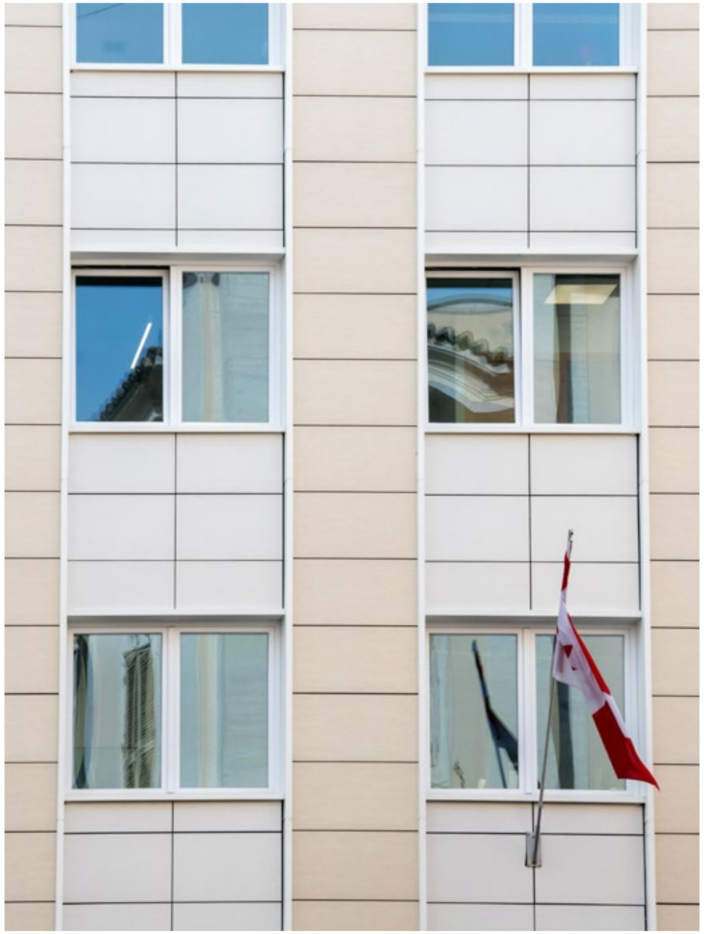
As at 30 June 2021, all properties in the Group's portfolio were fully leased/used with the exception of:

- the entire property in Verona - Via Unità d'Italia, which was vacated by the tenant during the first half of 2021 and, therefore, the property is now completely vacant and being marketed to find a new tenant;

- the office portion of the third floor of the property in Milan, Via Spadari. The subject property will be marketed within 2022 once the area redevelopment process currently underway is completed.

Again in terms of occupation and use of the real estate portfolio, it should be noted that with effect from 1 October 2020, Nova Re will directly use the portion of the property in Rome, Via Zara 22/32, which is not currently leased to third parties (first floor office portion, four parking spaces and a warehouse in the underground - areas hereinafter collectively referred to as the Zara Owner-Occupied Portion). This property is therefore now fully used and occupied but partially leased.

There are 6 tenants in the property portfolio: OVS, Ministry of Justice, Guardia di Finanza, Embassy of Canada, Dico S.p.A. and Zara Italia S.r.l.



REAL ESTATE PORTFOLIO HIGHLIGHTS

PROPERTY 1A
COMMERCIAL PORTION SPADARI

Address:
Via Spadari 2 - Milan

Intended use:
Commercial

Commercial area:
2,016 sqm

Gross area:
2,858 sqm

Tenant:
OVS S.p.A.

PROPERTY 1B
MANAGEMENT OFFICES PORTION SPADARI

Address:
Via Spadari 2 - Milan

Intended use:
Management offices

Commercial area:
809 sqm

Gross area:
1,037 sqm

Tenant:
Zara Italia S.r.l. (part second floor) and Vacant (third floor)

PROPERTY 2

Address:
Via Cuneo 2 - Milan

Intended use:
Commercial

Commercial area:
3,327 sqm

Gross area:
6,395 sqm

Tenant:
OVS S.p.A..

PROPERTY 3

Address:
Corso San Gottardo 29/31 - Milan

Intended use:
Commercial

Commercial area:
2,620 sqm

Gross area:
4,928 sqm

Tenant:
OVS S.p.A

PROPERTY 4A
ZARA INVESTMENT PORTION

Address:
Via Zara 22/32 – Rome

Intended use:
Directional and commercial

Commercial area:
2,681 sqm

Gross area:
3,636 sqm

Tenant:
Embassy of Canada and Dico S.p.A.

PROPERTY 4B
ZARA OWNER-OCCUPIED PORTION

Address:
Via Zara 28 - Rome

Intended use:
Management offices

Commercial area:
388 sqm

Gross area:
476 sqm

User :
Nova Re SIIQ S.p.A..

HIGHLIGHTS SUL PORTAFOGLIO IMMOBILIARE

PROPERTY 4C
ZARA COMMON AND NON-LEASABLE PORTION

Address:
-

Intended use:
-

Commercial area:
0

Gross area:
946 sqm

User :
-

PROPERTY 5

Address:
Viale Saverio Dioguardi 1 - Bari

Intended Use:
Management offices

Commercial area:
10,485 sqm

Gross area:
19,118 sqm

Tenant:
Ministry of Justice

PROPERTY 6

Address:
Via Vinicio Cortese 143 - Rome

Intended Use:
Management and Archive

Commercial area:
2,496 sqm

Gross area:
4,580 sqm

Tenant:
Guardia di Finanza (Finance Police)

PROPERTY 7

Address:
Via Unità d'Italia 346 - Verona

Intended Use:
Hotel

Commercial area:
4,715 sqm

Gross area:
11,552 sqm

Tenant:
Vacant

2021

In the first half of 2021, Nova Re increased its investment position in the Milan Via Spadari 2 property

Key events in 2021 relating to the Group's real estate portfolio

In the first half of 2021, Nova Re implemented the asset management activities detailed below on a property-by-property basis. As in FY 2020, portfolio management was significantly impacted by the COVID-19 pandemic.

Milan - Via Spadari 2

In the first half of 2021, Nova Re increased its investment position in the Milan Via Spadari 2 property through the acquisition:

- on 15 January 2021, of the property portion - first floor and part of the second floor - intended for commercial use and leased to OVS;
- on 25 January 2021 of the property portion - part of the second floor - intended for office use and leased to Zara Italia S.r.l.;
- on 25 June 2021, of the property portion - third floor - intended for office use and currently vacant.

For the property in question, given the continuation of the COVID-19 emergency situation, supplementary agreements were signed during the first half of 2021 by which the property supported the tenant in managing the negative economic and financial effects of the pandemic.

These agreements provided for a number of different agreements to supplement the existing contracts, from an economic point of view:

- waiver by Nova Re of the fee for the month of January 2021 for the contract relating to the property portion of ground floor and underground leased to OVS;
- waiver by the Nova Re predecessors and by Nova Re (to the extent of its jurisdiction given the purchase of 15 January 2021) of the fee for the month of January 2021 for the contract relating to the first and second (part) floor portion of the property leased to OVS;
- one-off reduction in the annual 2021 lease fee for a total of Euro 40 thousand for the contract relating to the office property portion on the second floor (part) leased to Zara Italia S.r.l.

Milan - Via Cuneo 2

For the property in question, given the continuation of the COVID-19 emergency situation, supplementary agreements were signed during the first half of 2021 by which the property supported the tenant in managing the negative economic and financial effects of the pandemic.

These agreements, in addition to a number of other agreements to supplement the existing contracts between the parties, provided from a financial point of view, for Nova Re to waive the fee for the month of January 2021.

Milan - Corso San Gottardo 29/31

For the property in question, given the reduction in the annual lease fee already provided for in the contract signed at the beginning of 2020 for the first seven years to allow the tenant to relaunch and reposition the commercial point, no further economic support was provided by the owner related to the continuation of the COVID-19 emergency situation.

In the first half of 2021, planning activities continued for the redevelopment of the commercial portion and part of the property complex in which it is included; said interventions will be carried out - by the tenant and Nova Re - partly in the second half of 2021 and partly in 2022.

Rome - Via Zara 22/32

During the first half of 2021, Nova Re terminated the existing lease contract with Dico and, at the same time, signed a new contract with the same tenant to take into account the changed economic and market conditions also related to the continuation of the COVID-19 emergency situation.

In particular, on 07 May 2021, the previous contract was terminated with effect from 30 April 2021 and a new contract was stipulated with effect from 01 May 2021, with a duration of 6 years + 6 years and the following economic conditions:

From 01 May to 31 December 2021, rent of Euro 56 thousand;

From 01 January to 31 December 2022, rent of Euro 90 thousand;

From 01 January to 31 December 2023, rent of Euro 95 thousand;

From 01 January 2024 until the expiry of the contract, effective annual rent of Euro 100 thousand, without prejudice to any ISTAT updates

Bari - Viale Saverio Dioguardi 1
Nova Re continued to carry out targeted redevelopment and asset management works on the property throughout the first half of 2021. During the last few months of 2020, the Municipality of Bari increased the property's land registry revenue (proposed by Nova Re in the previous twelve months). During the first half of 2021, given the change in cadastral income made by the Municipality of Bari at the end of 2020, assessments and activities continued regarding a possible start by Nova Re of a mediation process with the Municipality of Bari to reduce the cost of IMU property tax, which is already very significant for the type of property.

Rome - Via Vinicio Cortese 143
During the first half of 2021, negotiations continued with the current tenant Guardia di Finanza to finalise a new lease contract given the expiration of the current contract on 30 September 2021.

As at the date of this half-year financial report, negotiations are continuing with the tenant for the definition of a new lease contract. Both parties have expressed interest in the successful conclusion of the transaction. The technical/regulatory checks on the property are underway - functional to the renewal of the contract - after which negotiations will be started to define the new contractual terms.

Verona - Via Unità d'Italia 346
During the year 2020, the property, with tourist/hotel use, one of the real estate sectors most affected by the COVID-19 pandemic, was the subject of several agreements with the tenant aimed at supporting it in relation to the economic and financial losses related to the pandemic. However, the tenant was unable to comply with these agreements and, as part of an ongoing litigation process between the parties in late 2020 and early 2021, a tenant buyout transaction was finalised in April 2021. For further information, see also the section Significant events during the half-year.

The property is therefore now vacant and available for a new lease. As part of the buyout transaction represented above, Nova Re also acquired the furnishings and equipment of the hotel facility to enable a prompt start-up of operations for the future tenant.

Events subsequent to 30 June 2021 relating to the real estate portfolio

Given the continuation of the emergency situation related to the Covid 19 pandemic, Nova RE SIIQ and OVS signed, on 31 August 2021, a further framework agreement (the third after those of July 2020 and March 2021) relating to the retail portfolio in Milan (Via Spadari, Via Cuneo, Corso San Gottardo), whereby Nova RE SIIQ once again deemed to support the tenant in relation to the economic and financial losses related to the pandemic by waiving the monthly lease fee for the month of October 2021 for the Via Spadari and Cuneo properties.

The agreement also provides, among other stipulations:

- for the property in Milan, Via Spadari, the unification - by the end of the current year - of the two lease contracts currently in place for the different property units. The unification of the contracts will take place through the termination of the existing contracts in place and the signing of a single new lease contract with effect from 28 December 2021, initial annual rent of Euro 1,815,000 plus VAT, expiration and other agreements in line with the main contract currently in place for the ground floor and underground portion only.

- for the property in Milan San Gottardo, the signing - by the end of this year - of a contractual addendum by which

  1. the duration of the existing contract (from 7 + 6 years to 9 + 6 years) will be changed, providing for a reduced lease fee of Euro 500,000, already envisaged for the first seven years, also for the eighth year of the lease, an intermediate lease fee of Euro 750,000 for the ninth year of the lease and an effective annual rent of Euro 1,000,000 starting from the beginning of the tenth year

  2. the starting date of the first possibility for the tenant to leave the contract (break option), which will be moved from 1 July 2022 to 1 July 2025.

Summary of the real estate portfolio as at 30 June 2021

Table 1 below summarises the main characteristics of the real estate portfolio owned by the Group. The average gross yield has been calculated on the annual rents as at 30 June 2021, established in accordance with the information provided later in this section.

TABLE 1: REAL ESTATE PORTFOLIO HELD BY NOVA RE

REAL ESTATE PORTFOLIO	MARKET VALUE 30/06/2021 (A)	RENTS AS AT 30/06/2021 (B)	GROSS AVERAGE YIELD 30/06/2021 (B/A)	GROSS SQM LEASED	GROSS SQM LEASABLE	OCCUPANCY RATE
Milan, Via Spadari 2 (Commercial)	50,000	1,782	3.56%	2,016	2,016	100%
Milan, Via Spadari 2 (Management offices)	6,900	91	1.32%	267	809	33%
Milan, Via Cuneo, 2	25,300	1,173	4.64%	3,327	3,327	100%
Milan, Corso San Gottardo, 29/31	15,100	500	3.31%	2,620	2,620	100%
Rome, Via Zara 22/32 (Investment)	12,800	609	4.76%	2,681	2,681	100%
Rome, Via Zara 28 (Owner-Occupied Portion)	1,900	n.a.	n.a.	388	388	100%
Rome, Via Vinicio Cortese, 147	5,250	586	11.16%	2,496	2,496	100%
Bari, Viale Saverio Dioguardi, 1	15,000	963	6.42%	10,485	10,485	100%
Verona, Via Unità d'Italia, 346	6,500	0	0.00%	0	29,537	0%
TOTAL	**138,750**	**5,704**	**4.11%**	**24,280**	**29,537**	**82%**

Main real estate indicators

Market value of the real estate portfolio

As at 30 June 2021, the Group owns a real estate portfolio of 7 assets with a total value of Euro 138.8 million.

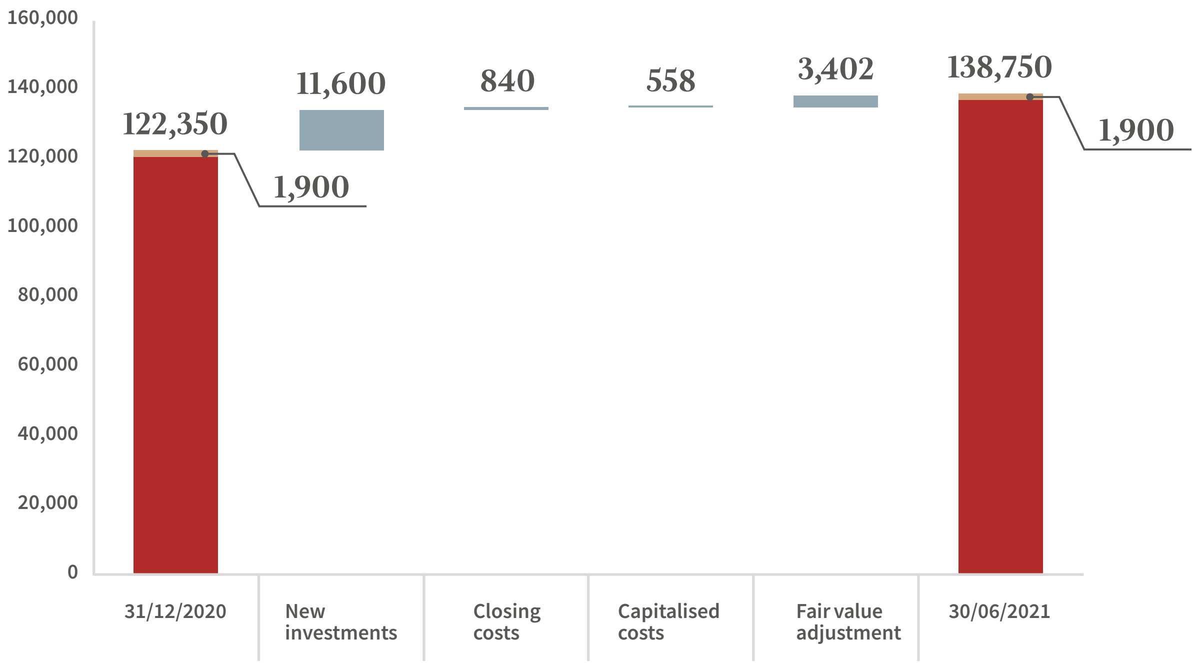
Compared to 31 December 2020, the value of the real estate portfolio owned had a gross increase of Euro 16.4 million mainly due to the change in the perimeter given by the new acquisitions occurred during the first half of 2021 (which implied an investment by Nova Re of Euro 11.6 million net of taxes and other closing costs).

Specifically, the change in the total value of the portfolio between 31 December 2020 and 30 June 2021 of Euro 16.4 million is attributable to the following components:

- new investments of Euro 11.6 million (70.7% of total change)
- closing costs Euro 0.8 million (5.1% of total change)
- capitalised costs of Euro 0.6 million (3.4% of total change)
- fair value adjustment of Euro 3.4 million (20.7% of total change)

Graph 1 and **Table 2**, here below, show the changes in the market value of the real estate portfolio, owned by the Group, between 31 December 2020 and 30 June 2021, highlighting the above components.

GRAPH 1: CHANGES IN MARKET VALUES OF THE REAL ESTATE PORTFOLIO (EURO THOUSANDS)



The graph shows in the two columns the value of Euro 1.9 million relating to the Zara Owner-Occupied Portion.

TABLE 2: CHANGES IN MARKET VALUES OF THE REAL ESTATE PORTFOLIO (EURO THOUSANDS)

REAL ESTATE PORTFOLIO	MARKET VALUE 31/12/2020	NEW INVESTMENTS 2021	CLOSING COSTS	CAPITALISED COSTS	FAIR VALUE ADJUSTMENT	MARKET VALUE 30/06/2021
Milan, Via Spadari 2 (Commercial)	40,500	5,700	547	0	3,253	50,000
Milan, Via Spadari 2 (Management offices)	n.a.	5,900	294	0	706	6,900
Milan, Via Cuneo 2	25,150	0	0	0	150	25,300
Milan, Corso San Gottardo 29/31	15,200	0	0	0	-100	15,100
Rome, Via Zara 22/32 (Investment)	14,600	0	0	0	92	14,700
Rome, Via Zara 28 (Owner-occupied portion)						
Rome, Via Vinicio Cortese, 147	5,400	0	0	0	-150	5,250
Bari, Viale Saverio Dioguardi, 1	14,900	0	0	0	100	15,000
Verona, Via Unità d'Italia, 346	6,600	0	0	550	-650	6,500
TOTAL	122,350	11,600	840	558	3,402	138,750

Analysis of rents as at 30 June 2021: Annual rents, Stabilised annual rents, Stabilised annual rents plus market for vacant locations.

Annual rents are lease fees in effect as of the reference date, not taking into account

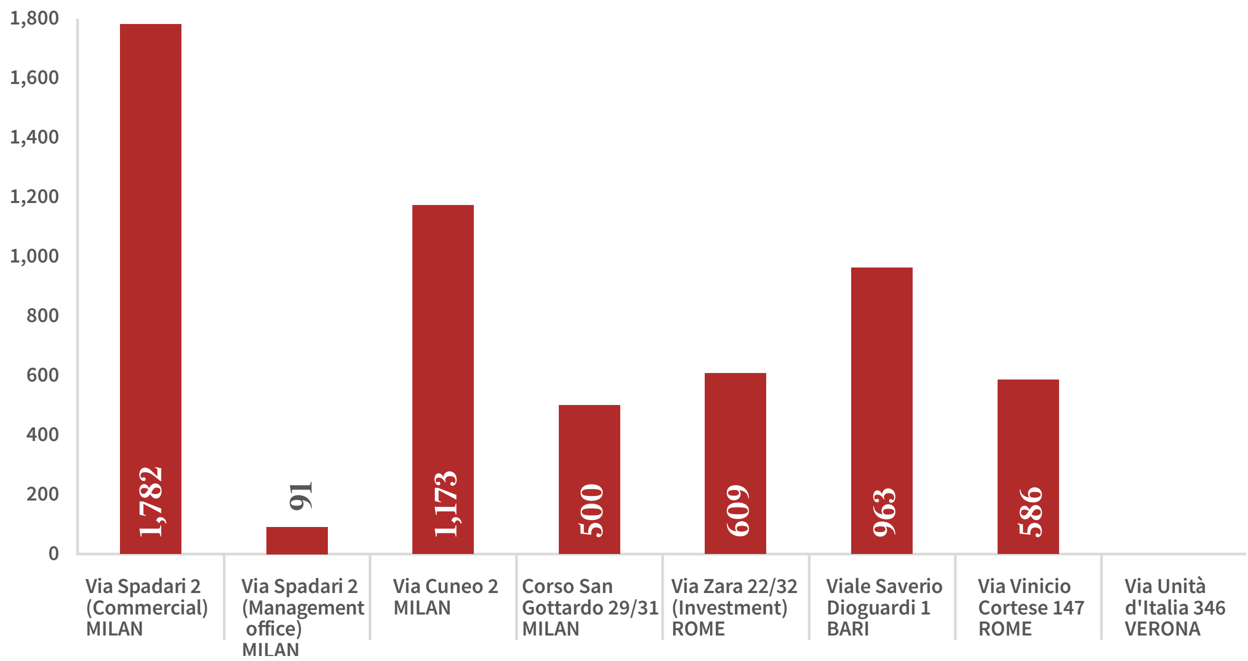
1. reductions granted to tenants for the COVID-19 health emergency
2. effective fees or otherwise contractually required step-ups.

Stabilised yearly rents are effective rents under various contracts (thus taking into account the maximum value of the fee contractually envisaged on the basis of any step-up) known and contracted at the reference date. Only uncertain items such as the ISTAT adjustment and any variable component of the fee are not taken into account in the fees stated.

Stabilised annual rents plus market for vacant locations are **stabilised annual rents** with the addition of the assumed market fees for the vacant portions and indicated below: Euro 200 thousand for the third Spadari floor, Euro 100 thousand for the Zara Owner-Occupied Portion and Euro 450 thousand for the Verona property.

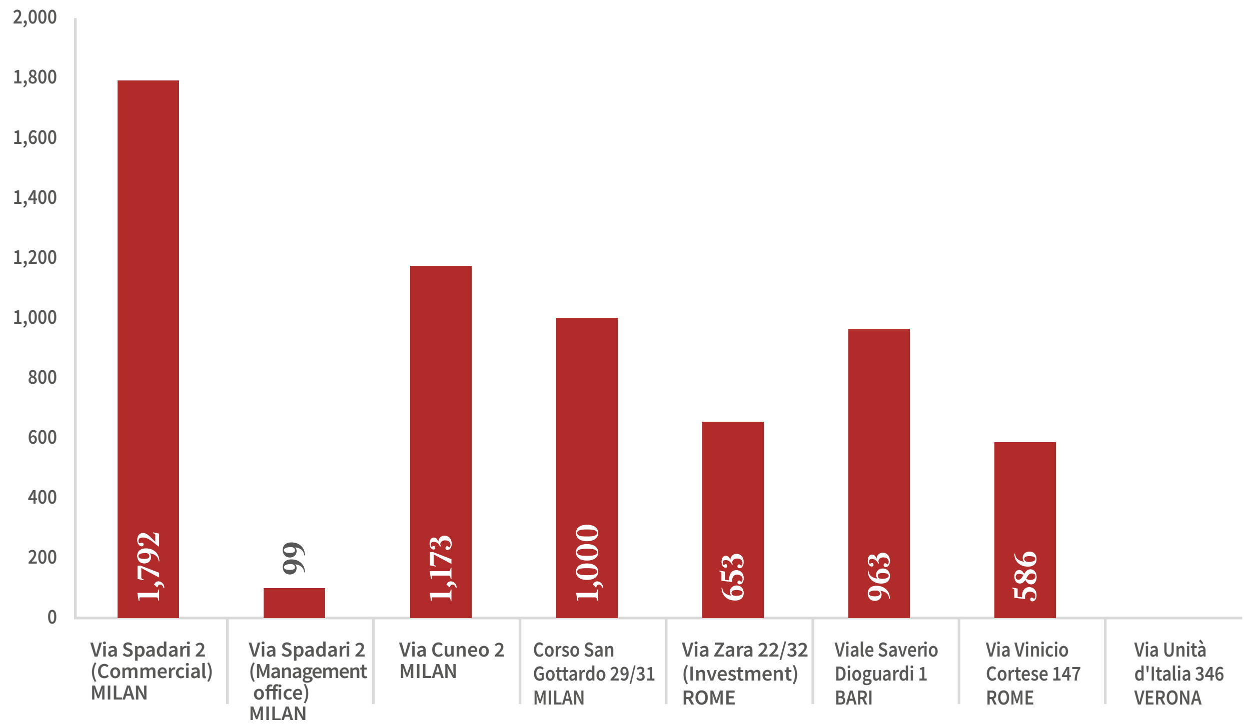
The value of **annual rents** as at 30 June 2021 is approximately Euro 5,7 million distributed among the various properties as shown in **Graph 2**.

GRAPH 2: ANNUAL RENTS AS AT 30 JUNE 2021 (EURO THOUSANDS)



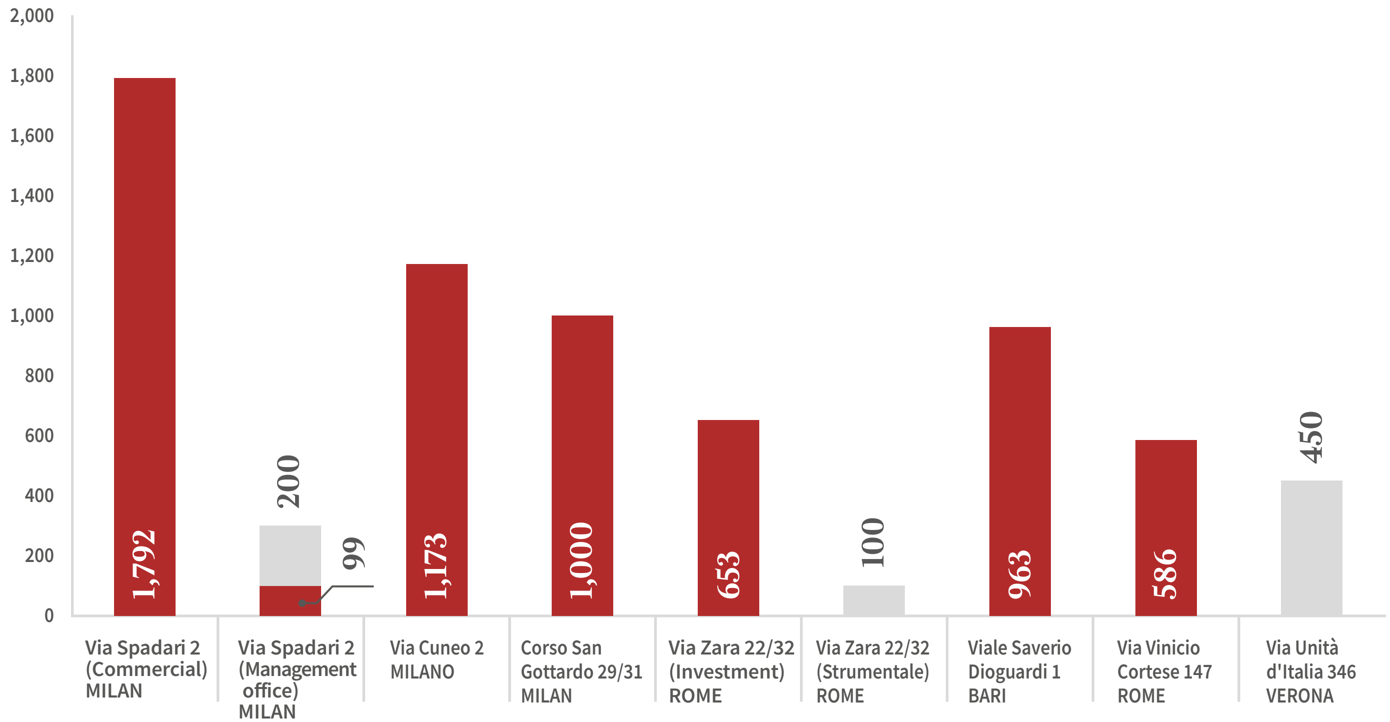
The value of **stabilised annual rents** is equal to Euro 6,2 million as shown in **Graph 3**.

GRAPH 3: STABILISED ANNUAL RENTS AS AT 30 JUNE 2021 (EURO THOUSANDS)



The value of **stabilised annual rents plus market for vacant locations** is equal to Euro 7 million as shown in **Graph 4**.

GRAPH 4: STABILISED ANNUAL RENTS PLUS MARKET FOR VACANT POSITIONS (EURO THOUSANDS)



Main real estate indicators

Net Rental income for first half of 2021

The net Rental income attributable to the first half of 2021 resulting from the consolidated income statement is:

TABLE 3: NET RENTAL INCOME AS AT 30 JUNE 2021

DESCRIPTION	30/06/2021 (EURO THOUSANDS)
Rental income	3,145
Net real estate costs	(1,836)
NET RENTAL INCOME	**1,309**

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

- the item Net Rental income also includes revenue from charge-backs to tenants;
- Rental income relating to the properties in Verona, Via Unità d'Italia, Milan, Via Spadari and Milan, Via Cuneo are accounted for net of the portion pertaining to the period relating to the temporary fee reductions granted in July 2020 and March 2021 as part of the health emergency from COVID-19;
- 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 2020;
- revenues relating to the property in Milan, C.so San Gottardo, whose contract provides for an initial lease period with an annual rent of Euro 500 thousand and a second lease period with an annual rent of Euro 1 million, are spread over the contractual period.

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.

Property data by intended use

The following table (**Table 4**) summarises the main information relating to the Group's real estate portfolio divided into sub-portfolios identified on the basis of the intended use of the individual properties.

TABLE 4: PROPERTY PORTFOLIO BY INTENDED USE AS AT 30 JUNE 2021

INTENDED USE	LEASED AREA (SQM)	LEASABLE AREA (SQM)	MARKET VALUE 30/06/2021 (A)	VALUE AT 30/06/2021 ON TOTAL PORTFOLIO	RENTS AS AT 30/06/2021 (B)	GROSS AVERAGE YIELD 30/06/2021 (B/A)	OCCUPANCY RATE
Commercial	8,455	8,455	90,400	65.15%	3,455	3.82%	100%
Management offices (Investment)	15,437	15,979	39,950	28.79%	2,249	5.63%	97%
Management offices (Owner-Occupied Portion)	388	388	1,900	1.37%	n.a.	n.a.	100%
Hotel	0	4,715	6,500	4.68%	0	0%	0%
TOTAL	**24,280**	**29,537**	**138.750**	**100%**	**5,704**	**4.11%**	**82%**

Changes in the first half of 2021 in the carrying amount of the portfolio by intended use are shown in the following table:

TABLE 5: CHANGES IN THE CARRYING AMOUNT OF THE PORTFOLIO BY INTENDED USE

(EURO THOUSANDS)	COMMERCIAL	MANAGEMENT OFFICES	HOTEL	TOTAL PORTFOLIO
Real estate assets as at 1 January 2021	80,850	33,000	6,600	120,450
Purchases	5,700	5,900	0	11,600
Incremental costs	547	301	550	1,398
Reclassifications	0	0	0	0
Disposals	0	0	0	0
BALANCE PRIOR TO THE VALUATION OF REAL ESTATE ASSETS	**87,097**	**39,202**	**7,150**	**133,448**
Net write-ups/(write-downs)	3,303	748	(650)	3,402
BALANCE AS AT 30 JUNE 2021	**90,400**	**39,950**	**6,500**	**136,850**

Duration of lease contracts (WALT)

The index relating to the weighted average maturity of existing lease contracts (WALT) determined on the *stabilised annual rents* of the Group's property portfolio as at 30 June 2021 is 4.7 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.

TABLE 6: WALT – DURATION OF LEASE CONTRACTS

CITY	PROPERTY	TENANT	WALT ON RENTS 31/12/2020	WALT ON RENTS 30/06/2021
Milan	Via Spadari 2 - Management offices	Zara Italia S.r.l.	n.a.	2.3
	Via Spadari 2 - Commercial	OVS S.p.A.	7.0	6.5
	Via Spadari 2 - Commercial (P1 and P2)		n.a.	0.5
	Via Cuneo, 2		7.0	6.5
	Corso San Gottardo, 29/31		5.5	5.0
Rome	Via Zara, 22/30	Embassy of Canada	5.1	4.6
		DICO S.p.A.	5.0	4.5
	Via Vinicio Cortese, 147	Guardia di Finanza (Finance Police)	0.8	0.3
Verona	Via Unità d'Italia, 346	SHG Hotel Verona Srl*	16.4	0.0
WALT ON REAL ESTATE PORTFOLIO REGIME RENTALS			**6.2**	**4.7**

* Early termination of the contract on 29/04/2021 through buyout of the tenant - To date, the property is vacant

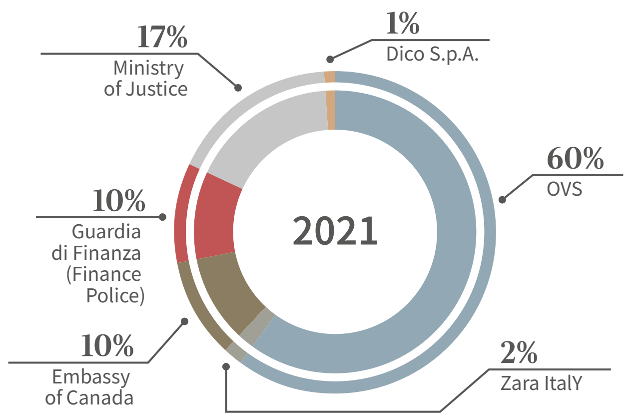
Tenants

As at 30 June 2021, the Group's real estate portfolio is leased to 6 (six) different tenants: OVS, Ministry of Justice, Guardia di Finanza, Embassy of Canada, Dico S.p.A. and Zara Italia S.r.l.

The following graph (**Graph 5**) shows the concentration analysis by individual tenant based on *annual rents* as at 30 June 2021.

The occupancy rate of the Group's real estate portfolio as at 30 June 2021 is 82%

GRAPH 5: ANALYSIS OF TENANT CONCENTRATION AS AT 30 JUNE 2021



Occupancy rate

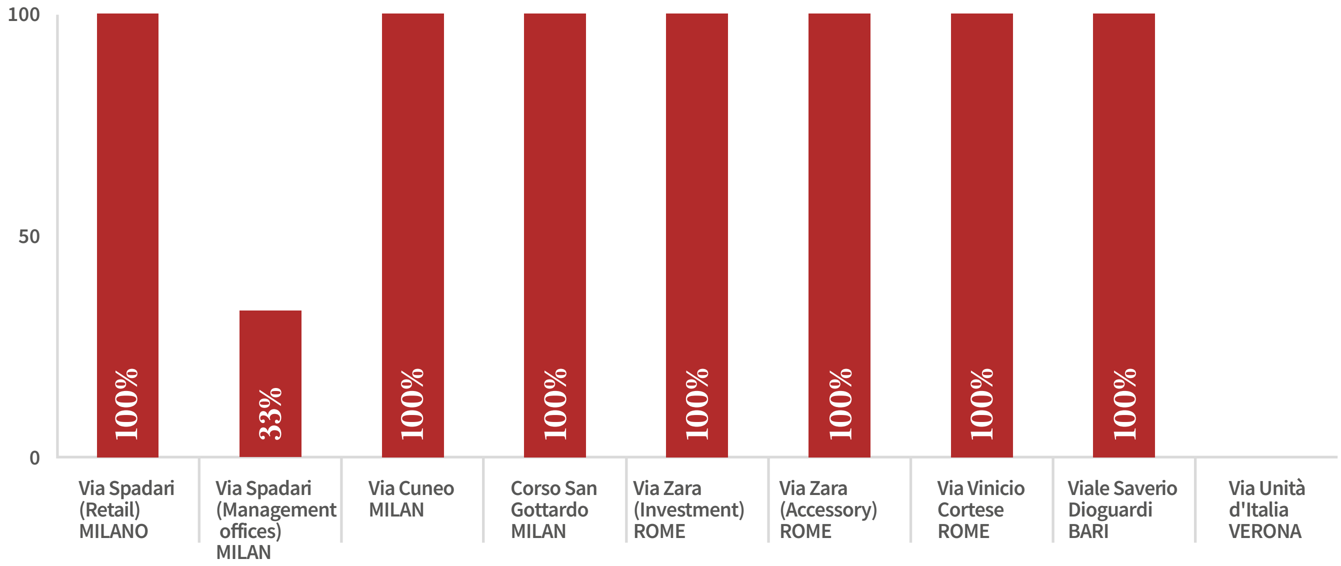
The occupancy rate of the Group's real estate portfolio as at 30 June 2021 is 82%, taking into account that:

- for the property in Rome, Via Zara 22/32, the areas of the first floor, 4 parking spaces and a warehouse (accessory property) are used directly by the owner Nova Re and in the occupancy rate, this portion is considered 100% used;
- The Verona property is currently vacant and ready for a new lease;
- The portion of the property located on the third floor of the property in Via Spadari, 2 is currently vacant and in the process of being redeveloped for future lease.

In determining the fair value of the investment property, the independent expert prudently considered the various adjustment factors in relation to the prospective profitability of the areas that are currently vacant (time for the new lease, market fees, capex and, lastly, the estimated costs of defining new contracts).

Graph 6 shows the occupancy rate per property in the Nova Re real estate portfolio.

GRAPH 6: OCCUPANCY RATE PER PROPERTY AS AT 30 JUNE 2021



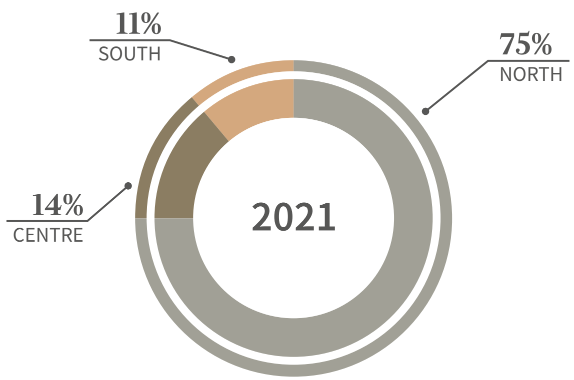
Geographical allocation

As at 30 June 2021, the Group's real estate portfolio is distributed in 4 (four) different cities: Milan, Rome, Bari and Verona.

The following Graph (**Graph 7**) shows the geographical allocation analysis (NORTH - CENTRE - SOUTH) of the portfolio based on the *market values of the properties* as at 30 June 2021.

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*.

GRAPH 7: GEOGRAPHICAL ALLOCATION



RENTAL INCOME

€ 3,145

THOUSANDS AS AT JUNE 30, 2021 VERSUS € 2,962 THOUSANDS AS AT JUNE 30, 2020

EBITDA

€ (1,016)

THOUSANDS AS AT JUNE 30, 2021 VERSUS € (129) THOUSANDS AS AT JUNE 30, 2020

ECONOMIC PERFORMANCE ANALYSIS

A management reclassification of the operating results is provided below in order to facilitate a better understanding of how the Group's operating results were determined for the first half of 2021.

(VALUES IN EURO THOUSANDS)	30/06/2021	30/06/2020
Rental income	3,145	2,962
Costs relating to property assets	(1,836)	(1,174)
NET OPERATING INCOME	**1,309**	**1,788**
Other revenues and income	4	0
Personnel costs	(891)	(856)
Overhead costs	(1,320)	(915)
Other costs and expenses	(118)	(146)
EBITDA	**(1,016)**	**(129)**
Depreciation	(82)	(115)
Fair value adjustment of investment property	3,402	(3,130)
EBIT	**2,304**	**(3,374)**
Fair value adjustment of financial instruments	0	(852)
Financial income/(expenses)	(772)	(999)
EBT (EARNINGS BEFORE TAXES)	**1,532**	**(5,225)**
Taxes	483	517
NET RESULT FOR THE PERIOD	**2,015**	**(4,708)**

Net Operating Income amounted to Euro 1.3 million and decreased compared to Euro 1.8 million as at 30 June 2020 mainly in relation to i) the effects of the settlement agreement executed with the tenant SHG Hotel Verona S.r.l. on 29 April 2021, whereby the Company achieved, in particular, the early return of the property and the payment by SHG of the lease rents to the period September 2020 - April 2021, recognising, as per practice, an indemnity for the early release of the property.

Personnel costs and **overheads** amounted to Euro 2.2 million and increased by a total of approximately Euro 0.4 million compared to the first half of 2020 mainly in relation to higher legal consultancy fees associated with ongoing litigation and certain non-recurring activities and projects.

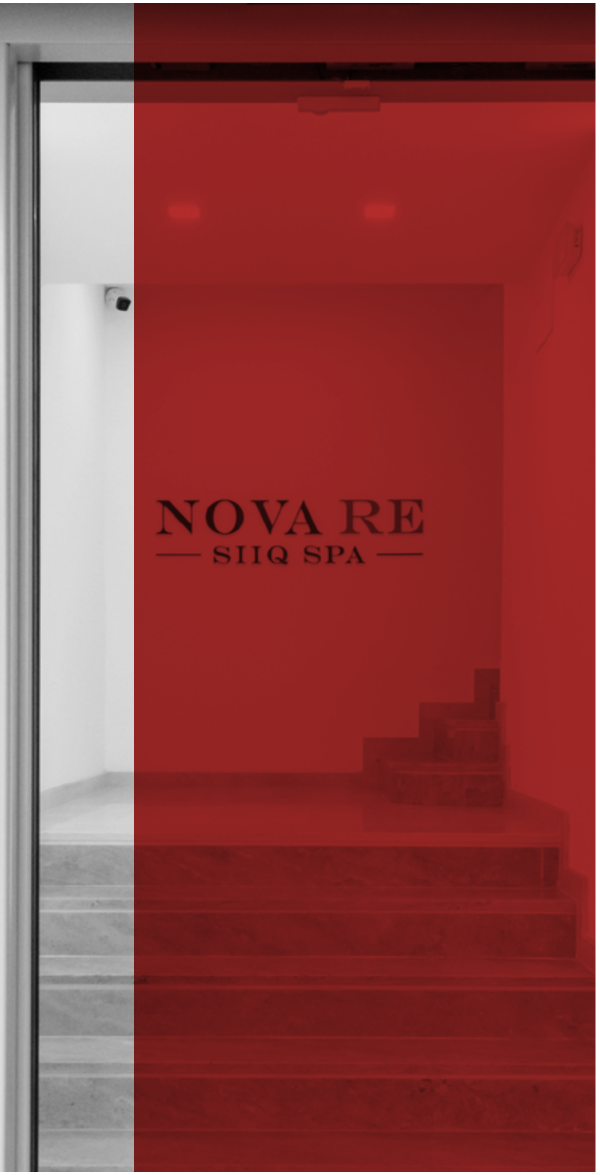
The **fair value adjustment of financial assets** includes the value adjustment of the financial asset consisting of a bond underwritten by Nova Re, issued by the Luxembourg-registered Historic & Trophy Building Fund - HTBF, Euro Sub-Fund (HTBF€ Fund) and temporary liquidity investments. The fair value adjustment recognised as at 30 June 2021 is less than Euro 1 thousand.

The **fair value adjustment of investment property** is positive as at 30 June 2021 for Euro 3.4 million. The value of the real estate portfolio increased compared to 31 December 2020 mainly due to the positive effects of the acquisitions made in the first half of 2021 of additional real estate units in the Milan - Via Spadari complex.

Net financial income/(expense) was a negative Euro 0.8 million for the half-year, an improvement of Euro 0.2 million compared with 30 June 2020, essentially due to the lower average cost of debt incurred by the Company following the mortgage refinancing transactions with UniCredit S.p.A and Imprebanca S.p.A. completed in the first half of 2021.

Consolidated profit/(loss) for the first half of 2021 was Euro 2 million, a significant improvement on the consolidated net profit for the first half of 2020, which significantly reflected the impacts that the Covid-19 pandemic had on the Company from the second quarter of 2020.

The value of the real estate portfolio increased compared to 31 December 2020 mainly due to the positive effects of the acquisitions made in the first half of 2021 of additional real estate units in the Milan - Via Spadari complex



ANALYSIS OF FINANCIAL PERFORMANCE AND FINANCIAL DEBT

The Group's balance sheet as at 30 June 2021, compared with 31 December 2020, is summarised as follows:

ITEM		30/06/2021	31/12/2020
A.	Fixed capital	139,467	122,576
B.	Financial instruments	4,186	3,186
C.	Net working capital	749	(418)
D= A.+B.+C.	**INVESTED CAPITAL**	**144,402**	**125,344**
E.	**Shareholders' equity**	**(87,115)**	**(85,371)**
F.	**Other non-current assets and liabilities**	**2,307**	**1,812**
G.	Long-term payables to banks and other lenders	(66,877)	(11,601)
H.	Long-term financial derivative liabilities	0	0
I.	Short-term payables to banks and other lenders	(524)	(53,191)
J.	Short-term financial derivative liabilities	0	(1,916)
K.	Securities held for trading	0	0
L.	Available cash and cash equivalents	7,807	24,923
M.= G.+H.+I.+J.+K.+L.	**TOTAL FINANCIAL DEBT**	**(59,594)**	**(41,785)**
N.= E.+F.+M.	**SOURCES OF FINANCING**	**(144,402)**	**(125,344)**

Values in Euro thousands

COMPOSITION OF ITEMS:

- **A. Fixed capital:** includes real estate investments, intangible assets and other tangible assets and investments;
- **B. Financial instruments** include 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;
- **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** was positive equal to Euro 749 thousand.

Shareholders' equity, including the profit for the period of Euro 2,015 thousand, amounted to Euro 87,115 thousand.

The balance of **Other net non-current assets and liabilities** amounted to Euro 2,307 thousand and mainly refers to:

1. assets for capex contribution disbursed in favour of the tenant OVS for the properties in Milan, Via Spadari and Via Cuneo for Euro 1,183 thousand;
2. deferred tax assets for Euro 1,574 thousand;
3. the current value of the Company's commitment to employees for severance indemnity for Euro 276 thousand;
4. other non-current tax liabilities for Euro 173 thousand referring to Cortese Immobiliare.

The following tables show the **Total Financial Debt of the Company** and the Group as at 30 June 2021 and 31 December 2020, 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:

- reference is no longer made to Net financial position, but to Total financial debt;
- 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;
- as part of current financial debt, the current portion of non-current financial debt should be shown separately.

Shareholders' equity amounted to Euro 87.115 thousand

(VALUES IN EURO THOUSANDS)		30/06/2021	31/12/2020
A.	Cash	4,807	24,923
B.	Cash equivalents	3,000	0
C.	Other current financial assets	0	0
D.	**Liquidity**	**7,807**	**24,923**
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	(524)	(55,107)
G.= E.+F.	**Current financial debt**	**(524)**	**(55,107)**
H.= G.–D.	**NET CURRENT FINANCIAL DEBT**	**7,283**	**(30,184)**
I.	Non-current financial debt (excluding current portion and debt instruments)	(66,877)	(11,601)
J.	Debt instruments	0	0
K.	Trade payables and other non-current payables	0	0
L.= I.+J.+K.	**NON-CURRENT FINANCIAL DEBT**	**(66,877)**	**(11,601)**
H.+L.	**TOTAL FINANCIAL DEBT**	**(59,594)**	**(41,785)**

Values in Euro thousands

Total financial debt increased from Euro 41.8 million as at 31 December 2020 to Euro 59.6 million as at 30 June 2021 mainly as a result of the use of cash for the property acquisitions made in the half-year and for the payment of the amount due by the Company to the former tenant SHG Hotel Verona S.r.l. within the framework of the above-mentioned settlement agreement concluded with the same.

The item **Cash equivalents** includes deposit accounts with guaranteed yield with a maintenance obligation until August 2021.

TRANSACTIONS WITH RELATED PARTIES

Information on transactions with related parties is provided below.

SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

On **27 January 2021**, the Company approved a loan proposal received from the reference shareholder CPI, for an amount of approximately Euro 54.6 million, intended to cover the costs incurred by Nova Re for the purposes of early repayment of the mortgage loan contract signed on 29 December 2017 with UniCredit S.p.A. The loan, granted by the shareholder in a single tranche, has a term of five years and bears fixed nominal interest at a rate of 2.1% per annum. Both the repayment of the loan and the payment of interest will take place in a single instalment at maturity, unless repayment is made early. CPI is a related party of Nova Re as controlling body for the Company under article 93 of the TUF and exercises management and coordination of the same under articles 2497 and following of the Italian Civil Code. In consideration of the provisions of article 4, paragraph 1, letter a) of the RPT Regulation and the terms and conditions of the Loan, the signing of the shareholder loan contract constitutes a Major Transaction, based on the countervalue index referred to in article 1.1, letter a), of Annex 3 of the RPT Regulation.

The activities relating to the determination of the legal and economic elements of the transaction were therefore carried out in compliance with the rules on related party transactions set out in the RPT Procedure. In particular, on 27 January 2021, the Independent Committee expressed its favourable opinion on the interest of Nova Re in carrying out the Transaction as well as on the appropriateness and substantial correctness of the related conditions. The Committee of Independent Directors acknowledged that, despite the tight deadlines imposed by the circumstances and inherent in the Transaction, it received a complete, adequate and timely flow of information on the Transaction itself and on the related contractual documentation, and that it was also constantly and promptly updated in relation to developments in the activities carried out, receiving clarifications requested from time to time.

None of the members of the Independent Committee found or declared the existence of situations of correlation with the shareholder CPI, nor the existence of specific interests in relation to the Transaction. The Committee unanimously approved its opinion, expressing its favourable assessment of the signing by Nova Re of the shareholder loan contract and the completion of the transaction in accordance with the terms and conditions set out, considering the transaction to be in the best interests of the Company, as it is based on valid economic reasons, and positively ascertaining the convenience and substantial fairness of the related conditions. For the purposes of article 5.2, letter (e), of the RPT Procedure, the Committee also noted that the terms of the loan appeared objectively advantageous and consistent with the company's interest, regardless of the fact that CPI exercises management and coordination over Nova Re.

On the same date of 27 January 2021, the Board of Directors, having acknowledged the contents of the opinion rendered by the Independent Committee, in turn unanimously approved the transaction.

A Disclosure Document was therefore drafted and published within the terms of the law pursuant to article 5 of the RPT Regulation and article 7 of the Nova RE RPT Procedure.

Transactions and relation with related parties of lesser importance

1. on **3 March 2021**, the Board of Directors approved, subject to the favourable opinion issued by the Independent Committee, the criteria and procedures for allocating the centralised common costs referable to the year 2020 relating to the property formerly the Company's registered office, located in Rome via del Tritone 132, which the Company held under a sub-lease contract signed with Tiberia S.r.l., a company previously a related party of Nova Re, as it belongs to the Sorgente group.

   It should be noted that on 30 September 2020, the Company terminated said sub-lease contract.

   Since the beginning of 2020, in view of the transfer of the Company's headquarters to the current registered office in via Zara, 28, Nova RE started a gradual process of detachment from the centralised services, which were partly directly managed by the user (printers, fixed telephony, data line); therefore, during that year, there was a hybrid management situation for these costs. In particular, 24% of the total costs attributable to the property were estimated as the cost driver for passing on the common costs to the company, determined on the basis of the ratio of the total area of the property of 2,799 sqm and the leased areas pertaining to Nova Re of 672 sqm.

   In light of this, common costs have been determined relating to the centralised common services provided, managed and accounted for by Tiberia (in some cases with the support of Sorgente REM S.p.A., which is also a related party as it belongs to the Sorgente Group) charged-back according to the cost driver determined above, for a total amount of Euro 503,595, of which the portion of Nova RE is Euro 87,763.

   In addition to these costs, Nova Re was also charged Euro 7,239 for services (such as utilities, secretarial services, printers and photocopiers, car and motorcycle parking spaces, and operation and maintenance) which, being managed centrally according to a shared services logic, were allocated, depending on the case and the nature of the cost, accurately, based on the number of users, using the criterion of average heads.

   Therefore, the total costs accrued in the period 1 January - 30 September 2020, the period in which the sub-lease contract ceased to apply, for the centralised services relating to the property formerly the Company's registered office, managed by Tiberia S.r.l with the support of Sorgente REM S.p.A. amounted to a total of Euro 95,002.

   Since this is a Minor RPT - which does not fall within the exclusion hypotheses provided for in article 9 of the Nova Re RPT Procedure, as it is for an amount greater than Euro 50,000, pursuant to the Nova Re RPT Procedure - the resolution in question was reserved for the competence of the Board of Directors after the Independent Committee had issued a reasoned favourable opinion, concerning the Company's interest in carrying out the transaction, as well as the convenience and substantial correctness of the related conditions.

2. On **20 May 2021**, the Board of Directors of the Company, subject to the favourable opinion of the Related Parties and Investments Committee, approved a shareholder loan transaction by the reference shareholder CPI for an amount of Euro 3,365,518.77, intended to cover the costs of early repayment of the loan contract signed on 28 June 2019 with Imprebanca S.p.A.

   The shareholder loan, granted by the shareholder in a single tranche, has a term of five years and bears fixed nominal interest at a rate of 2.1% per annum. Both the repayment of the loan and the payment of interest will take place in a single instalment at maturity, unless repayment is made early. There are no ancillary costs or guarantees made by Nova Re.

The signing of the loan contract was qualified as a Minor RPT in consideration of the provisions of article 4, paragraph 1, letter a) of the RPT Regulation, based on the countervalue index referred to in paragraph l.1 letter a) of Annex 3 of the Consob RPT Regulation, which is less than 5%.

Therefore, the transaction in question was reserved for the competence of the Board of Directors, which resolved only after the issue of a reasoned, non-binding opinion by the Related Parties and Investments Committee, concerning the Company's interest in carrying out the transaction, as well as the appropriateness and substantial correctness of the related conditions.

The Committee promptly received a complete, adequate and timely flow of information on the proposed transaction and the related contractual documentation and, at the outcome of the meeting held on 20 May 2021, expressed its favourable opinion on the completion of the transaction, considering it to be of interest to the Company, as it is based on valid economic and strategic reasons, which are independent of the exercise of management and coordination by CPI. In particular, the Committee considered that the overall conditions of the shareholder loan were better not only than those envisaged for the Imprebanca loan, but also than those that would currently be available on the market. In this regard, the Company had given a mandate to a leading advisor in the sector, Narciso Capital, to carry out a survey of the main banks operating in Italy in order to compare the contractual conditions that certain financial institutions would be willing to grant to Nova Re for loans with similar values and characteristics to those of the shareholder loan offered by CPI. From this survey it emerged that, without prejudice to certain limitations that mainly concern the need to assign a rating to Nova Re, a central element in the assessment of the economic conditions of a loan, the institutions surveyed proposed annual interest rates applicable to loans with the above characteristics in a range between 3.25% and 5.25%.

The Related Parties and Investments Committee has noted a number of benefits of taking out the shareholder loan compared to the Imprebanca loan, which are summarised below:

- more advantageous repayment terms, given that the entire principal would be repaid at the contractual maturity date, unlike the Imprebanca loan, which provided for the repayment of an annual principal amount of approximately Euro 300,000.00 and the payment of a bullet repayment instalment of Euro 1,020,000, with an obvious positive impact deriving from the reduction in cash flows to service the debt;
- the all-in interest rate on the shareholder loan is 2.1% and is more advantageous than the rate on the Imprebanca loan, which is based on the one-month Euribor plus a spread of 3.50%, reducing financial costs by an estimated Euro 40,000.00 per year;
- mechanism of full capitalisation of interest, which will be paid in a single instalment at the expiry of the shareholder loan, with a further differential financial positive impact of approximately Euro 110,000 per year;
- absence of guarantees, real or otherwise, borne by Nova Re in the shareholder loan, with obvious positive repercussions on the Company's risk profile.

On the basis of the above considerations, the Committee expressed its favourable opinion on the proposed transaction and, subsequently, the Board of Directors unanimously approved it.

2021

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 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).

The regulation of the special regime has been amended as a result of Italian Decree Law no. 133/2014 (hereinafter also known as Italian Legislative Decree no. 133/2014), in force since 13 September 2014 and converted by Italian Law no. 164 of 11 November 2014.

The requirements for admission to the special tax regime guaranteed to Listed Real Estate Investment Companies (SIIQ) can be summarised as follows:

SUBJECTIVE REQUIREMENTS

- Company incorporated as a S.p.A. (Italian joint-stock company)
- Residence in Italy or in an EU Member State (in relation to, and limited to, Italian permanent establishments which carry out mainly the activities of property leasing)
- Status of company listed on Italian regulated markets or on those of EU or EEA countries included in the white list

STATUTORY REQUIREMENTS

- Rules in terms of investments
- Limits to risk concentration on investments and counterparties
- Maximum leverage limit, individual and at group level

SHAREHOLDING STRUCTURE REQUIREMENTS

- Control requirement: no shareholder must 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 profits
- Free float requirement: 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).

OBJECTIVE REQUIREMENTS

Prevalent exercise of the activities of real estate leasing, condition verified by two indexes:

- **Asset test:** real estate properties with intended use for lease activities, investments in other SIIQ or SIINQ, investments in real estate funds and in qualified real estate SICAF at least equal to 80% of the assets;
- **Profit test:** income from lease activities, income from SIIQ or SIINQ, income from real estate funds and qualified real estate SICAFs, capital gains realised on properties intended for lease, at least 80% of the positive components of the income statement;
  1. 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);
  2. 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 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 special SIIQ scheme with effect from the same period.

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. In addition, the following constitute causes for immediate forfeiture of the SIIQ special regime: (i) revocation of the admission of the shares to listing (on the other hand, mere temporary suspension of trading does not constitute a cause for forfeiture), and (ii) failure to comply with the shareholding requirement that no shareholder directly or indirectly holds more than 60% of the voting rights at the Ordinary Shareholders' Meeting and more than 60% of the rights to participate in profits; however, if the 60% shareholding requirement is exceeded as a result of extraordinary corporate or capital market transactions, the special regime is suspended until the shareholding requirement is re-established.

Nova Re SIIQ S.p.A. exercised the option to access this 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 SIIQ 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.

As at 30 June 2021, Nova Re met both the objective requirements for remaining in the Special Regime; on this date, however, the so-called control requirement had not been met. In this regard, it should be recalled that, following the outcome of the mandatory takeover bid promoted by CPI, the latter came to hold a percentage of ordinary shares (with annexed voting and equity rights) in excess of 60% and declared, in the offer document as well as in subsequent press releases, that it wished to reduce the investment to below the relevant threshold in order to comply with the special regime.

RISK MANAGEMENT

Main risks and uncertainties to which Nova Re and the group are exposed

In the first half of 2021, Nova Re faced 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 Nova Re, through the use of tools of various kinds, from the possible materialisation of these risks. In accordance with the principles of the Corporate Governance Code for Listed Companies, the Board of Directors:

1. appointed the Director in charge of the Internal Audit System and

2. set up the Control, Risks, Appointments and Remuneration Committee.

The Committee is made up of Independent Directors who, *inter alia*, monitor the identification process of the main corporate risks, according to which the risk factors for the Issuer are identified, including all risks that may be relevant for the sustainability of the company's activities in the medium/long term. The Internal Control and Risk Management System is a *set of rules, procedures and organisational structures* whose purpose is to *monitor* compliance with corporate strategies, the effectiveness and efficiency of corporate processes, compliance with laws and regulations, and compliance with the Company's Articles of Association, standards and procedures. This System must aim to facilitate the identification, measurement, management and adequate monitoring of the risks assumed by the Company and the degree of its exposure to risk factors, taking into account the possible correlations between the various risk factors, the significant probability that the risk will occur, 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 various types of risk to which the Company is exposed over time, such as operational, market, liquidity, credit, settlement, legal and reputational risks, etc., in a reasonably timely manner.

1. Financial risks

The activities carried out by the Group 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 Nova 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 Group's 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 deriving from the financing of operations, in particular, consists of the increase in financial expenses deriving from the rise in interest rates. Fixed-rate intercompany loans mitigate the Company's exposure to the risk of interest rate fluctuations.

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 have difficulty in meeting future obligations associated with financial and commercial liabilities to the extent and within the maturity dates set.

The Group has cash on hand as at 30 June 2021 for Euro 7,807 thousand and financial debt for Euro 67,402 thousand, of which Euro 66,877 thousand beyond one year.

The loans disbursed by the shareholder CPI during the half-year have a five-year duration and provide for a fixed nominal interest rate of 2.1% per annum. Both the repayment of the loans and the payment of interest will take place in a single instalment at maturity, unless repayment is made early. There are no ancillary costs or guarantees made by Nova Re.

As far as the financial structure is concerned, the maximum level of total financial debt is expected not to exceed 50% in terms of LTV.

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, so the company cannot generate: (i) directly and indirectly, lease fees from the same tenant or from tenants belonging to the same group, to an extent exceeding 2/3 of the total leases of the Company; the 30% limit stated above does not apply if the Group's real estate assets are leased 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.

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 Legislative Decree 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 Legislative Decree 10 August 2018, no. 107.), to the regulations on transactions with related parties pursuant to Consob Reg. 17221/10, and subsequent amendments and additions, and the disclosure obligations prescribed by Legislative Decree 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 consolidated financial statements, the half-yearly financial statements and accounting information 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 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.

It should be noted that, as at 30 June 2021, CPI holds more than 60% of the voting rights at the ordinary shareholders' meeting and more than 60% of the profit sharing rights, and, therefore, holds an interest in the Company such that it exceeds the limits provided by the above-mentioned control and free float requirements. However, it is the intention of CPI to maintain the special tax regime applicable to SIIQ, linked both to the continued status of Nova Re as a listed company and to the existence of the investment requirements set out in the 2007 Finance Act and, in order to dilute the CPI investment, on 26 April this year, the Nova Re Shareholders' Meeting resolved to grant the Board of Directors the authority to increase the share capital by a maximum amount of up to Euro 2 billion, including any share premium, to be carried out in one or more tranches, by the date of the Shareholders' Meeting's approval of the financial statements for the year ending 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.

In this regard, it is specified that, with reference to the shareholding structure, article 1, paragraph 119, of the 2007 Finance Act, provides, *among other*, that the special SIIQ regime is applicable to resident listed joint-stock companies provided that:

1. no shareholder owns, 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 profits (so-called control requirement), and that

2. at least 25% of the shares are held by shareholders who do not own, directly or indirectly, more than 2% of the voting rights at the ordinary shareholders' meeting and more than 2% of the rights to participate in profits at the time of the option (so-called free float requirement).

On this point, Agenzia delle Entrate (Italian Inland Revenue, Circular no. 32/E of 17 September 2015) clarified that:

- with specific reference to the requirement of control, the exceeding by a shareholder of the 60% threshold of direct or indirect ownership of voting rights in the ordinary shareholders' meeting and of rights to participate in profits due to extraordinary corporate transactions or on the capital market determines the temporary suspension of the special regime until the shareholding requirement is re-established within the limits imposed by the above-mentioned reference legislation. In the event that this 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;

- the 25% free float requirement does not apply to already listed companies, such as Nova Re. The reason for this derogation is that in such cases the requirement in question was necessarily fulfilled at the time of listing.

In the event of losing the bonus tax benefits provided by the special SIIQ regime with reference to exempt management, the tax base itself is attributed to a corporate tax treatment already provided for by taxable management and subject to personal taxation with the typical IRES and IRAP tax regime dictated by Italian tax legislation for resident companies.

As at 30 June 2021, all Objective Requirements, both in terms of capital and income requirements, were also met. In fact, with regard to the Asset Test, the value of real estate owned and used for lease purposes is greater than 80% of the total value of assets and, with regard to the Profit Test, the amount of revenues deriving from the lease of real estate owned or other real estate rights is greater than 80% of the positive components of the income statement.

With regard to the individual Statutory Requirements, the following is 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:

- directly, in excess of 2/3 of the total value of its real estate assets;
- 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:

- 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;
- 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.

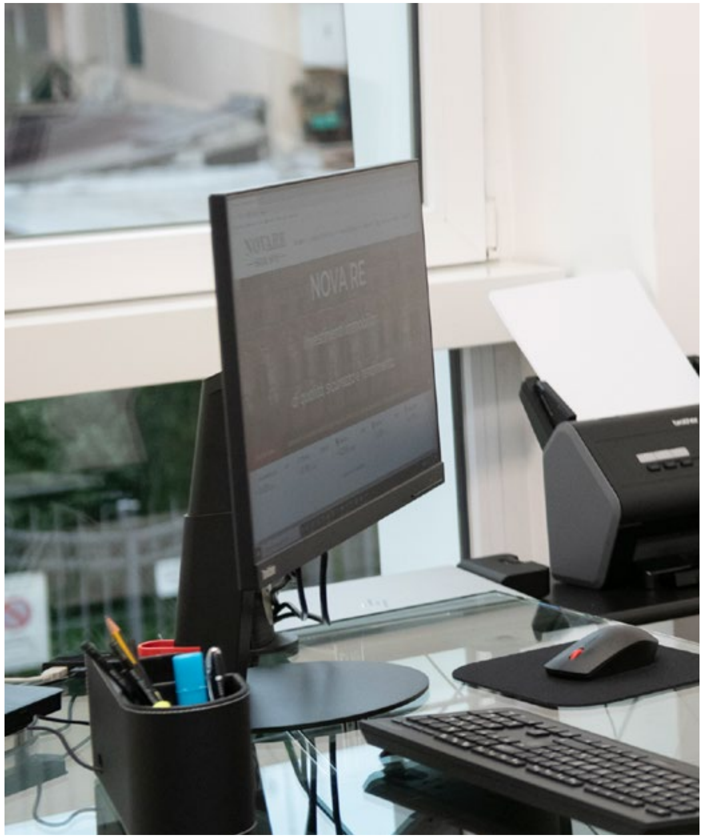
3 Maximum financial leverage level

The Company can assume:

- 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;
- 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.

However, it is confirmed that the limits referred to in the previous points (1), (2) and (3) have not been exceeded either by Nova Re SIIQ S.p.A, or at consolidated level by the Nova Re Group.



ORGANISATIONAL MODEL & CODE OF ETHICS

It is recalled that, on 20 December 2018, the Board of Directors resolved to approve and adopt the new Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 (hereinafter also referred to as the **Organisational Model**) consisting of the following documents:

1. Organisation, Management and Control Model - General Part and Special Part;
2. Annex A - Legislative Decree 231, of 8 June 2001;
3. Annex B - List of Liable Offences;
4. Mapping of risks pursuant to Italian Legislative Decree no. 231/2001;
5. Company organisation chart;
6. Code of Ethics;
7. Regulation of the Supervisory Body.

Lastly, on 15 June 2021, the Board of Directors approved an update to the Organisational Model in order to incorporate the regulatory amendments that have taken place on the subject and, in particular, both the General Part and the Special Part of the Organisational Model have been updated with the extension of the list of predicate offences envisaged by Legislative Decree 231/2001, with particular reference to the regulatory amendments introduced by Legislative Decree no. 75 of 14 July 2020 "Implementation of EU Directive 2017/1371 on the fight against fraud affecting the financial interests of the EU by means of criminal law".

The changes made to the Organisational Model were previously reviewed and approved by the Supervisory Body pursuant to Italian Legislative Decree 231/2001.

EQUITY INVESTMENTS HELD BY DIRECTORS AND BOARD OF STATUTORY AUDITORS

As at 30 June 2021, the Chair of the Board of Directors, Giancarlo Cremonesi, held 0.0015% of the share capital with 335 shares.

The remaining members of the Board of Directors and the Board of Statutory Auditors do not hold shares in the share capital of Nova Re, either directly or indirectly through subsidiaries, trust companies or third parties.

OTHER INFORMATION ON THE MANAGEMENT

Personnel and organisational structure

As at 30 June 2021, the workforce consisted of 9 employees, including 3 executives, including the Chief Executive Officer and General Manager Stefano Cervone, the Head of Real Estate Claudio Carserà and the Manager responsible for drafting 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, and Chief Financial Officer Giovanni Cerrone.

It should be noted that, during the first half of 2021, three employees resigned and a new employee joined the workforce as of April 2021.

Research and development activities

The Company did not engage in any research and development activities in the first half of 2021.

Treasury shares and/or shares of parent companies

As at 30 June 2021, 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.

Secondary offices

The company has no secondary offices.

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 Nova Re certifies meeting the conditions set forth in article 16 of the Rules adopted by Consob resolution no. 20249 of

On June 30, 2021 the ISO 9001:2015 certification was confirmed

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

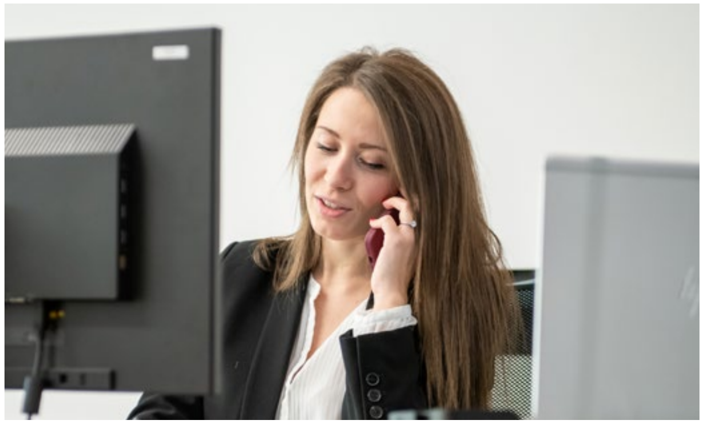
Pursuant to article 3 of Consob Resolution no. 18079 of 20 January 2012, notice is hereby given that the Company avails itself of the exemption provided for by articles 70, paragraph 8, and 71, paragraph 1-*bis*, of Consob Reg. no. 11971/99 and subsequent amendments and additions.

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 Euro 300 million and a market capitalisation of less than Euro 500 million.

Certifications

On 7 August 2019, the Company achieved the ISO 9001:2015 certification, effective from 25 July 2019; this was confirmed on 30 June 2021.



UPDATE ON THE IMPACT OF COVID-19 ON THE ACCOUNTS OF THE FIRST HALF OF 2021

As in 2020, having acknowledged the profound sector difficulties generated by the so-called lockdown period, Nova Re has decided to pursue an attitude of maximum cooperation in respect of its tenants, with the aim of providing its own contribution to the affected supply chains and to limit the negative impacts on existing leases. The activities of discussion and dialogue with the tenant OVS had led to the signing of specific agreements with the main tenants, concerning the Company's waiver of a part of the rents equal to approximately 23% of the total amount of fees for the year 2020 (the so-called "free rent").

As described above, for properties for commercial use, given the continuation of the COVID-19 emergency situation, during the first half of 2021, supplementary agreements were signed with which the property supported the tenants in managing the negative economic and financial effects of the pandemic by waiving the rents for the month of January 2021.

On the other hand, with reference to the property used as a hotel, it should be noted that during 2020, the same was the subject of various agreements with the tenant aimed at supporting it in relation to the economic and financial losses connected with the pandemic. However, the tenant was unable to comply with these agreements and, following the eviction procedure for default promoted by the Company, on 29 April 2021, the mandatory mediation procedure initiated by the parties was successfully concluded and the related dispute underway was settled, with the consequent waiver of the continuation of the proceedings pending before the Court of Verona. At this meeting, Nova Re and SHG settled their mutual claims and positions in a transactional manner and Nova Re achieved, in particular, the early return of the property and the payment

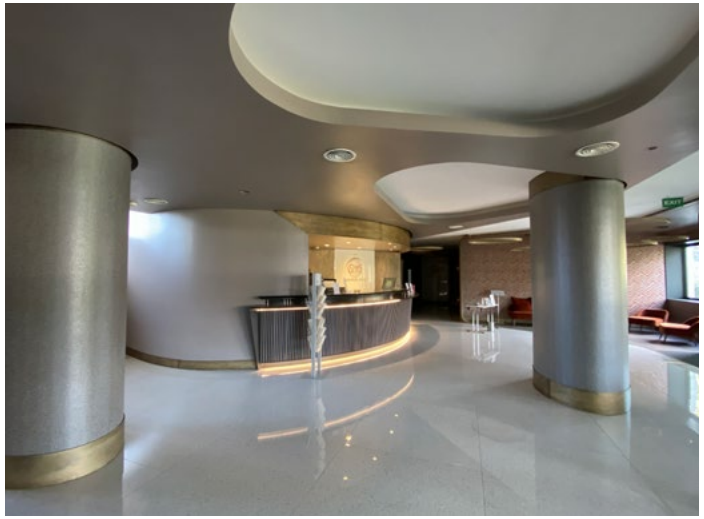
by SHG of the outstanding rents relating to the period September 2020 to April 2021, recognising, as per practice, an indemnity for the early release of the property; Nova Re also purchased all the furniture, fittings, equipment and fixtures contained in the Hotel Verona, recognising a contribution for the improvements made to the property and the facilities serving it and for the concessionary charges paid by SHG to the Municipality of Verona.

With reference to the impact of the COVID-19 pandemic on the income statement for the first half of 2021, it should be noted that rental income takes into account a negative impact of Euro 109 thousand relating to the release, for the share pertaining to the half-year, of the temporary fee reductions granted to the tenants OVS and SHG Hotel Verona in July 2020 and March 2021, of which Euro 54 thousand refer entirely to the total release of the SHG Hotel Verona concession following the termination of the contract.

With reference, instead, to future impacts, it is noted that the rent reductions granted to the customer OVS in July 2020 and March 2021 will have a negative impact for a total of Euro 804 thousand due to the IFRS 16 accounting treatment, which provides for the linearisation of these effects over the contractual duration.

As regards potential scenarios of financial tension, there are no critical issues since the Company, following the refinancing received from the parent company CPI, has adequate cash available to service operations.

As indicated in the 2020 Financial Report, in light of the contextual elements and the uncertainty regarding the evolution of the pandemic and the relevant regulatory measures, in order to mitigate the potential effects on revenue items and/or relevant collections deriving from a deferment or decrease of rents that could have resulted from the negotiations with the tenants, deemed it appropriate to avail itself of the benefits provided until 30 September 2020 by the provisions contained in article 56 of Italian Decree Law no. 18/2020, the so-called "Cura Italia" and request suspension of payment of instalments on outstanding leasing and mortgage loans. It must be noted that the above benefits have been extended until 31 December 2021 following the extension that took place with the approval of the Budget Law of 30 December 2020 and Decreto Legge Sostegni (Support Decree Law) bis of 25 May 2021.



FORESEEABLE PERFORMANCE TREND

As disclosed to the market on 5 August 2021 as part of the disclosure relating to the signing of the agreements with the Dea Capital Group, details of which can be found in the section Events subsequent to 30 June 2021, Nova Re is preparing to embark on this ambitious growth path, flanked by the market's leading property management company and with the support of our controlling shareholder. Nova Re aims to be a market leader, ready to seize the significant opportunities arising from the transformations that await our country in the post-pandemic phase. The strategic agreement with DeA Capital will not only give great impetus to the virtuous path undertaken to make Nova Re the largest Italian SIIQ, but above all will make it an increasingly useful and effective tool for those Italian and foreign investors who choose Italy to create added value and new jobs, in the logic of stable and profitable investments.

With reference to developments relating to the capital increase project, negotiations are underway between Nova Re and other leading players in the real estate sector with a view to acquiring, through the sale and/or execution of part of the delegated capital increase to be paid in kind, real estate assets (or shares in real estate funds) with characteristics consistent with the Strategic Guidelines; it is expected that the documents needed to complete these transactions could be finalised - if an agreement is finally reached between the parties on the relative terms and conditions - by the end of 2021.

Finally, negotiations are also underway between CPIPG and third-party investors for the possible purchase and sale of Nova Re shares, to an extent, however, to allow CPIPG to maintain a stake in Nova Re between 50% and 60% of the share capital.

With regard to asset management activities, it should be noted that in the second half of 2021:

- discussions and negotiations will continue with the tenant of the building in Via Vinicio Cortese in Rome (Guardia di Finanzia) in order to define and sign a new lease contract (the current contract will expire on 30 September 2021);

- the activities will continue aimed at identifying the best scenario for the valorisation of the property in Verona for hotel use to date (sale in its current state, lease in its current state, development of the expansion project and subsequent lease);

- in relation to the portion of the third floor of the property in Milan, Via Spadari, which is currently vacant, planning and design work has begun on the redevelopment project, which is expected to start by September and be completed by the beginning of 2022.

As anticipated in the 2020 Annual Financial Report, the Company has launched, with the support of an advisor, a project aimed at implementing an ESG model. The project will also carry out a BREEAM In- Use Pre-assessment on the property portfolio, which is an environmental assessment method that enables property investors, owners, managers and occupiers to determine and promote sustainable improvements in the operational performance of their buildings; it would provide a benchmark and assurance of sustainability for all types of buildings.

RECONCILIATION BETWEEN THE SHAREHOLDERS' EQUITY AND THE PARENT COMPANY'S NET PROFIT AND THE SHAREHOLDERS' EQUITY AND THE CONSOLIDATED NET PROFIT

Pursuant to Consob Notice no. DEM/6064293 of 28 July 2006, below is a reconciliation of the results and shareholders' equity of the parent company Nova Re SIIQ S.p.A. with the consolidated results and shareholders' equity as at 30 June 2021:

VALUES IN EURO	30/06/2021		31/12/2020	
	SHAREHOLDERS' EQUITY	RESULTS	SHAREHOLDERS' EQUITY	RESULTS
Values of the Parent Company	86,854,096	1,978,440	85,146,632	(9,47,540)
Recognition of adjusted shareholders' equity of subsidiary	3,125,478	0	3,776,673	0
PPA tax effect	0	0	224,420	0
Adjusted results of the subsidiary	23,436	23,436	(982,627)	(982,627)
Deferred taxes on consolidation adjustments	13,448	13,448	107,012	107,012
Elimination of the carrying value of investments	(2,901,000)	0	(2,901,000)	702,670
CONSOLIDATED VALUES	**87,115,460**	**2,015,326**	**85,371,110**	**(9,320,485)**

Please note that the 11,012,555 ordinary shares subscribed by CPI in November 2020 are not admitted to trading on the MTA (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A. and bear a different ISIN code compared to that of the 11,012,554 Nova RE shares already outstanding.

The ISIN code assigned to the Nova RE shares already outstanding prior to the capital increase is as follows: IT0005330516. The capitalisation data reported by Borsa Italiana relate to the 11,012,554 listed shares identified by the above ISIN.

EPRA
BPR
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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 Association) and reported in the EPRA Best Practices Recommendations guide. Specifically:

EPRA Earnings: represents the company's operating performance 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 consolidated 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 scenario 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 Group's shareholders' equity (as reported in the financial statements according to IFRS principles) excluding the ***Fair Value*** of hedging derivatives and deferred taxes on the market valuation of real estate and hedging derivatives.

NET TANGIBLE ASSETS (NTA): assumes 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 31 December 2020 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 included in the balance sheet are also excluded from shareholders' equity attributable to the Group.

[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.

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.

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 rental 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.

Below is a summary table showing the main performance indicators obtained from the application of EPRA Best Practices Recommendations compared with the results of the previous year:

	30/06/2021		31/12/2020		Δ Y-Y	Δ Y-Y (%)
	€ MLN	€ PER SHARE	€ MLN	€ PER SHARE		
EPRA NRV	86.9	3.9	85.2	3.9	1.7	2%
EPRA NTA	86.8	3.9	85.1	3.9	1.7	2%
EPRA NDV	86.8	3.9	85.2	3.9	1.6	2%
EPRA Earning	(1.4)	(0.1)	(1.1)	(0.1)	(0.3)	-28%
	%		%			
EPRA Net Initial Yield	3.3%		4.0%		-0.7%	
EPRA “Topped-up” Net Initial Yield	3.7%		4.4%		-0.7%	
EPRA vacancy rate	9.3%		0.0%		9.3%	
EPRA Cost Ratio (including direct vacancy costs)	135.3%		104.1%		31.2%	
EPRA Cost Ratio (excluding direct vacancy costs)	134.5%		104.1%		30.4%	

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

	EPRA EARNINGS (EUROS)	30/06/2021	30/06/2020
	EARNINGS PER IFRS INCOME STATEMENT	**2,015,326**	**(4,707,869)**
	Adjustments to calculate EPRA Earnings, exclude:		
(i)	Changes in value of investment properties, development properties held for investment and other interests	3,401,860	(3,130,262)
(ii)	Profits or losses on disposal of investment properties, development properties held for investment and other interests		
(iii)	Profits or losses on sales of trading properties including impairment charges in respect of trading properties		
(iv)	Tax on profits or losses on disposals		
(v)	Negative goodwill / goodwill impairment		
(vi)	Changes in *fair value* of financial instruments and associated close-out costs	0	(905,212)
(vii)	Acquisition costs on share deals and non-controlling joint venture interests		
(viii)	Deferred tax in respect of EPRA adjustments	43,230	446,710
(ix)	Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)		
(x)	Non-controlling interests in respect of the above		
	EPRA Earnings	(1,429,764)	(1,119,105)
	Basic number of shares	*22,025,109*	*11,012,554*
	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 income statement, 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 income statement and by the adjustments themselves stated above pertaining to third parties.

The figure as at 30 June 2021 is negative mainly due to the effects of the settlement agreement entered into with the tenant SHG Hotel Verona S.r.l. on 29 April 2021, whereby the Company achieved, in particular, the early return of the property and the payment by SHG of the outstanding rents relating to the period September 2020 to April 2021, recognising, as per practice, an indemnity for the early release of the property. Temporary fee reductions granted in July 2020 and March 2021 as part of the health emergency from COVID-19 have also had an impact on the result.

The following table shows the new EPRA NAV indicators that are compared to those measured at 31 December 2020.

	EPRA NRV		EPRA NTA		EPRA NDV	
EPRA NET ASSET VALUE METRICS	**30/06/2021**	**31/12/2020**	**30/06/2021**	**31/12/2020**	**30/06/2021**	**31/12/2020**
IFRS EQUITY ATTRIBUTABLE TO SHAREHOLDERS	**87,115,460**	**85,371,110**	**87,115,460**	**85,371,110**	**87,115,460**	**85,371,110**
Include / Exclude:						
i) Hybrid instruments						
DILUTED NAV	**87,115,460**	**85,371,110**	**87,115,460**	**85,371,110**	**87,115,460**	**85,371,110**
Include*:						
ii.a) Revaluation of IP (if IAS 40 cost option is used)						
ii.b) Revaluation of IPUC (if IAS 40 cost option is used)						
ii.c) Revaluation of other non-current investments						
iii) Revaluation of tenant leases held as finance leases						
iv) Revaluation of trading properties						
DILUTED NAV AT FAIR VALUE	**87,115,460**	**85,371,110**	**87,115,460**	**85,371,110**	**87,115,460**	**85,371,110**
Exclude:						
v) Deferred tax in relation to fair value gains of IP[5]	(166,577)	(123,347)	(166,577)	(123,347)		
vi) Fair value of financial instruments						
vii) Goodwill as a result of deferred tax						
viii.a) Goodwill as per the IFRS balance sheet						
viii.b) Intangibles as per the IFRS balance sheet			(98,993)	(112,218)		
Include:						
ix) Fair value of fixed interest rate debt					(338,950)	(196,354)
x) Revaluation of intangibles to fair value						
xi) Real estate transfer tax						
NAV	**86,948,883**	**85,247,763**	**86,849,890**	**85,135,545**	**86,776,510**	**85,174,756**
Fully diluted number of shares	22,025,109	22,025,109	22,025,109	22,025,109	22,025,109	22,025,109
NAV per share	3.9	3.9	3.9	3,9	3.9	3.9

The NRV/NAV increased compared to 31 December 2020 (+2%) mainly due to the change in shareholders' equity which increased following the estimated consolidated net result of Euro 2 million; for the same reason, the NTA also increased compared to the result for the same period of the previous year (+2%). The difference from the NRV relates to the exclusion of intangible assets included in the balance sheet.

The NDV increased compared to the previous year (+1.9%). This change, in addition to that stated above, reflects the negative effect of the measurement at fair value of the financial debt, determined by discounting the flows at a rate consisting of the base rate and the market spread.

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

EPRA NIY AND 'TOPPED-UP' NIY[1]		30/06/2021	31/12/2020
Investment property – wholly owned		136,850,000	120,450,000
Investment property – share of JVs/Funds			
Trading property (including share of JVs)			
Less: developments			
Completed property portfolio		**136,850,000**	**120,450,000**
Allowance for estimated purchasers' costs			
Gross up completed property portfolio valuation	**B**	**136,850,000**	**120,450,000**
Annualised cash passing rental income		5,748,769	5,891,619
Property outgoings		1,197,021	1,066,690
Annualised net rents	**A**	**4,551,748**	**4,824,929**
Add: notional rent expiration of rent free periods or other lease incentives		*518,282*	*500,000*
Topped-up net annualised rent	**C**	**5,070,030**	**5,324,929**
EPRA NIY	A/B	3.3%	4.0%
EPRA "topped-up" NIY[4]	C/B	3.7%	4.4%

The NIY is obtained by comparing annualised end-of-period rental 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:

1. wholly owned properties;

2. any properties held in joint ventures; and

3. 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 reduction in the indicators is mainly due to the change in the overall value of the real estate portfolio of Euro 16.4 million as a result of new investments and the fair value adjustment of Euro 3.4 million.

The EPRA vacancy rate as at 30 June 2020 was 9.3% (zero as at 31 December 2020) as a result of the acquisition of some vacant spaces in the property in Milan, Via Spadari 2 and the early release by the tenant of the Hotel Verona.

EPRA VACANCY RATE		30/06/2021	31/12/2020
Estimated Rental Value of vacant space	A	729,715	-
Estimated rental value of the whole portfolio	B	7,862,600	7,123,627
EPRA Vacancy Rate	A/B	9.3%	0,0%

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

	EPRA COST RATIOS		30/06/2021	31/12/2020
	Include:			
(i)	Administrative/operating expense line per IFRS income statement		3,894,250	3,022,595
(ii)	Net service charge costs/fees			
(iii)	Management fees less actual/estimated profit element			
(iv)	Other operating income/recharges intended to cover overhead expenses less any related profits			
(v)	Share of Joint Ventures expenses			
	Exclude (if part of the above):			
(vi)	Investment property depreciation			
(vii)	Ground rent costs			
(viii)	Service charge costs recovered through rents but not separately invoiced			
	EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)	**A**	**3,894,250**	**3,022,595**
(ix)	Direct vacancy costs		21,700	
	EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)	**B**	**3,872,549**	**3,022,595**
(x)	Gross Rental Income less ground rents – per IFRS		2,878,622	2,903,823
(xi)	Less: service fee and service charge costs components of Gross Rental Income (if relevant)			
(xii)	Add: share of Joint Ventures (Gross Rental Income less ground rents)			
	GROSS RENTAL INCOME	**C**	**2,878,622**	**2,903,823**
	EPRA Cost Ratio (including direct vacancy costs)	A/C	135.3%	104.1%
	EPRA Cost Ratio (excluding direct vacancy costs)	B/C	134.5%	104.1%

The EPRA Cost Ratio shows an increase from 104.1% as at 30 June 2020 to 135.3% (134.5%, excluding vacancy costs) as at 30 June 2021, mainly as a result of the aforementioned settlement agreement entered into with the tenant SHG Hotel Verona S.r.l. on 29 April 2021, whereby the Company achieved, in particular, the early return of the property and the payment by SHG of the outstanding rents relating to the period September 2020 to April 2021, recognising, as per practice, an indemnity for the early release of the property.

As at 30 June 2021, there were no capitalised operating expenses on the value of property.

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	30/06/2021	31/12/2020
Acquisitions	12,440	-
Development	-	-
Investment properties	558	958
Incremental lettable space	-	-
No incremental lettable space	*8*	*308*
Tenant incentives		*650*
Other material non-allocated types of expenditure	*550*	
Capitalised interest (if applicable)	-	-
TOTAL CAPEX	**12,998**	**958**
Conversion from accrual to cash basis		
TOTAL CAPEX ON CASH BASIS	**12,998**	**958**


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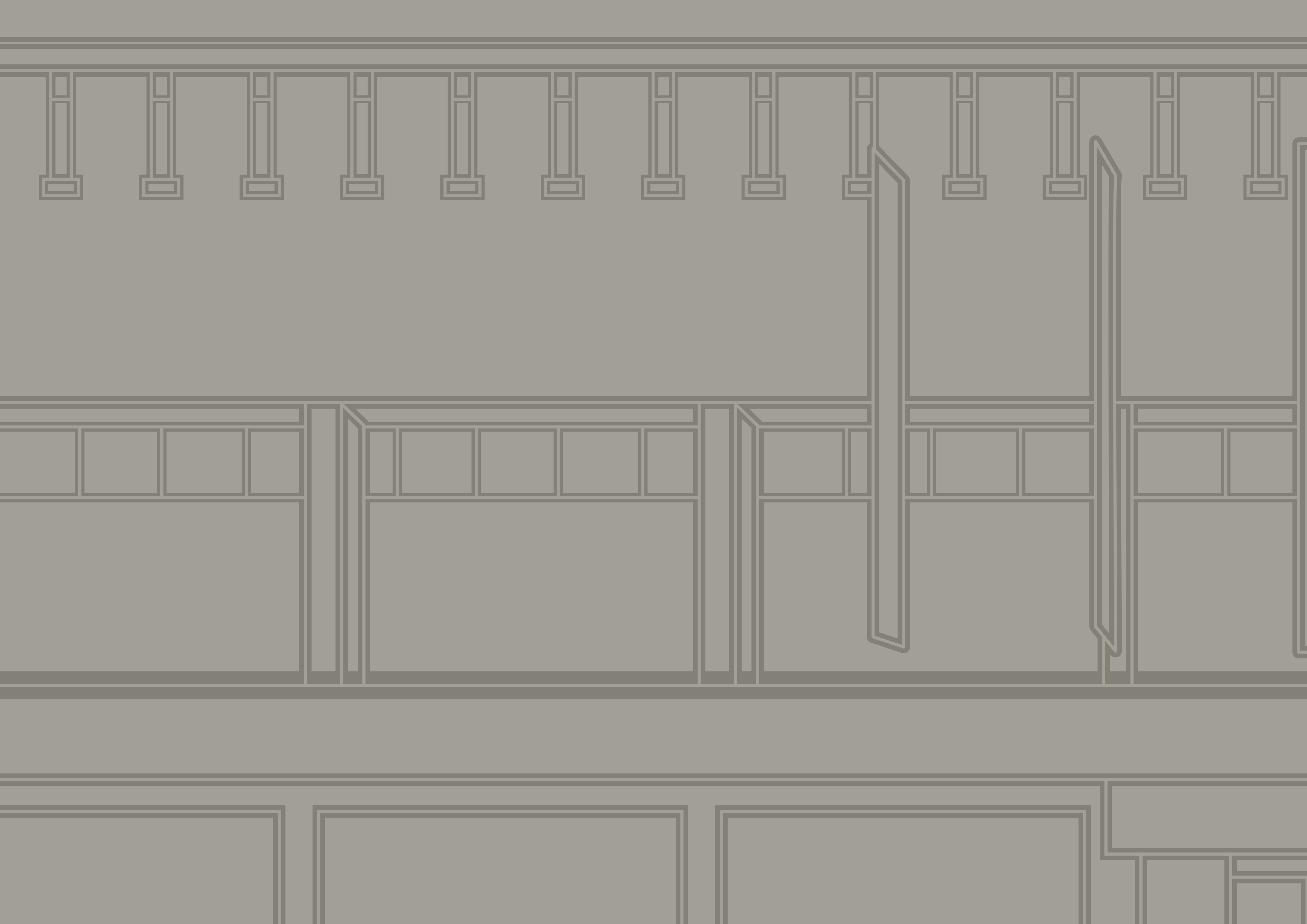

Chapter 3: FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS OF THE NOVA RE SIIQ S.P.A. GROUP

FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS OF THE NOVA RE SIIQ S.P.A. GROUP

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are drawn up in euro units.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	30/06/2021	OF WICH WITH RELATED PARTIES	31/12/2020*	OF WICH WITH RELATED PARTIES
ASSETS					
Non-current assets					
Investment property	1	136,850,000	0	120,450,000	0
Other property, plant and equipment	2	2,457,805	0	1,948,236	0
Rights of use	3	50,835	0	65,331	0
Intangible assets	4	98,993	0	112,218	0
Shares held in subsidiaries	5	10,000	10,000	0	0
Deferred tax assets	6	1,573,616		1,083,519	
Other non-current assets	7	1,182,936	0	1,290,476	0
TOTAL NON-CURRENT ASSETS		**142,224,185**	**10,000**	**124,949,780**	**0**
Current assets					
Financial assets at fair value	8	4,185,545	0	3,186,000	3,186,000
Receivables and other current assets	9	2,720,301	0	2,216,317	0
Cash and cash equivalents	10	7,806,929	0	24,922,620	0
TOTAL CURRENT ASSETS		**14,712,775**	**0**	**30,324,937**	**3,186,000**
TOTAL ASSETS		**156,936,960**	**10,000**	**155,274,717**	**3,186,000**

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Consolidated statement of financial position

	NOTE	30/06/2021	OF WICH WITH RELATED PARTIES	31/12/2020*	OF WICH WITH RELATED PARTIES
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		11,478,701	0	11,753,268	0
Other items of the comprehensive income statemer		(13,735)	0	(17,327)	0
Profits/ (Losses) carried forward		(12,560,701)	0	(3,240,216)	0
Profits/ (Losses) carried forward for the period		2,015,326	0	(9,320,485)	0
Group equity		**87,115,461**	**0**	**85,371,110**	**0**
Minorities' equity		0	0	0	0
Profit/ (Loss) for the period of minorities		0	0	0	0
Minorities' equity		**0**	**0**	**0**	**0**
TOT AL SHAREHOLDERS' EQUITY	**11**	**87,115,461**	**0**	**85,371,110**	**0**
LIABILITIES					
Non-current liabilities					
Employee benefits	12	275,520	0	248,578	0
Bank borrowings and other lenders	13	66,877,481	58,437,128	11,601,050	0
Trade payables and other non-current payables	15	173,236	0	313,170	0
TOTAL NON-CURRENT LIABILITIES		**67,326,238**	**58,437,128**	**12,162,798**	**0**
Current liabilities					
Bank borrowings and other lenders	13	524,208	0	53,190,505	0
Liabilities from financial derivatives	14	0	0	1,916,491	0
Trade payables and other payables	15	1,971,054	34,577	2,633,814	270,666
TOTAL CURRENT LIABILITIES		**2,495,262**	**34,577**	**57,740,810**	**270,666**
TOTAL LIABILITIES		**69,821,499**	**58,471,705**	**69,903,608**	**270,666**
TOT AL LIABILITIES AND SHAREHOLDERS'		**156,936,960**	**58,471,705**	**155,274,717**	**270,666**

*Compared to the Consolidated Financial Statements as at 31 December 2020, certain changes have been made to the format in order to improve the presentation of the financial statements

CONSOLIDATED STATEMENT OF PROFIT/LOSS FOR THE PERIOD

	NOTE	30/06/2021	OF WICH WITH RELATED PARTIES	30/06/2020*	OF WICH WITH RELATED PARTIES
Rental income	16	3,144,633	0	2,962,490	0
Property operating expenses	17	(1,835,270)	0	(1,174,090)	(42,007)
NET RENTAL INCOME		**1,309,363**	**0**	**1,788,399**	**(42,007)**
Personnel costs		(890,750)	0	(856,103)	0
Wages and salaries		*(598,913)*	*0*	*(568,178)*	*0*
Social contribution		*(183,576)*	*0*	*(176,857)*	*0*
Severance indemnity fund (TFR)		*(48,140)*	*0*	*(48,454)*	*0*
Other personnel costs		*(60,122)*	*0*	*(62,614)*	*0*
Overhead costs		(1,320,192)	0	(914,573)	(335,082)
Amortisation/Depreciation		(81,997)	0	(115,125)	(97,981)
TOTAL OPERATING EXPENSES	**18**	**(2,292,939)**	**0**	**(1,885,801)**	**(433,063)**
Other revenues and income		3,663	0	830	
Other costs and expenses	19	(117,712)	(231,925)	(147,072)	(7,583)
TOTAL OTHER REVENUES AND INCOME/OTHER COSTS AND EXPENSES		**(114,049)**	**(231,925)**	**(146,242)**	**(7,583)**

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Consolidated statement of profit/loss for the period

	NOTE	30/06/2021	OF WICH WITH RELATED PARTIES	30/06/2020*	OF WICH WITH RELATED PARTIES
Positive fair value of investment property		4,301,860	0	320,709	0
Negative fair value of investment property		(900,000)	0	(3,450,971)	0
POSITIVE/NEGATIVE FAIR VALUE OF INVESTMENT PROPERTY	**20**	**3,401,860**	**0**	**(3,130,262)**	**0**
OPERATING INCOME		**2,304,235**	**(231,925)**	**(3,373,906)**	**(482,653)**
Fair value adjustment of financial assets	21	(440)	0	(852,000)	(852,000)
Financial income	22	2,104	0	162,651	0
Financial expenses	22	(773,918)	(465,793)	(1,161,636)	(11,578)
PROFIT BEFORE TAX		**1,531,981**	**(697,718)**	**(5,224,891)**	**(1,346,231)**
Taxes	23	483,345	0	517,022	0
PROFIT/(LOSS) FOR THE PERIOD		**2,015,326**	**(697,718)**	**(4,707,869)**	**(1,346,231)**
GROUP PROFIT/(LOSS)		**2,015,326**	**(697,718)**	**(4,707,869)**	**(1,346,231)**
MINORITIES' PROFIT/(LOSS)		**0**	**0**	**0**	**0**

*Compared to the Condensed Half-year Consolidated Financial Statements as at 30 June 2020, certain changes have been made to the format in order to improve the presentation of the financial statements

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	30/06/2021	30/06/2020
PROFIT/(LOSS) FOR THE PERIOD	**2,015,326**	**(4,707,869)**
Change in cash flow hedge reserve	0	52,622
Actuarial gains/(losses)**	3,592	2,172
TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT	**3,592**	**54,794**
TOTAL COMPREHENSIVE PROFIT/(LOSS)	**2,018,918**	**(4,653,075)**

** Items not reclassifiable to the income statement.


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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 YEAR	MINORITIES' PROFIT/(LOSS)	TOTAL
BALANCE AS AT 01/01/2020	**37,274,898**	**22,931,342**	**7,850,416**	**7,107,340**	**(3,601,214)**	**(18,127)**	**(3,574,960)**	**371,137**	**0**	**68,340,833**
Allocation of 2019 result	0	0	288,997	15,210	0	0	66,929	(371,137)	0	0
Capital increase costs	0	0	0	0	(95,323)	0	0	0	0	(95,323)
Fair value performance share plan	0	0	0	0	53,212	0	0	0	0	53,212
Other items of comprehensive income	0	0	0	0	52,622	2,172	0	0	0	54,794
Result for the period	0	0	0	0	0	0	0	(4,707,869)	0	(4,707,869)
TOTAL COMPREHENSIVE PROFIT/LOSS	**0**	**0**	**0**	**0**	**52,622**	**2,172**	**0**	**(4,707,869)**	**0**	**(4,653,075)**
Minorities' equity	0	0	0	0	0	0	0	0	0	0
Minorities' result for the period	0	0	0	0	0	0	0	0	0	0
BALANCE AS AT 30/06/2020	**37,274,898**	**22,931,342**	**8,139,413**	**7,122,550**	**(3,590,703)**	**(15,955)**	**(3,508,031)**	**(4,707,869)**	**0**	**63,645,645**

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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 YEAR	MINORITIES' PROFIT/(LOSS)	TOTAL
BALANCE AS AT 01/01/2021	**63,264,528**	**22,931,342**	**8,139,413**	**7,122,550**	**(3,508,695)**	**(17,327)**	**(3,240,216)**	**(9,320,485)**	**0**	**85,371,110**
Allocation of 2020 result	0	0	0	0	0	0	(9,320,485)	9,320,485	0	0
Capital increase	0	0	0	0	0	0	0	0	0	0
Capital increase costs	0	0	0	0	(274,568)	0	0	0	0	(274,568)
Other items of comprehensive income	0	0	0	0	0	3,592	0	0	0	3,592
Result for the period	0	0	0	0	0	0	0	2,015,326	0	2,015,326
TOTAL COMPREHENSIVE PROFIT/LOSS	**0**	**0**	**0**	**0**	**0**	**3,592**	**0**	**2,015,326**	**0**	**2,018,917**
Minorities' equity	0	0	0	0	0	0	0	0	0	0
Minorities' result for the period	0	0	0	0	0	0	0	0	0	0
BALANCE AS AT 30/06/2021	**63,264,528**	**22,931,342**	**8,139,413**	**7,122,550**	**(3,783,263)**	**(13,735)**	**(12,560,701)**	**2,015,326**	**0**	**87,115,461**

CONSOLIDATED CASH-FLOW STATEMENT

CASH FLOW STATEMENT	30/06/2021	OF WHICH WITH RELATED PARTIES	30/06/2020*	OF WHICH WITH RELATED PARTIES
PROFIT BEFORE TAX	**1,531,981**	**(465,793)**	**(5,224,891)**	**(1,346,231)**
Adjustments:				
Amortisation/Depreciation	81,997	0	115,125	97,981
Positive/Negative fair value of investment property (unrealised)	(3,401,860)	0	3,130,262	0
Positive/Negative of fair value of financial instruments	440	0	852,000	852,000
Financial income	(2,104)	0	(162,651)	(41,293)
Financial expenses	773,918	465,793	1,161,636	52,871
Financial expenses paid	(237,003)	0	(80,344)	(6,210)
Financial income collected	2,104	0	65,352	0
Fair value Performance Share Plan	0	0	53,212	0
Allocations for severance indemnities	48,140	0	48,454	0
Provisions for bad debts and risks and charges	0	0	618,630	0
CASH FLOW GENERATED BY OPERATIONS	**(1,202,388)**	**(931,586)**	**574,927**	**(390,882)**
Taxes (net of deferred taxes)	24,249	0	0	0
CASH FLOW GENERATED BY OPERATIONS NET OF TAXES	**(1,178,139)**	**(931,586)**	**574,927**	**(390,882)**

follows

follows

Consolidated cash-flow statement

CASH FLOW STATEMENT	30/06/2021	OF WHICH WITH RELATED PARTIES	30/06/2020*	OF WHICH WITH RELATED PARTIES
Other assets/other liabilities	(1,754,902)	0	278,482	67,144
Change in trade receivables	*7,928*	*0*	*(386,203)*	*0*
Change in trade payables	*277,320*	*0*	*11,588*	*62,680*
Change in other current assets	*(203,125)*	*0*	*36,333*	*27,511*
Change in other current liabilities	*(1,014,536)*	*0*	*47,963*	*(23,047)*
Change in other non-current assets	*(382,557)*	*0*	*124,111*	*0*
Change in tax receivables	*(308,787)*	*0*	*140,469*	*0*
Change in tax payables	*(113,820)*	*0*	*304,221*	*0*
Change in severance indemnity fund (TFR)	*(17,325)*	*0*	*0*	*0*
CASH FLOW BEFORE INVESTMENTS AND FINANCING	**(2,933,041)**	**(931,586)**	**853,409**	**(323,738)**
INVESTMENTS AND DIVESTMENTS	**(14,578,219)**	**(10,000)**	**64,276**	**0**
(Increase)/decrease in capital goods and other assets	*(570,079)*	*0*	*0*	*0*
(Increase)/decrease in properties	*(12,998,140)*	*0*	*(727,790)*	*0*
(Increase)/decrease in financial instruments	*(1,000,000)*	*0*	*792,066*	*0*
(Increase)/decrease in equity investments and securities	*(10,000)*	*(10,000)*	*0*	*0*
FINANCIAL ASSETS	**395,569**	**0**	**(577,036)**	**0**
Other changes in equity	*(274,568)*	*0*	*(48,056)*	*(68,790)*
Increase in financial payables	*58,437,128*	*58,437,128*	*0*	*0*
Decrease in financial payables	*(57,766,992)*	*0*	*(528,980)*	*0*
CASH AND CASH EQUIVALENTS GENERATED DURING THE YEAR	**(17,115,692)**	**57,495,542**	**340,649**	**(392,528)**
INITIAL CASH AND CASH EQUIVALENTS	**24,922,620**		**475,275**	
FINAL CASH AND CASH EQUIVALENTS	**7,806,929**		**815,923**	

* Compared to the Condensed Half-year Consolidated Financial Statements as at 30 June 2020, certain changes have been made to the format in order to improve the presentation of the financial statements.

The condensed half-year consolidated financial statements are subject to a limited audit by EY S.p.A.

NOTES TO THE FINANCIAL STATEMENTS

Form and contents of the financial statements

The condensed half-year consolidated financial statements as at 30 June 2021 of the Nova Re Group 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).

On 14 September 2021, the Board of Directors authorised the publication of these condensed half-year consolidated financial statements, which are subject to a limited audit by EY S.p.A. in accordance with the assignment pursuant to Legislative Decree no. 39 of 27 January 2010, granted by the Shareholders' Meeting of 26 April 2021, which has a term of nine years (2021-2029).

The condensed half-year consolidated financial statements for the period to 30 June 2021 have been prepared in accordance with IAS 34 - Interim Financial Reporting and therefore, do not present all the disclosures required in the preparation of the annual consolidated financial statements. For this reason, it is necessary to read the condensed half-year consolidated financial statements together with the consolidated financial statements for the year ended 31 December 2020.

In compliance with the provisions of 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 half-year consolidated financial statements are shown in euro. The rounding of figures contained in the notes to the financial statements is carried out in such a way as to ensure consistency with the amounts shown in the balance sheet and income statement. The notes to the financial statements are drawn up in euro '000, unless otherwise stated.

Principles of new application

The accounting policies adopted for the preparation of the condensed half-year consolidated financial statements as at 30 June 2021 are consistent with those used for the preparation of the consolidated financial statements as at 31 December 2020, except for the adoption of new standards and amendments effective 1 January 2021. The Group 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 2021 but have not had an impact on the condensed half-year consolidated financial statements.

Format of the financial statements adopted by the group

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

The financial statements have been drafted on a going concern basis. In fact, in light of the recent capital increase subscribed by CPI and the significant events described in the Interim Report on Operations, the Directors have assessed that there are no uncertainties regarding the Group's ability to operate as a going concern.

The condensed half-year consolidated financial statements as at 30 June 2021 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, drawn up using the nature of expense method form of analysis;
- Consolidated statement of other comprehensive income;
- Consolidated statement of changes in shareholders' equity;
- Consolidated cash flow statement, drafted using the indirect method.

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

It should be noted that compared to what has already been published in the consolidated financial statements as at 31 December 2020 and in the condensed half-year consolidated financial statements as at 30 June 2020, certain changes have been made to the financial statements in order to improve their presentation and accounting.

Scope of consolidation

The consolidated financial statements have been drafted on the basis of the financial statements as at 30 June 2021 drawn up by the companies included in the scope of consolidation and adjusted to align them with IFRS-compliant accounting policies and classification criteria. The scope of consolidation includes subsidiaries, associated companies and investments in joint ventures. As at 30 June 2021, in line with the year ended 31 December 2020, the scope of consolidation includes only Nova Re, the parent company, and the wholly-owned subsidiary Cortese Immobiliare S.r.l.

Accounting standards and consolidation principles

The accounting standards and consolidation principles are the same as those used to prepare the Consolidated Financial Statements as at 31 December 2020, to which reference is made for a detailed description of the same.

Use of estimates and assumptions

The drafting of the annual financial report requires the Group to make estimates and assumptions that could influence the carrying amounts of certain assets and liabilities, costs and revenues, as well as the disclosure of contingent assets/liabilities on the reporting date.

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

Estimates are used to determine the fair value of investment property, financial instruments and derivative financial instruments. Estimates and assumptions are based on data reflecting the current state of available knowledge and independent experts have been relied upon for most of these assessments.

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

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 Nova Re SIIQ S.p.A. on 25 June 2019, in compliance with the Company's Independent Experts procedure, appointed the company Axia RE (Business Unit of RINA Prime Value Services S.p.A.) as independent expert for a three-year assignment to carry out a six-monthly valuation of Nova Re Group assets, including the properties owned and the economic capital of the subsidiary Cortese Immobiliare S.r.l, for a fee of Euro 9,000 for the first valuation as at 30 June 2019 and Euro 4,500 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, Nova Re has adopted a specific company procedure which, on the basis of current legislation, establishes, among other, 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:

    1. *Direct Capitalisation*: is based on capitalising, at a rate deducted from the real estate market, the future net income generated by the properties;

    2. *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 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 Nova 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 valuation elements is based on their professional opinion, taking into account a careful observation of the reference market and the carrying out of an inspection of the property.

The information provided by Nova Re to the experts is assumed by the latter to be reliable and accurate, while the assumptions and valuation models used by them are reviewed by the relevant departments, which are responsible for organising, coordinating and monitoring as well as auditing valuation activities.

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 subject to valuation. Changes in the assumptions made in estimating the input data could affect the fair value recognised in the financial statements for these instruments.

Segment reporting

The Management views the Group as a single segment. The Group 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 executive and commercial use, while the economic values are analysed by property. Considering the reporting structure used, the resource allocation process and the Group's activities, the Management therefore identifies only one segment (i.e. the Nova Re Group).

Comments to the Notes to the financial statements

Assets

Note 1. Investment property

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

	BUILDINGS
NET CARRYING AMOUNT AS AT 01/01/2021	120,450
Contributions in kind	0
Increases	12,998
Disposals	0
Reclassifications	0
Write-ups (write-downs)	3,402
NET CARRYING AMOUNT AS AT 30/06/2021	136,850

The Real Estate Portfolio directly held by the Nova Re Group recorded a total valuation of Euro 136,850 thousand as at 30 June 2021.

The table below describes the changes in the values of each property that occurred during 2021.

PROPERTY	31/12/2020	INCREASES	RECLASSIFICATIONS	CARRYING AMOUNT BEFORE ADJUSTMENT TO MARKET VALUE	MARKET VALUE	ADJUSTMENT TO MARKET VALUE	30/06/2021
Milan, Via Spadari	40,500	12,440	0	52,940	56,900	3,960	56,900
Milan, Via Cuneo	25,150	0	0	25,150	25,300	150	25,300
Milan, Corso San Gottardo	15,200	0	0	15,200	15,100	(100)	15,100
Rome, Via Zara	12,700	8	0	12,708	12,800	92	12,800
Bari, Viale Saverio Dioguardi	14,900	0	0	14,900	15,000	100	15,000
Verona, Via Unità d’Italia	6,600	550	0	7,150	6,500	(650)	6,500
Rome, Via Vinicio Cortese	5,400	0	0	5,400	5,250	(150)	5,250
	120,450	12,998	0	133,448	136,850	3,402	136,850

In summary, with regard to the performance of the value of the properties under management during the first half of 2021, it should be noted that compared to 31 December 2020, the value of the real estate portfolio held had a gross increase Euro 16,400 thousand mainly due to the change in the perimeter given by the new acquisitions during the first half of 2021 (which implied a total investment by Nova Re of Euro 12,448 thousand with reference to the property in Milan, Via Spadari and Euro 550 thousand with reference to the property in Verona, Via Unità d'Italia).

The item write-ups (write-downs) refers to the adjustments made during the period to the value of properties to adjust them to their fair value, in accordance with the provisions of the relevant accounting standards. In particular, as shown in the table above, investment properties were written down by Euro 900 thousand and written-up by Euro 4,302 thousand, with a net positive impact of Euro 3,402 thousand.

The fair value adjustment refers to the results of the market value appraisals drafted by the independent expert on the properties, in compliance with the RICS Valuation - Professional Standards, which incorporate the IVS (International Valuation Standards), and in accordance with applicable regulations and recommendations of the regulators.

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

The fair value hierarchy classifies the inputs of valuation techniques used to establish the fair value based on 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) duration, a Level 2 input must be observable for substantially the entire duration of the asset or liability;
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group's real estate portfolio has been valued using Level 3 fair value models, as the directly/indirectly non-market observable inputs used in the valuation models predominate over the market observable inputs.

The following table shows the real estate portfolio broken down by type of property, measured at fair value as at 30 June 2021.

PROPERTY	LEGAL NATURE	ACCOUNTING CRITERIA	LAST APPRAISAL DATE	SIGNIFICANT INPUTS NOT OBSERVABLE ON THE MARKET (LEVEL 3) EURO/000
Milan, Via Spadari	Full ownership	IAS 40, *fair value*	30/06/21	56,900
Milan, Via Cuneo	Full ownership	IAS 40, *fair value*	30/06/21	25,300
Milan, Corso San Gottardo	Full ownership	IAS 40, *fair value*	30/06/21	15,100
Rome, Via Zara	Full ownership	IAS 40, *fair value*	30/06/21	12,800
Bari, Viale Saverio Dioguardi	Property Leasing	IAS 40, *fair value*	30/06/21	15,000
Verona, Via Unità d'Italia	Full ownership	IAS 40, *fair value*	30/06/21	6,500
Rome, Via Vinicio Cortese	Full ownership	IAS 40, *fair value*	30/06/21	5,250
				136,850

Unobservable inputs used in the valuation of the property portfolio, on a property-by-property basis, attributable to Level 3 of the fair value hierarchy are:

- Annual discount rate;
- Gross Cap Out Rate;
- Annual fees per square metre (ERV).

Unobservable inputs considered most significant by Nova Re are the discount rate and Gross Cap Out rate, as changes in them significantly affect the fair value.

The following table shows unobservable inputs as at 30 June 2021:

PROPERTY	LEGAL NATURE	METHOD	DISCOUNT RATE	GROSS CAP OUT RATE	ERV €/SQM/Y
Milan, Via Spadari	Full ownership	Income (DCF)	5.10% for retail portion and 4.5% for office portion	4.05% for retail portion and 4.3% for office portion	1,126 per retail portion and 425 for office portion
Milan, Via Cuneo	Full ownership	Income (DCF)	5.70%	4.90%	400
Milan, Corso San Gottardo	Full ownership	Income (DCF)	5.90%	5.40%	360
Rome, Via Zara	Full ownership	Income (DCF)	5.60%	5.60%	276
Bari, Viale Saverio Dioguardi	Property Leasing	Income (DCF)	5.90%	7.40%	110
Verona, Via Unità d'Italia	Full ownership	Income (DCF)	6.60%	6.40%	106
Rome, Via Vinicio Cortese	Full ownership	Income (DCF)	6.60%	7.60%	190

Lastly, the Group's real estate portfolio, outstanding debt and Net Asset Value (shown on a voluntary basis and calculated as the ratio of the nominal outstanding debt of the loans to the fair value of the properties) as at 30 June 2021 are shown below:

PROPERTY	LEGAL NATURE	LENDING COUNTERPARTY	VALUES AS AT 30 JUNE 2021	REMAINING DEBT AS AT 30 JUNE 2021*	NET ASSET VALUE EURO	LOAN TO VALUE	MATURITY	DURATION (YEARS)
Milan, Via Spadari	Full Ownership	CPI Property Group S.A.	56,900	22,687	34,213	39.87%	27/01/2026	4.6
Milan, Via Cuneo	Full Ownership	CPI Property Group S.A.	25,300	14,481	10,819	57.24%	27/01/2026	4.6
Milan, Corso San Gottardo	Full Ownership	CPI Property Group S.A.	15,100	10,861	4,239	71.93%	27/01/2026	4.6
Rome, Via Zara**	Full Ownership	CPI Property Group S.A.	14,700	6,577	8,123	44.74%	27/01/2026	4.6
Bari, Viale Saverio Dioguardi	Property Leasing	Unicredit Leasing	15,000	5,163	9,837	34.42%	10/01/2024	2.6
Verona, Via Unità d'Italia	Full Ownership	CPI Property Group S.A.	6,500	3,366	3,134	51.78%	14/05/2026	4.9
Rome, Via Cortese	Full Ownership	Intesa Sanpaolo	5,250	1,203	3,415	34.95%	05/12/2025	4.4
		Intesa Sanpaolo		632			01/07/2025	4
			138,750	64,970	73,780	46.83%		

* Nominal values of debt.

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

It must be noted that debt maturities shown above incorporate the extensions of the latter below and 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 (Forecast budget of the State for 2021 and multi-annual budget for the 2021-2023 three-year period) - of the suspension of payments.

Note 2. Other property, plant and equipment

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

	INSTRUMENTAL BUILDING	OTHER ASSETS	FURNITURE AND HOTEL FURNISHINGS VERONA	TOTAL
NET CARRYING AMOUNT AS AT 01/01/2021	1,895	53	0	1,948
Increases	0	20	544	564
Decreases	0	0	0	0
Reclassifications	0	0	0	0
Depreciation and write-downs	(29)	(8)	(17)	(54)
FINAL BALANCE AS AT 30/06/2021	**1,866**	**65**	**527**	**2,458**
Historical cost	1,909	81	544	2,534
Accumulated depreciation	(43)	(16)	(17)	(76)
NET CARRYING AMOUNT	**1,866**	**65**	**527**	**2,458**

The item increased significantly following the acquisition, for Euro 544 thousand, of all the furniture, fittings, equipment and fixtures contained in the property in Verona as part of the early termination of the existing lease agreement with SHG and the early return of the Property.

The company has no commitments to purchase new fixed assets.

Note 3. Rights of use

	RIGHTS OF USE
NET CARRYING AMOUNT AS AT 01/01/2021	65
Increases	0
Decreases	0
Depreciation and write-downs	(14)
NET CARRYING AMOUNT AS AT 30/06/2021	**51**

The item includes the rights of use relating to two company cars, while the relative financial debt is recorded for Euro 52 thousand under Payables to banks and other lenders.

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 the second half of 2020.

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

	CONCESSIONS AND LICENSES	CAPITALISED CONCESSION SOFTWARE	REF - BC SOFTWARE	TOTAL
NET CARRYING AMOUNT AS AT 01/01/2021	**0**	**2**	**110**	**112**
Amortisation and write-downs	0	(1)	(12)	(13)
Increases	0	0	0	0
Reclassifications	0	0	0	0
NET CARRYING AMOUNT AS AT 30/06/2021	**0**	**1**	**98**	**99**
BALANCE AS AT 30/06/2021				
Historical cost	1	10	123	134
Accumulated amortisation	(1)	(9)	(25)	(35)
NET CARRYING AMOUNT AS AT 30/06/2021	**0**	**1**	**98**	**99**

Note 5. Shares held in subsidiaries

This item includes the value of the investment in the subsidiary Fidelio Engineering S.r.l., which was incorporated during the half-year. As at the date of these condensed half-year consolidated financial statements, the company was not operational. The company is not included in the scope of consolidation as at 30 June 20201 as it is not significant.

Note 6. Deferred tax assets

The item includes deferred tax assets for Euro 1,574 thousand, up compared to 31 December 2020 by Euro 490 thousand; they are mainly attributable to the loss on taxable management of the Parent Company equal to Euro 494 thousand.

Note 7. Other non-current assets

The table below summarises the status of Other non-current assets as at 30 June 2021 and 31 December 2020.

	30/06/2021	31/12/2020
Capex contribution Milan, Via Spadari	672	733
Capex contribution Milan, Via Cuneo	511	557
OTHER NON-CURRENT ASSETS	**1,183**	**1,290**

The item as at 30 June 2021 amounted to Euro 1,183 thousand and refers to:

- the long-term portion of the capex contribution disbursed to the customer OVS in 2018 for the property in Milan, Via Spadari for Euro 672 thousand;
- the long-term classified portion of the capex contribution disbursed to the customer OVS in the second half of 2020 for the property in Milan, Via Cuneo for Euro 511 thousand.

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

Note 8. Financial assets at fair value

This item includes financial assets measured at fair value with a balancing entry in the income statement; the balancing entry for the fair value adjustment is included under the item Fair value adjustment of financial assets.

	BONDS	UCITS	OTHER	TOTAL
NET CARRYING AMOUNT AS AT 01/01/2021	**3,186**	**0**	**0**	**3,186**
Increases	0	1,000	0	1,000
Decreases	0	0	0	0
Reclassifications	0	0	0	0
Fair value adjustment	0	0	0	0
NET CARRYING AMOUNT AS AT 30/06/2021	**3,186**	**1,000**	**0**	**4,186**

The item includes the fair value of Euro 3,186 thousand referred to the debenture loan subscribed by Nova Re, following approval by the Nova Re Board of Directors on 19 October 2017, issued by the Luxembourg-law fund Historic & Trophy Building Fund - HTBF Euro Sub-Fund (HTBF-€ Fund) managed by the Luxembourg-law company Main Source S.A.

As part of the negotiations to subscribe to the bond issue, Nova Re acquired specific guarantees for the transaction.

Specifically, on 13 October 2017, Nova Re and Main Source S.A. signed a letter of commitment along with the bond regulations containing, among other, the provision that, at any time following the subscription of the bonds, and upon simple written request, Nova Re could request the HTBF-€ Fund to purchase all or even part of the bonds subscribed (the Put Option), resulting in the HTBF-€ Fund's obligation to:

1. repurchase, no later than the 30th day following receipt of this request, the bonds subscribed by the Company;
2. proceed (again within the aforementioned essential period of 30 days) to pay the price, equal to the nominal value of the bonds Nova Re intends to sell, plus the accrued interest up to the effective date of the sale.

In addition, on 19 October 2017, Sorgente SGR S.p.A., the company that discretely and independently manages the funds that hold the controlling interest in Nova Re, not in its own right but in its capacity as manager of the Fund - the sole shareholder of the HTBF-€ Fund - called Donatello - Italian Real Estate AIF, Tulipano Sub-Fund, issued, in favour of Nova Re, an autonomous guarantee on first demand, with which it irrevocably and unconditionally undertook - if the HTBF-€ Fund had not provided, 30 days from the exercise of the Put Option, to pay the repurchase price of the bonds and the relevant yield in favour of the Company - to pay Nova Re, upon simple written request and without any need for proof or justification, without exceptions, all sums that Nova Re would have requested, up to the amount invested, equal to Euro 6 million, increased by the yield as defined in the letter of commitment.

Specific highlights from the second half of 2019 are outlined below:

- as at 31 December 2019, the accrued coupon as at 31 December 2019 has not been paid to Nova Re;
- on 16 January 2020, Nova Re received, as also published on the website of the Luxembourg Stock Exchange, the notice with the aim of suspending trading in the share due to an event of default;
- Nova Re, following the above event of default exercised, on 31 January 2020, the additional right (Put Option) requesting the HTBF-€ Fund to pay, within and no later than the 30th day from receipt of the relevant notice, the price equal to the nominal value of all bonds subscribed by the Company, increased by the accrued interest until the effective date of the sale;
- the Company, on 9 March 2020 - in view of the expiry of the thirty days period from the Put Option exercise where no action has been taken and in consideration of the failed settlement of the nominal value of all bonds subscribed by the Company (Euro 6 million), increased by the Yield - enforced the autonomous guarantee on first request issued in favour of the Company on 19 October 2017 by Sorgente SGR S.p.A. in a.s., not in its own right, but in its capacity as manager, in the name and on behalf of the Fund named Donatello - Italian Real Estate AIF, Tulipano Sub-Fund with which it undertook, as aforesaid, irrevocably and unconditionally - if the HTBF-€ Fund had not provided, 30 days from the exercise of the Put Option, to pay the repurchase price of the bonds and the relevant yield in favour of the Company - to pay Nova Re, upon simple written request and without any need for proof or justification, without exceptions, all sums that Company itself would have requested, up to the amount of Euro 6,000,000.00, increased by the yield;
- The Company, in the above mentioned notice, by enforcing the guarantee in question, asked Sorgente SGR S.p.A. in a.s. to pay the amount of the nominal value of the debentures subscribed (Euro 6 million), plus the accrued interest, by and no later than 17 March 2020.
- on 24 March 2020, Nova Re asked Sorgente SGR to confirm its intention to honour the guarantee, the time-frames and details of how the guarantee would be honoured and evidence, including documentary evidence, of its capital and financial capacity to honour the guarantee;
- on 8 April 2020, Sorgente SGR, in response, and raising doubts about the validity of the repurchase agreement/put option between Nova Re and Main Source S.A., inferred in particular that: "*in this regard, it must be pointed out that the entity that, as a last resort, assumed the risk of default of the REIF HTBF Euro in respect of the obligation to pay the repurchase price of the securities subscribed by you is Sorgente Group Italia S.p.A., as you are aware, an entity referable to Prof. Valter Mainetti as well as the manager itself of the REIF HTBF Euro, Main Source S.A.*",
- it was also announced that: "*Sorgente Group Italia S.p.a., in fact, has assumed a commitment entirely mirroring that which you enforced with regard to the Fondo Donatello - Tulipano Sub-Fund, by means of a second guarantee on the Sub-Fund for the same amount of euro 6 million plus the yield accrued in the event of your Company's enforcement. It goes without saying that the undersigned, in its aforementioned capacity, in a precise and timely manner enforced the second guarantee of Sorgente Group Italia S.p.a. on 11 March 2020, following your initiative.*"
- On 16 April 2020, Nova Re then sent an additional letter of acknowledgement, in which it:
  1. acknowledges that Sorgente sgr does not have the requested information as it would not have been possible for Sorgente sgr to finalise the management reports updated as at 31 December 2019 and disclose the NAV of Fondo Donatello - Tulipano Sub-Fund;
  2. requests for the most up-to-date documentation relating to the Fondo Donatello - Tulipano Sub-Fund to be sent and requests

confirmation that as of 30 June 2018, the reference date of the last periodic statement submitted to Nova Re, there have been no changes in the amount of assets;

3. points out that the relationships between Sorgente Group Italia S.p.A. and Sorgente Sgr are not known to Nova Re and are not legally relevant for Nova Re and fully rejects the objections raised by Sorgente Group Italia S.p.A.

- on 27 April 2020, Nova Re sent a further notice to Main Source S.A. requesting the strengthening of its capital guarantees, through the acquisition of certain collateral;
- on 1 July 2020, Nova Re filed an appeal with the Court of Milan for an injunction against Sorgente SGR S.p.A. in A.S., as manager of the Fund "Donatello - Italian Real Estate AIF, Tulipano Sub-Fund", to obtain payment of a total of Euro 6,152,500, plus default interest.

Nova Re has appointed Studio GLG & Partners to recover the amount invested in the debenture loan issue in question.

The most recent developments have concerned:

with reference to actions taken against Main Source:

1. on 27 July 2020, the sending of a formal notice to Main Source, with an injunction to pay the amounts due;
2. on 11 September 2020, the communication to the Luxembourg Supervisory Authority (*Commission de Surveillance du Secteur Financier - CSSF*), to inform it of the commencement of all appropriate legal actions to protect its legal rights;
3. on 19 November 2020, the so-called Commercial procedure before the District Court, by notification of the deed of *Assignation devant le Tribunal d'arrondissement de et à Luxembourg*, the first formal deed of the aforementioned judicial procedure;
4. on 4 December 2020, the first hearing in which the Court assigned the case to the relevant section;
5. on 7 December 2020, the Judge announced that the next hearing had been set for 15 June 2021, then postponed to 29 June 2021;
6. on the meantime, the liquidation procedure was started at the same Judicial Office, with the aim of obtaining the liquidation of the French assets belonging to the HTBF-€ Fund, managed by Main Source, and, for this purpose, on 12 January 2021, the Luxembourg Supervisory Authority appointed the judicial liquidator;
7. due to time, Nova Re promptly filed the declaration of claim, declaring to be creditor of Main Source and, currently, the liquidator expects to start the process of selling the assets consisting of 2 companies owning as many properties located in Provence, and 2 management companies originally set up for the purpose of managing said properties;
8. taking into account the progress of the liquidation procedure of the Debtor Fund and the relative recognition of the credit, the so-called Commercial procedure before the District Court was no longer necessary in the context of safeguarding the interests of Nova Re and was extinguished;

- with reference to actions taken against Sorgente SGR it must be noted that:

1. on 16 October 2020, Sorgente SGR was served with the injunction for an amount of Euro 6,125.5 thousand;
2. on 25 November 2020, Sorgente SGR served the summons in opposition to the injunction, with the simultaneous request for counter-guarantee and summons of the third party (Sorgente Group Italia S.r.l.) and counter-claim;

3. on 10 February 2021 - in the first hearing of the opposition proceedings - the Court of Milan granted provisional enforceability of the injunction no. 12670/2020 pursuant to article 648 of the Italian Civil Procedure Code, assigning the parties time limits for filing the briefs pursuant to article 183, paragraph 6 of the CPC and adjourning the case for discussion of the preliminary motions to the hearing on 24 June 2021;

4. Nova Re duly presented its further defence by filing the briefs pursuant to article 183, paragraph 6 of the CPC, on 12 March, 12 April and 3 May 2021, respectively, and at the hearing on 24 June 2021, the judge adjourned the proceedings to the hearing on 16 December 2021 for final judgement;

5. Nova Re, therefore, by virtue of provisionally enforceable injunction no. 12670/2020, took all the necessary actions for the active management of its credit, lodged with the Rome and Belluno courts and listed below:

   I deed of seizure at third parties pursuant to article 543 CPC, of 23 February 2021, with proceedings registered in the general register of securities executions of the Court of Rome (hereinafter, seizure at third parties, regarding liquidity on current accounts and other assets held by the AMC custodian bank);

   II deed of seizure at third parties pursuant to article 543 CPC, of 27 April 2021, with proceedings registered in the general register of securities executions of the Court of Rome (subsequently, seizure at third parties, regarding receivables claimed by Fondo Donatello - Tulipano sub-fund from some debtors);

   III deed of seizure of shares of company investments (owned by Sorgente SGR) pursuant to article 2471 Civil Code of 27 April 2021, with proceedings registered in the general register of securities executions of the Court of Rome (hereinafter, Share Seizure);

   IV deed of seizure of real estate pursuant to article 555 et seq. of the Code of Civil Procedure of 29 March 2021, with proceedings registered in the general register of real estate executions of the Court of Belluno (hereinafter, Real Estate Seizure);

- with specific reference to recourse actions taken against Sorgente SGR, it is be noted that:

  1. in the context of the Seizure at Third Parties, on 24 March 2021, the third party submitted a positive declaration pursuant to article 547 of the Code of Civil Procedure. The third-party declaration hearing is scheduled for 25 November 2021;

  2. as part of the Seizure at Third Parties, two positive quantity declarations were received. However, further quantity declarations are expected, while some lenders have sent negative communications. The hearing for the declaration of the third party has been set for 21 January 2022;

  3. with regard to the Share Seizure relating to the investments of 2 companies, Nova Re filed a petition for sale on 18 June 2021 and consequently the judge appointed a judicial custodian and administrator in place of the debtor with a ruling dated 22 June 2021 and set the first hearing for the parties to appear on 6 October 2021;

  4. with regard to the Real Estate Seizure, Nova Re was able to seize 1 property in the Municipality of Cortina d’Ampezzo (BL). Nova Re, consequently, filed the relative petition for sale on 17 May 2021;

- with reference to lawsuits in which Nova Re acts as defendant, it should be noted that: Sorgente SGR has served a writ of summons on Sorgente Group and Nova Re, called to appear before the Court of Rome at the hearing of 10 July 2021, regarding the same subject matter as that examined by the Court of Milan in the proceedings opposing injunction no. 12670/2020. On 12 May 2021 the judge adjourned the first hearing pursuant to article 165 bis, paragraph 5 of the Code of Civil Procedure, to 15 September 2021 and, as a result, Nova Re filed its appearance on 26 July 2021.

By notice dated 12 January 2021, the CSSF informed that the Luxembourg Court on 7 January 2021 ordered the judicial liquidation of HTBF and appointed the Liquidator in charge of the procedure.

It is stressed that Nova Re Management has continuously and constantly worked to request documentation regarding the financial position and results of operations of the HTBF-€ Fund and regarding the assets held by the Fund itself, and of recognition and analysis of documentation received.

Specifically, in the activities of obtaining documentation related to the HTBF-€ Fund and in establishing certain assumptions for the valuation process of the financial instruments, Nova Re Management made significant use of the notices received from Main Source S.A.

Main Source, S.A., in a first step, sent to Nova Re the financial statements of the HTBF-€ Fund as at 31 December 2017, audited by the Independent Auditors PKF on 05 March 2020, the valuations of the corporate holdings and real estate assets held by the HTBF-€ Fund performed by Duff & Phelps as at 31 December 2018 and other updated accounting data as at 30 June 2018 and 31 December 2018, confirming, as a basic assumption, that the assets of the HTBF-€ Fund have not, since 1 January 2018, undergone any changes, as it has not made any new releases of guarantees with respect to what was already in place, nor has it made any divestments and/or capital repayments to the shareholders.

In January 2021, Main Source made available a draft of the financial statements of HTBF - Euro sub-fund as at 31 December 2018 and a draft, dated 8 January 2021, of the PKF Audit & Conseil's report on the audit of those financial statements. The above 2018 draft financial statements contain information on subsequent events that have occurred until the end of the 2020 financial year.

In addition, also in January 2021, the Company appointed Patrigest S.p.A. to draft a desktop market opinion on two receptive assets located in France included in the assets of the HTBF-€ Fund.

The estimate of the fair value of the bonds followed valuation approaches applied to impaired financial assets (so-called Non Performing Loans), in particular estimating, on the basis of the information available and of precise and justified assumptions, the exit price of the bond in relation to the forced disposal value of the assets included in the Fund's assets. The above valuation methodology (Judicial Market Value) is consistent with the specific actions taken by the Company in 2020 and the first half of 2021 to recover its credit position, including through the courts.

In view of the information available on the date of drafting this Half-Year Financial Report, and more specifically, the fact that the debenture loan expired in October 2020, it was deemed appropriate to combine the Judicial Market Value approach with a further valuation approach, in line with the 2020 Annual Financial Report.

Such an approach requires that the estimate of fair value of an impaired loan can be estimated through the use of a Recovery Rate identified on the basis of a benchmark analysis in consideration of the duration of the loan from maturity to assignment. Fair Value is then estimated by applying the Recovery Rate to the nominal value of the receivable.

In the valuation methods adopted, the fair value of the bonds is calculated:

- in the first method as the current value of the sales price of assets held by the fund and pledged as collateral, considered pro-rata for the percentage of ownership to the total liabilities of the debtor company. The fair value of the bonds is therefore estimated as equal to the Judicial Market Value (JMV), discounted over the estimated period of the recovery proceedings;

- in the second method by applying to the nominal value of the loan a recovery rate identified on the basis of a benchmark analysis taking into account the duration from the maturity of the loan to its assignment and the nominal value of the loan. In order to estimate the Recovery Rate value, the price of disposal of bad debts as a percentage of their nominal value recorded on average in Italy for 2017-2019 the period was taken into account, as reported in the document Notes on Financial Stability and Supervision issued by the Bank of Italy in December 2020. Specifically, the average recovery rate for receivables backed by collateral and past due for a compressed period between 0 and 2 years recorded in 2017 was considered, as in that year the sale of some receivables backed by prestigious properties was carried out; this recovery rate, therefore, was considered more in line with the characteristics of the receivable under review.

For both methods, the valuation process was based on assumptions of parameters found in the market, selected and attributed with a prudential approach.

From the application of the methodology described above, the Fair Value of the receivable from the HTBF-€ Fund, having a nominal value equal to Euro 6,000 thousand has been identified in a range between Euro 2,645 thousand and Euro 4,385 thousand, in consideration of a variation of the discount rate, used in the analysis, between 11% and 21% and the variation of the estimate of the number of years elapsing between a judicial auction and the following one between 0.5 and 2.

In addition to the above and in order to corroborate the valuation process undertaken and the results deriving from it, it should be noted that in the meantime the company, as previously mentioned, has initiated all the necessary actions for the active management of credit, lodged with the courts of Rome and Belluno, with deeds of seizure at third parties, seizure of shares and real estate seizure against Sorgente S.G.R. in a.s. in the name and on behalf of the Italian real estate AIF called Donatello - Tulipano Sub-fund, which issued the additional guarantee in favour of Nova Re; the total value of the assets seized is significantly higher than the nominal value of the bond instrument invested in the HTBF-€ Fund and subscribed by Nova Re.

Considering the amounts of the investment subscribed, the assets seized and by virtue of the guarantees received, the overall recoverable value of the bond instrument is consistent with the valuation made by the directors, which amounts to Euro 3,186 thousand.

The item Financial assets at fair value also includes the value as at 30 June 2021 of investments of temporary surplus cash subscribed in May 2021 by the Company for Euro 1,000 thousand, in mutual fund units (funds of UCITS, units of UCITS or portfolios of units of UCITS) managed by leading qualified asset managers. The above financial assets have been valued on the basis of the market price as at 30 June 2021.

Note 9. Receivables and other current assets

This item includes financial assets measured at amortised cost comprising trade receivables, tax receivables and other receivables as detailed below.

	30/06/2021	31/12/2020
Receivables from tenants	906	1,096
Receivables from other related parties	0	3
Allowance for doubtful accounts	(251)	(436)
Net trade receivables	*655*	*663*
Deferred costs for concessions to COVID-19 customers	807	688
Tax receivables	841	532
Capex contribution - current portion	*215*	*215*
Accruals and deferrals	82	115
Other receivables	120	3
TOTAL	**2,720**	**2,216**

Net trade receivables

Net trade receivables showed a balance of Euro 655 thousand (Euro 663 thousand as at 31 December 2020) and consisted mainly of:

- receivables from tenants of owned properties for Euro 655 thousand; the amount includes receivables for invoices and credit notes to be issued for Euro 300 thousand;
- receivables arising from previous ownership completely written off for Euro 248 thousand;
- residual receivables from Sorgente SGR Fondo Tiziano - San Nicola Sub-Fund for Euro 2 thousand and residual receivables from Sorgente SGR Fondo Donatello - Tulipano Sub-Fund for Euro 0.5 thousand; these receivables were written down already as at 31 December 2020.

With reference to the Allowance for doubtful accounts, changes for the period are shown below.

	PROVISION FOR BAD DEBTS
BALANCE AS AT 01/01/2021	(436)
Provisions	0
Releases	185
Uses	0
BALANCE AS AT 30/06/2021	251

The Allowance for doubtful accounts decreased from 31 December 2020 as a result of the release of the provision related to receivables from the former tenant SHG. As anticipated, negotiation activities with the tenant resulted in the signing of a settlement agreement on 28 April 2021, through which the Company and SHG settled their mutual claims and positions. Specifically, Nova Re achieved the early termination of the existing lease contract with SHG and the early return of the Property as well as the payment by SHG of the outstanding rents relating to the period September 2020 to April 2021, recognising, as per practice, an indemnity for the early release of the Property.

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.

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 and March 2021.

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. The temporary rent reduction granted in 2020 to the tenant SHG was reclassified as a reduction in revenue in the first half of 2021 for Euro 54 thousand following the early termination of the lease contract.

Tax receivables

CURRENT	30/06/2021	31/12/2020
Receivables from Revenue for VAT	780	489
Receivables from Revenue for taxes	31	31
Other tax receivables	29	12
CURRENT TAX RECEIVABLES	841	532

Tax receivables show a balance of Euro 841 thousand (Euro 532 thousand as at 31 December 2020) and consist mainly of:

- receivable from the tax authorities resulting from the VAT settlement for the month of June 2021 for Euro 780 thousand (Euro 489 thousand as at 31 December 2020);
- IRAP receivables for Euro 31 thousand.
- other tax receivables for Euro 29 thousand.

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 2020. The above amount refers to the portion that will be deducted from rental income over the next 12 months.

Accruals and deferrals

The item Deferrals amounted to Euro 82 thousand (Euro 115 thousand as at 31 December 2020) is related to insurance costs, membership fees, rents and others.

Note 10. Cash and cash equivalents

	30/06/2021	31/12/2020
Bank and postal deposits	4,807	24,449
Time deposit	3,000	0
Restricted current accounts	0	474
Cash and cash in hand	0	0
TOTALE	**7,807**	**24,923**

They amounted to a total of Euro 7,807 thousand (Euro 24,923 thousand as at 31 December 2020) and are mainly represented by bank and postal deposits and time deposits with guaranteed and restricted yield until 18 August 2021.

Shareholders' equity

Note 11. Shareholders' Equity

The share capital, fully subscribed and paid up, amounted to Euro 63,265 thousand as at 30 June 2021 and consisted of 22,025,109 ordinary shares.

On 2 November 2020, CPI Property Group S.A. subscribed 11,012,555 new ordinary shares of the company with a cash payment of Euro 25,989,629.80.

The loss for the year 2020 has been carried forward.

The item Other reserves has changed during the half-year following the recording of net costs related to the capital increase in progress for Euro 275 thousand. As indicated in the Interim Report on Operations, negotiations are in fact underway between Nova Re and other leading players in the real estate sector with a view to acquiring real estate assets (or shares in real estate funds) through the sale and/or execution of part of the delegated capital increase to be paid in kind. The expenses in question include costs directly related to the transaction, including fees paid to lawyers, tax experts and other professionals.

The item Other comprehensive income was negative and amounted to Euro 14 thousand; it is related to the effects of the actuarial valuation of the employee severance indemnity (TFR) in accordance with IAS 19.

Liabilities

Note 12. Employee benefits

The table below summarises the status of employee benefits as at 30 June 2021.

	30/06/2021	31/12/2020
TFR payables	276	249
TOTAL	**276**	**249**

Changes in payables due to severance indemnity (TFR)

	30/06/2021	31/12/2020
INITIAL BALANCE AS AT 01/01/2021	**249**	**154**
Actuarial gains or losses	(4)	(1)
Use	(17)	0
Provisions	47	94
Financial expense IAS 19	1	2
FINAL BALANCE AS AT 30/06/2021	**276**	**249**

The closing balance, amounting to Euro 276 thousand as at 30 June 2021 (Euro 249 thousand as at 31 December 2020), 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.

The service cost is classified in the income statement for Euro 47 thousand as personnel costs, Euro 1 thousand interest cost classified under financial expenses and Euro 4 thousand 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	30/06/2021
Annual discount rate	0.79%
Annual inflation rate	0.80%
Annual rate of increase in severance indemnity (TFR)	2.10%
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 2021, the Company's workforce consisted of 9 employees. Below are the point-in-time and average employee numbers compared with 31 December 2020, broken down by category:

BREAKDOWN BY QUALIFICATION	30/06/2021	31/12/2020
Executives	3	3
Middle managers	3	5
Employees	3	3
TOTAL	9	11

BREAKDOWN BY PERIOD AVERAGE	30/06/2021	31/12/2020
Executives	3	3
Middle managers	4	5
Employees	3	3
TOTAL	10	11

Note 13. Bank borrowings and other lenders

The table below provides a breakdown of the item Bank borrowings and other lenders as at 30 June 2021 compared to 31 December 2020:

	30/06/2021	31/12/2020
NON-CURRENT		
Mortgages and loans	61,692	6,576
Borrowings from other financing entities	5,185	5,025
BANK BORROWINGS AND OTHER LENDERS (NON-CURRENT)	**66,877**	**11,601**
CURRENT		
Mortgages and loans	247	52,950
Borrowings from other financing entities	277	205
Payables for advances on invoices	0	36
BANK BORROWINGS AND OTHER LENDERS (CURRENT)	**524**	**53,191**
TOTAL	**67,401**	**64,792**

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

BANK	CONTRACTING PARTY	ORIGINAL AMOUNT	RESIDUAL DEBT AS AT 30/06/2021 NOMINAL VALUES	RESIDUAL DEBT AS AT 30/06/2021 CARRYING AMOUNT AT AMORTISED COST	OF WHICH WITHIN ONE YEAR	OF WHICH BEYOND ONE YEAR	GUARANTEES	ADDITIONAL GUARANTEES AND CLAUSES
CPI PG S.A.	Nova Re SIIQ S.p.A.	54,606	54,606	55,065	-	55,065		
CPI PG S.A.	Nova Re SIIQ S.p.A.	3,364	3,364	3,372	-	3,372		
Banca Centro Lazio	Nova Re SIIQ S.p.A.	2,000	2,000	1,894	248	1,646		
Intesa San Paolo S.p.A.	Cortese Immobiliare S.r.l.	3,900	1,203	1,215	162	1,053	Second-degree mortgage	Channelling of lease fees
Intesa San Paolo S.p.A.	Cortese Immobiliare S.r.l.	2,100	632	639	85	554	Second-degree mortgage	Channelling of lease fees
		65,970	61,805	62,185	495	61,690		

The item Bank borrowings and other lenders takes in due 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.

As at 31 December 2020, there was

1. a mortgage loan outstanding with UniCredit, which was repaid in full in advance and voluntarily on 29 January 2021
2. a mortgage loan with Imprebanca, which was also repaid in May 2021.

The item Payables to other lenders mainly refers to Euro 5,163 thousand relating to the payable to Unicredit Leasing for the lease contract relative to the property located in Bari, via 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. The table also includes changes in liabilities for derivative financial instruments analysed in item 13 below. Liabilities from financial derivatives.

			NON-MONETARY FLOWS			
	31/12/2020	CASH FLOW	*CHANGES IN FAIR VALUE*	CHANGES IN AMORTISED COST	OTHER CHANGES	30/06/2021
Bank borrowings and other lenders (non-current)	11,601	55,273	0	23	(20)	66,877
Bank borrowings and other lenders (current)	53,191	(52,687)	0	0	20	524
Non-current financial derivative liabilities	0	0	0	0	0	0
Current financial derivative liabilities	1,916	(1,916)	0	0	0	0
NET LIABILITIES FROM FINANCING ACTIVITIES	**66,708**	**670**	**0**	**23**	**0**	**67,401**
Cash and cash equivalents	(24,923)	17,116	0	0	0	(7,807)
TOTAL FINANCIAL DEBT	**41,785**	**17,786**	**0**	**23**	**0**	**59,595**

An analysis of the maturities of financial liabilities, also pursuant to IFRS 7, is provided below.

LIABILITIES	CARRYING AMOUNT	WITHIN 1 YEAR	1-2 YEARS	2-5 YEARS	BEYOND 5 YEARS
Bank borrowings and other lenders	67,402	524	1,546	65,225	107

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 Financial Performance and Total Financial Debt included in the Interim Report on Operations.

Note 14. Liabilities from financial derivatives

	30/06/2021	31/12/2020
NON-CURRENT		
Non-current portion of mark to market IRS Unicredit	0	0
NON-CURRENT FINANCIAL DERIVATIVE LIABILITIES	**0**	**0**
CORRENTI		
Non-current portion of mark to market IRS Unicredit	0	1,916
CURRENT FINANCIAL DERIVATIVE LIABILITIES	**0**	**1,916**
LIABILITIES FROM FINANCIAL DERIVATIVES	**0**	**1,916**

Derivative liabilities as at 31 December 2020 represented the mark to market of the derivative contract to hedge against the risk of interest rate fluctuations on the Unicredit loan, entered into on 29 January 2018. As already mentioned above, on 29 January 2021, the parent company repaid the mortgage loan contract with Unicredit in advance and voluntarily; on the same date, the company also terminated the derivative contract hedging the cash flows of the loan for an amount of Euro 1,926 thousand. The difference between the mark-to-market amount as at 31 December 2020 and the amount paid was recognised in Financial income/(expenses) as an income component realised in the first half of 2021.

Note 15. Trade payables and other payables

The table below summarises the situation of trade and other payables as at 30 June 2021.

	30/06/2021	31/12/2020
NON-CURRENT		
Tax payables	173	313
TOTAL TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	**173**	**313**
CURRENT		
Trade payables	1,350	892
Payables due to related parties	35	271
Tax payables	177	150
Payables to national insurance agencies	61	60
Other payables	245	191
Accrued expenses and deferred liabilities	103	1,070
TOTAL TRADE PAYABLES AND OTHER CURRENT PAYABLES	**1,971**	**2,634**

Trade payables

The item trade payables shows a balance of Euro 1,350 thousand (Euro 892 thousand as at 31 December 2020). The increase is mainly attributable to the recognition of payables for invoices to be received for legal, notary and technical consultancy costs relating to activities in progress at 30 June 2021 as part of the planned capital increase transaction.

Payables due to related parties

This item shows a balance of Euro 35 thousand (Euro 271 thousand as at 31 December 2020) and mainly refers to payables to professional directors and statutory auditors for invoices to be received.

Tax payables

	30/06/2021	31/12/2020
Non-current tax payables	173	313
Other tax payables	177	150
TAX PAYABLES	**350**	**463**

Taxes payable after one year refer to taxes relating to previous years and amounts payable after twelve months due to the instalment plan currently being implemented by Cortese Immobiliare. Taxes payable within the year show a balance of Euro 177 thousand (Euro 150 thousand as at 31 December 2020) and mainly refer to:

- withholding taxes on employee and self-employed income paid in July 2021 for Euro 103 thousand;
- payables for instalments with Agenzia delle Entrate (Italian Inland Revenue) of Cortese Immobiliare for Euro 74 thousand.

Payables to national insurance agencies

PAYABLES TO NATIONAL INSURANCE AGENCIES	30/06/2021	31/12/2020
Payables to INPS	59	54
Payables to INAIL	2	2
Various social security institutions	0	4
TOTAL PAYABLES TO NATIONAL INSURANCE AGENCIES	**61**	**60**

Payables to national insurance agencies amounted to Euro 61 thousand (Euro 60 thousand as at 31 December 2020) and mainly relate to contributions for the June 2021 payroll paid in July 2021.

Other payables

OTHER PAYABLES	30/06/2021	31/12/2020
Due to employees	131	97
Other payables	114	94
TOTAL OTHER PAYABLES	**245**	**191**

Other payables amounted to Euro 245 thousand as at 30 June 2021, compared to a balance of Euro 191 thousand as at 31 December 2020, and consisted mainly of payables to personnel of Euro 131 thousand relating to expense reports, accrued holidays, leave and additional monthly payments accrued at 30 June 2021.

Risks and commitments

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

With regard to the loan contracts of Cortese Immobiliare S.r.l. with Intesa Sanpaolo, a mortgage was issued on the property in Rome, Via Cortese, for an original value of Euro 16 million; it must be noted that the residual debt as at 30 June 2021 is equal to Euro 1,912 thousand and the market value of the property is Euro 5,250 thousand.

It must be noted that on 16 February 2021, following the voluntary early repayment of the UniCredit mortgage loan, the institution itself agreed to the total cancellation of the mortgage, the release of factoring arising under lease agreements and the termination of bank account pledges.

With regard to the mortgage loan with the counterparty Imprebanca S.p.A., it should be noted that, following the early repayment of the same on 21 May 2021, on 21 June 2021 the related guarantees (first-degree mortgage on the property in Verona covered by the loan and assignment of receivables arising from the lease contract) were also cancelled by the lender.

The Group does not have any loan contracts that provide for the following covenants.

INCOME STATEMENT

Note 16. Rental income

	30/06/2021	30/06/2020
Property leases	2,879	2,904
Charge-backs to tenants	81	58
Release of the allowance for doubtful accounts	185	0
RENTAL INCOME	**3,145**	**2,962**

The item amounting to Euro 3,145 thousand reflects rental income and the relevant charge-backs of costs to tenants.

The change in property rental income, compared to the same period of the previous year, amounted to Euro 183 thousand

Revenues from the property in Milan, Via Spadari reflect a net increase of approximately Euro 116 thousand relating to the rents of the new portions acquired in January leased to the tenants OVS and Zara Italia and the release of the accrued portions of the temporary fee reductions granted to the tenant OVS in July 2020 and March 2021.

The reduction in revenue relating to the property in Milan, Via Cuneo is attributable to the release of the accrued portions of the temporary fee reductions granted to the tenant OVS in July 2020 and March 2021 as well as the release of the accrued portion of the capex contribution paid to the tenant in the second half of 2020.

Revenues relating to the Verona property refer to the period January-April 2021 (while in 2020, the revenues recognised in the first half referred to the period March-June 2020) and decreased by Euro 54 thousand for the total release of the temporary fee reductions granted in 2020 following the termination of the contract on 29 April 2021.

The breakdown of revenues by property is shown below.

PROPERTY	30/06/2021	30/06/2020
Milan, Via Spadari	854	731
Milan, Via Cuneo	523	576
Milan, Corso San Gottardo	362	377
Rome, Via Zara	350	353
Bari, Viale Saverio Dioguardi	482	482
Rome, Via Cortese	293	293
Verona, Via Unità d'Italia	281	150
	3,145	2,962

With reference to the property in Verona, it should be noted that on 28 April 2021, the Company signed a settlement agreement through which it and SHG defined their mutual claims and positions. Specifically, Nova Re achieved the early termination of the existing lease contract with SHG and the early return of the Property as well as the payment by SHG of the outstanding rents relating to the period September 2020 to April 2021.

The item Release of bad debt provision for Euro 185 thousand refers to the rents collected relating to the period September-December 2020, which were written down in the financial statements as at 31 December 2020.

The Group's revenues are not affected by seasonality.

Note 17. Property operating expenses

Property operating expenses amounted to Euro 1,835 thousand as at 30 June 2021 and are represented in the following table by cost type and compared to 30 June 2020.

	30/06/2021	30/06/2020
Expenses from framework agreement with SHG Hotel Verona	1,156	0
IMU	407	322
Maintenance and running costs of premises	85	47
Contract registration taxes	43	68
Technical advice	42	12
Legal, notary and professional fees	25	5
Property, building and facility management costs	26	42
Surveillance and concierge	19	6
Insurance	12	15
Real estate consulting	8	10
Utilities	6	3
Other expenses	6	25
Allocation to the provision for bad debts	0	619
PROPERTY OPERATING EXPENSES	**1,835**	**1,174**

The item Expenses from the framework agreement with SHG Hotel refers to the outcome of the compulsory mediation procedure initiated by the parties following the eviction procedure for arrears promoted by the Company against the tenant SHG Hotel Verona S.r.l., relating to the property for hotel use located in Verona, via Unità d'Italia 346; within the scope of this procedure, the related dispute in progress was defined, with the consequent waiver of the continuation of the proceedings pending before the Court of Verona. At this meeting, Nova Re and the tenant settled their mutual claims and positions in a transactional manner and Nova Re achieved, in particular, the early return of the property and the payment by the tenant of the outstanding rents relating to the period September 2020 to April 2021, recognising, as per practice, an indemnity for the early release of the property; Nova Re also purchased all the furniture, fittings, equipment and fixtures contained in the Hotel Verona, recognising a contribution for the improvements made to the property and the facilities serving it and for the concessionary charges paid by the tenant to the Municipality of Verona.

The costs for IMU and registration taxes relate to the taxes applied to the property portfolio; the costs for IMU increased mainly as a result of property acquisitions in the half-year.

Property, building and facility management costs relate to the ordinary and administrative management of the properties in the portfolio.

Maintenance costs relate to charges incurred for the ordinary and extraordinary management of the buildings, while the item utilities includes expenses for the supply of telephone, electricity, water and gas to the properties.

Insurance refers to all risk policies taken out with reference to the properties in the portfolio.

Note 18. Operating expenses

	30/06/2021	30/06/2020
Wages and salaries	599	568
Social contribution	184	181
Severance indemnity fund (TFR)	48	48
Other personnel costs	60	59
SUB-TOTAL A) PERSONNEL COSTS	**891**	**856**
Directors' fees	184	222
Legal and notary fees	477	191
Management, cleaning, maintenance and supervision expenses of premises	14	85
Administrative consulting	105	113
Communications and marketing costs	136	35
IT and consultancy fees	70	47
Fees paid to the Statutory Board of Auditors	50	50
Auditor, SB, Independent Expert and Internal Audit fees	68	79
Other consultancy and advices	15	0
Financial consultancy	26	16
Travel, transport and car expenses	15	8
Utilities	5	0
HR Services	30	8
Real estate consulting	13	19
Charges and banking fees	59	27

follows

follows

	30/06/2021	30/06/2020
Commissions for purchase of treasury shares	0	0
Technical advice	25	0
Other	28	15
SUBTOTAL B) OVERHEADS	**1,320**	**915**
Depreciation	82	115
TOTAL OPERATING EXPENSES	**2,293**	**1,886**

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

- personnel costs amounted to Euro 891 thousand (Euro 856 thousand as at 30 June 2020); these costs are in line with those recorded in the first half of 2020, with the exception of the item Other personnel costs, which includes expenses for terminating an employment relationship by mutual consent;
- legal advice increased mainly in relation to disputes that arose in 2020 against Main Source S.A. and Sorgente SGR in A.s., Sorgente Group Italia S.r.l. and the tenant SHG Hotel Verona S.r.l.;
- Management expenses for premises decreased compared to the previous year in relation to the relocation, as of 1 October 2020, of the Company's registered and operational office in Via Zara 28, which resulted in savings for the Company with regard to shared costs charged-back;
- bank commissions increased as a result of the recognition of the costs of early repayment of the Imprebanca mortgage;
- the item Amortisation includes the amortisation for the financial year of intangible assets (Euro 13 thousand), rights of use (Euro 14 thousand) and other tangible assets for Euro 37 thousand, of which Euro 30 thousand relate to the accessory part of the property in Rome, Via Zara, depreciated at a rate of 3%. This item also includes the depreciation, for Euro 17 thousand, of the furniture and fittings of the property in Verona acquired as part of the return of the property by the tenant.

Note 19. Other costs and expenses

	30/06/2021	30/06/2020
Shareholders' meetings, financial statements, Consob obligations, Stock Exchange	58	34
Consulting and website management	15	0
Membership fees	19	15
Costs for issuing guarantees	0	8
Divestment expenses	0	10
Other expenses	25	80
TOTAL OTHER COSTS AND CHARGES	**117**	**147**

Other costs and charges include costs incurred for Consob and Borsa Italia contributions and other association obligations and contributions.

This item also includes one-off costs incurred for the restyling and updating of the company's website.

Note 20. Positive/Negative fair value of investment property

	30/06/2021	30/06/2020
Negative fair value of investment property	(900)	(3,451)
Positive fair value of investment property	4,302	321
TOTAL	**3,402**	**(3,130)**

This item includes positive and negative carried out on the value of investment property in the portfolio on the basis of appraisals drafted by independent experts. See the Note Investment Property for the relevant comments.

Note 21. Fair value adjustment of financial assets

The item Fair value adjustment of financial instruments amounting to negative Euro 0.4 thousand refers to the fair value adjustment of Financial assets at fair value to which reference must be made for further information.

Note 22. Financial income and expenses

	30/06/2021	30/06/2020
Income from financial assets at fair value	0	75
Other interest income	2	2
Income from lease terminations	0	86
FINANCIAL INCOME	**2**	**163**
Interest on CPI loans	(466)	0
Interest on financing from banks	(247)	(758)
Expenses on derivative contracts for foreign exchange hedging	(10)	(279)
Interest on leases	(49)	(55)
Financial expenses on financial assets at fair value	0	(9)
Interest expense due on other payables	(2)	(61)
FINANCIAL EXPENSES	**(774)**	**(1,162)**

The item financial expenses amounted to Euro 774 thousand (Euro 1,162 thousand as at 30 June 2020) and mainly consists of interest payable on loans granted by the parent company CPI and interest on bank loans and leases for Euro 296 thousand.

Note 23. Taxes

Current IRES was positive at Euro 477 thousand as the Group has realised negative taxable income. The item also includes Euro 7 thousand of IRAP taxes attributable to Cortese Immobiliare.

Events subsequent to the reporting date

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

For a description of events after the reporting period, reference must be made to the chapter Events subsequent to 30 June 2021 included in the Interim Report on Operations.

Certification of the consolidated financial statements

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

1. The undersigned Stefano Cervone, in his capacity as Chief Executive Officer, and Giovanni Cerrone, in his capacity as Manager responsible for preparing the company's financial reports of NOVA 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 condensed half-year consolidated financial statements, during the period 1 January – 30 June 2021.

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 the whole of the companies included in the scope of consolidation.

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 2021 and their incidence on the condensed half-year consolidated financial statements, as well as a description of the principal risks and uncertainties for the remaining six months of the same year. The Interim Report on Operations also includes a reliable analysis of the information regarding transactions with related parties.

Rome, 14 September 2021

Chief Executive Officer	The Manager responsible for preparing the company's financial reports
Stefano Cervone	*Giovanni Cerrone*

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

ANNEXES

Annex 1 - Transactions with related parties

The following table shows the amount of transactions between the Group and related parties.

(Values in euro)

COUNTERPARTY	SHARES HELD IN SUBSIDIARIES	BANK BORROWINGS AND OTHER LENDERS	TRADE PAYABLES AND OTHER PAYABLES	OVERHEAD COSTS	NET FINANCIAL INCOME / (EXPENSES)
CPI Property Group S.A.	0	(58,437,128)	0	0	(465,793)
Fidelio Enegineering S.r.l.	10,000	0	0	0	0
Directors	0	0	(17,396)	(184,213)	0
Board of Statutory Auditors	0	0	(17,181)	(47,712)	0
TOTAL	**10,000**	**(58,437,128)**	**(34,577)**	**(231,925)**	**(465,793)**

The remuneration of the Executive in charge has not been provided as it is included under the cost for employees.

Building a better working world

Nova RE SIIQ S.p.A.

Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

REPORT OF THE INDEPENDENT AUDITORS

EY
Building a better working world

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

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

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position as at June 30, 2021, the consolidated statement of profit/loss for the period, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholder's equity, the consolidated cash-flow statement and the related explanatory notes of Nova RE SIIQ S.p.A. and its subsidiary (the "Nova RE Group") as of 30 June 2021. The Directors of Nova RE SIIQ S.p.A. are responsible for the preparation of the interim 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 interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim 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 interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Nova RE Group as of June 30, 2021 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.

Other matters

The consolidated financial statements for the year ended 31 December 2020 and the interim condensed consolidated financial statements for the half-year period ended 30June 2020 have been respectively audited and reviewed by another auditor who expressed an unqualified opinion on the consolidated financial statements on April 1, 2021 and expressed an unqualified conclusion on the interim condensed consolidated financial statements on September 25, 2020.

Rome, September 23, 2021

EY S.p.A.
Signed by: Filippo Maria Aleandri, Statutory Auditor
This report has been translated into the English language solely for the convenience of international readers

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
[illegible]

A member firm of Ernst & Young Global Limited

Chapter 4:
ANNEX

ANNEX

VALUATIONS OF INDEPENDENT EXPERTS

AXIA.RE
Reliability Transparency Independence

To Whom It May Concern

Nova Re SIIQ S.p.A.

Via Zara, 28

00189 – Roma

To the attention of Ing. Claudio Carserà

Roma, 27 July 2021

Dear Sirs, in accordance with the assignment you conferred, RINA Prime Value Services SpA, Business Unit AxiA.RE (hereinafter "BU AxiA.RE"), performed the consultancy services relating to the assets in question in order to determine the Market Value as of 30 June 2021.

The valuation carried out by B.U AxiA.RE, according to the operational specifications defined by RICS (Royal Institution of Chartered Surveyors) including the IVS (International Valuation Standards), will be used for a balance sheet check.

Best regards,

Piercarlo Rolando
Amministratore Delegato

Iscritto all'Ordine degli Architetti
della Provincia di Cuneo
al Numero 437

AxiA.RE è una Business Unit di RINA Prime Value Services S.p.A.
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RICS

AXIA.RE
Reliability Transparency Independence

APPRAISAL REPORT

Market Value Determination as of 30 June 2021
regarding the Real Estate Assets belonging to the Nova Re SIIQ S.p.A.

RINA Prime Value Services S.p.A. – Business Unit AxiA.RE

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Portfolio - Nova Re SIIQ S.p.A.

EXECUTIVE SUMMARY

Perimeter of Valuation

The Real Estate Portfolio object of the present Valuation is formed by seven properties located in:

1. Via Spadari 2, Milano (Portion A and B)
2. Corso San Gottardo 29/31, Milano
3. Via Cuneo 2, Milano
4. Via Zara 22/32, Roma
5. Via Vinicio Cortese 147, Roma
6. Viale Saverio Dioguardi 1, Bari
7. Via Unità d'Italia 346, Verona

Main Intended Use

The main intended use of the Portfolio in object is service/tertiary and retail.

Valuation Method Employed

Discounted Cash Flow (DCF)

Date of Drafting of the Present Document

The present report was drafted on **27 July 2021**.

Date of Valuation

The present Valuation is referred to the date of **30 June 2021**.

Market Value (MV)

Based on the analyses carried out for the present Appraisal, and on the assumptions indicated in the present Appraisal Report, the overall Market Value of the Assets forming the Real Estate Portfolio in object is estimated as follows:

€ 138.750.000,00

(€ Onehundredthirtyeightmillionsevenhundredfiftythousand,00)

APPRAISAL REPORT

APPRAISAL REPORT as of 30 June 2021
Portfolio - Nova Re SIIQ S.p.A.

APPRAISAL REPORT

Recipients and Scope of the Valuation

In accordance with the Independent Expert Assignment entrusted by the Client RINA Prime Value Services S.p.A., Business Unit AxiA.RE (hereinafter, the "B.U. AxiA.RE") has conducted the Valuation of the Real Estate Assets in which the Real Estate Investment Portfolio managed by Nova Re SIIQ S.p.A. is invested (hereinafter, the "Client"), for the purposes of determining the Market Value (MV) as of the date of 30 June 2021.

The Valuation was conducted on the basis of the following hypotheses:

- Purchase and Sale of each Asset *en-bloc* (asset by asset), in the lease/tenancy situation indicated by the Client.

Compliance with Valuation Standards

The Valuations were drafted in compliance with RICS Professional Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) and including the International Valuation Standard Council (IVSC) standards.

Definitions

The following definitions apply within the scope of the present Appraisal Report:

- Valuation: an opinion of the value of an asset or liability on a stated basis, at a specified date. Unless limitations are agreed in the terms of engagement, this will be provided after an inspection, and any further investigations and enquiries that are deemed appropriate having regard to the nature of the asset and the purpose of the valuation (RICS *Valuation Global Standards*, issued June 2017).

- Real Estate Asset: immovable asset (land, buildings, fixed facilities and external constructions) object of the valuation, with expressed exclusion of any other and different Asset, including movable and intangible Assets.
- Market Value: 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 (RICS *Valuation Global Standards*, issued June 2017).
- Gross Area (expressed in sq. m): measured on the external edge of perimeter walls, at the centre line of the walls bordering with third-party property.
- Net Saleable Area (expressed in sq. m): indicates the gross area, net of utility venues, utilities/aeration/lighting and stairways/lifts.

APPRAISAL REPORT as of 30 June 2021
Portfolio - Nova Re SIIQ S.p.A.

Data and Material Employed

The property valuation was drafted on the basis of the following information:

1. **Data and documentation pertaining to the Real Estate Assets received from the Client**:
   The valuations performed by RINA Prime Value Services S.p.A., B.U. AxiA.RE, were produced on the basis of the technical documentation made available by the Client, wherefrom we extracted the following data, without any further verification.

   A brief description of the main documentation received from the Client is provided below:
   - (Cadastral/building) plans and tables;
   - Architectural measurements;
   - Cadastral data;
   - Rent roll containing details pertaining to any Lease renewals and/or withdrawals;
   - Lease Contracts/Agreements;
   - Property Tax (IMU – TASI) calculation;
   - Global Insurance expenses pertaining to the Assets;
   - CAPEX forecast;
   - Worksite Interim Reports (both physical and financial).

2. **Site inspections performed on the Real Estate Assets,** conducted by RINA Prime Value Services S.p.A., B.U. AxiA.RE, technical personnel for the acquisition of information necessary for the valuation of the Real Estate Portfolio in object, with specific attention as far as:
   - extrinsic characteristics, location and commercial attractiveness;
   - intrinsic characteristics and building class;
   - state of maintenance or repair.

The following table provides a brief indication of the mode of execution of the site inspections, as agreed-upon with the Client:

ID	Province	Municipality	Address	Date	Type of analysis as of 30.06.2021
01	MI	Milano	Via Spadari 2	June 2021	FULL
02	MI	Milano	Corso San Gottardo 29/31	June 2021	FULL
03	MI	Milano	Via Cuneo 2	Nov. 2020	DESK
04	RM	Roma	Via Zara 22/32	Nov. 2020	DESK
05	RM	Roma	Via Cortese 147	July 2020	DESK
06	BA	Bari	Viale Saverio Dioguardi 1	Nov. 2020	DESK
07	BA	Verona	Via Unità d'Italia 346	June 2021	FULL

3. **Real Estate Market analysis** pertaining to the area where the property is located (urban-development context and main intended uses, asking and sales prices based on building type, rentals, yield rates on leased properties, take-up, quality of the local tenants/investors).

4. **Technical-financial computations, applying the estimate approach deemed most suitable** for the elaboration of the most probable market value of the Assets composing the Real Estate Fund/Trust in object.

Assumptions and Limitations

The valuations conducted by RINA Prime Value Services S.p.A., B.U. AxiA.RE, were drafted on the basis of the assumptions and limiting conditions listed below:

- The Assets have been valued on the basis of the factual, legal and tenancy situation, as defined by the Client as of the date of the present Appraisal;
- The valuation assumed that the Assets comply fully with current Regulations (Building Code, Safety and Fire Prevention codes), with the exception of any instances otherwise expressly indicated by the Client;
- It was assumed that the Highest and Best Use corresponds to the current use of the Assets, with no additional highest & best use analyses being carried out on behalf of the appraiser;
- The Urban Planning analyses, whenever included, are reported in full in the descriptive documents attached to the Valuation sheets;
- The indications deriving from the market analyses conducted are, in our opinion, representative of the market state at the date of the present Appraisal. It is nonetheless impossible to exclude the existence of segments of supply and/or demand characteristic of a part of the activities examined and enough to modify, even to a lesser extent, the reference data within the real estate market analysed;
- The areas assigned with unit values (€/sq. m) or unit rentals (€/sq. m/year) were derived from data made available by the Client. In order to determine the value of the total Real Estate Assets, with regard to the specific functional activities being exercised on the premises, the principle of prudence induced RINA Prime Value Services S.p.A., B.U. AxiA.RE, to applying, wherever necessary, a "weighted saleable" area which considers all the available areas (based on environment and intended use), reduced by the appropriate appreciation or depreciation rates in use on the real estate market of reference;
- The degree of maintenance/repair and conservation of the assets in object of the present analysis was determined combining the data made available by the Client and the experience of the technicians appointed with carrying out the site inspection;

- No verifications were performed regarding the correspondence between the designs/plans provided and the effective conditions of the premises;
- No verifications were performed in relation to either the titles or deeds of ownership or the property's compliance with current administrative, safety, hygiene and environmental Regulations; the existence of the necessary administrative authorizations was taken for granted;
- No structural assessments were carried out;
- No legal, fiscal or financial aspect was considered, with the exception of what is expressly specified in the Appraisal Report and related attachments;
- No soil surveys were performed, nor analyses pertaining to the rights of ownership and exploitation of the gases and minerals present in the subsoil;
- RINA Prime Value Services S.p.A., B.U. AxiA.RE, did not research and analyse any environmental liabilities;
- The valuation model does not include VAT (IVA) and taxation.

Assumptions and Limitations related to COVID-19

- The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.
- The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.
- For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Special Assumptions

No special assumptions have been made in determining the Market Value of the real assets as to what concerns the Covid-19 pandemic.

APPRAISAL REPORT as of 30 June 2021
Portfolio - Nova Re SIIQ S.p.A.

Composition of the Real Estate Portfolio

The Real Estate Portfolio object of the present Valuation is formed by seven Assets, with mainly service/tertiary and retail intended use, located in Roma, Milano, Bari and Verona.

ID	Province	Municipality	Address	Main intended use	Gross Area (sq. m)
1	MI	Milano	Via Spadari 2	Retail	4.000
2	MI	Milano	Corso S.Gottardo 29/31	Retail	4.928
3	MI	Milano	Via Cuneo 2	Retail	6.395
4	RM	Roma	Via Zara 22/31	Office	5.058
5	RM	Roma	Via Cortese 147	Office	4.580
6	BA	Bari	Via Dioguardi 1	Office	19.118
7	VE	Verona	Via Unità d'Italia 346	Hotel	11.552

Criteria of valuation

RINA Prime Value Services S.p.A., B.U. AxiA.RE, adopts generally accepted methods and principles, referring specifically to the criteria of valuation defined in attachment "Estimate Methods and Financial Variables", as well as the detailed valuation remarks listed in the Individual Assets Descriptive Data Sheets.

Below, a brief indication of the valuation criteria used for each individual property forming the Real Estate Portfolio in object:

ID	Province	Municipality	Address	Main intended use	Valuation criteria
1	MI	Milano	Via Spadari 2	Retail	DCF
2	MI	Milano	Corso S.Gottardo 29/31	Retail	DCF
3	MI	Milano	Via Cuneo 2	Retail	DCF
4	RM	Roma	Via Zara 22	Office	DCF
5	RM	Roma	Via Cortese	Office	DCF
6	BA	Bari	Via Dioguardi	Office	DCF
7	VE	Verona	Via Unità d'Italia 346	Hotel	DCF

APPRAISAL REPORT as of 30 June 2021
Portfolio - Nova Re SIIQ S.p.A.

Market Value

Based on the analyses conducted and the assumptions and limiting conditions referenced in the present Appraisal Report, the Market Value of the Full Property of the immovable Assets forming the Real Estate Portfolio is estimated, as of the date of **30 June 2021**, as follows:

ID	Province	Municipality	Address	Main intended use	Saleable Area (sq. m)	Market Value (Euro)
1	MI	Milano	Via Spadari 2	Retail	2.825	56.900.000
2	MI	Milano	Corso S.Gottardo 29/31	Retail	2.620	15.100.000
3	MI	Milano	Via Cuneo 2	Retail	3.327	25.300.000
4	RM	Roma	Via Zara 22/32	Office	3.069	14.700.000
5	RM	Roma	Via Cortese 147	Office	2.496	5.250.000
6	BA	Bari	Via Dioguardi 1	Office	10.485	15.000.000
7	VE	Verona	Via Unità d'italia 346	Hotel	4.715	6.500.000
	TOTAL					**138.750.000**

The indicated Market Value is derived from the sum of the values of individual properties forming the Real Estate Fund in object. No discount / premium derived from the *en-bloc* commercialization of the assessed properties was considered as part of the assessment, unless expressly specified in the Individual Assets Descriptive Data Sheets.

For more details, please refer to the Individual Assets Descriptive Data Sheets, which form an integral part of the present Appraisal Report.

Project Team

The present Appraisal Report was processed and drafted by:

- Arch. Piercarlo Rolando, MRICS Registered Valuer
  AxiA.RE S.p.A.Chief Executive Officer and natural person appointed with the practical execution of the assignment to RINA Prime Value Services S.p.A.

- Arch. Daniela di Perna
  Director B.U. AxiA.RE - RINA Prime Value Services S.p.A.

- Dott. Raffaele Sannino
  Manager B.U. AxiA.RE - RINA Prime Value Services S.p.A.

- Dott. Daniele Storri
  Analyst B.U. AxiA.RE - RINA Prime Value Services S.p.A.

- Gabetti S.p.A. Studies Centre
  Market Research and Analysis

Data confidentiality

The present Report was drafted and is to be intended as strictly confidential, reserved and drafted for the exclusive benefit of the Client, within the scope of the Assignment. As such, the author declines any responsibility deriving therefrom in regard to any third-parties.
The sharing of the information contained in the present report with third parties is permitted only if provided with a written authorization on behalf of RINA Prime Value Services S.p.A., with the exception of any legal and statutory uses.

Piercarlo Rolando
Amministratore Delegato

Iscritto all'Ordine degli Architetti
della Provincia di Cuneo
al Numero 437

NOVA RE SIIQ S.P.A.
Condensed Half-Year
Financial Report

2021

NOVA RE SIIQ SPA

Registered Office
Via Zara 28, 00198 Roma

Share Capital
€ 63,264,527.93 fully paid

Tax indentification number, VAT number and Rome Companies' Register number
n. 00388570426

REA number
RM – 1479336

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Administration, Reporting, Finance and Control

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