Condensed Half-Year Financial Report 2022

CONTENTS

1. COMPANY PROFILE

Company information and structure

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

The Company currently manages a portfolio consisting of office, 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.

Company offices/positions

Board of Directors

The composition of the Board of Directors is as follows:

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

Board of Statutory Auditors

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

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

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

Francesca Rossi

Independent Auditors

EY S.p.A.

Shareholding structure as at 30 June 2022

Shareholder	Percentage % of capital
CPI Property Group S.A.	77.10%
Dea Capital Partecipazioni S.p.A.	4.99%
Associazione Nazionale di Previdenza ed Assistenza a Favore dei Ragionieri e Periti Commerciali	2.76%
Other shareholders	14.98%
Treasury shares	0.17%
	TOT. 100.00%

2. INTERIM REPORT ON OPERATIONS

Financial highlights

The following are the key indicators as at 30 June 2022 compared to 30 June 2021 and 31 December 2021.

PERFORMANCE		30/06/2022	30/06/2021*
Rental income	*€/millions*	2.91	3.15
Net operating income (NOI)	*€/millions*	1.91	1.31
Fund from operation (FFO)	*€/millions*	(1.6)	(1.3)
EBITDA	*€/millions*	(0.5)	(1.02)
EBIT (Operating result)	*€/millions*	0.95	2.30
Profit/(Loss) for the period	*€/millions*	0.16	2.02
* consolidated values			
ASSETS		**30/06/2022**	**31/12/2021**
Total assets	*€/millions*	157.9	155.6
Investment property**	*€/millions*	140.4	138.3
Gross area	*m²*	55,518	55,526
Occupancy	*%*	82%	82%
WALT	*years*	4.2	4.7
Portfolio assets	*No.*	7	7
**includes the fair value of the asset located in Verona classified under Non-current assets held for sale			
INDEBTEDNESS		**30/06/2022**	**31/12/2021**
Shareholders' equity	*€/millions*	85.8	85.5
EPRA NRV	*€/millions*	85.8	85.5
Total financial debt	*€/millions*	58.88	61.04
Net loan to value (NET LTV)	*%*	42%	44%
Loan to value (LTV)	*%*	48%	46%

The main results of the first half of 2022 are shown below:

- **Net result** for the first half of 2022 is equal to a profit of € 0.16 million, compared to a profit of € 2.02 million as at 30 June 2021;
- **EBITDA** for the first half of 2022 is negative and equal to € -0.5 million compared to € -1.02 million in the first half of 2021;
- **Shareholders' equity** is € 85.8 million as at 30 June 2022 compared to € 85.5 million as at 31 December 2021;
- **Total financial debt** is € 58.88 million as at 30 June 2022 compared to € 61.04 million as at 31 December 2021;
- **Net Loan to Value** is 42% as at 30 June 2022 compared to 44% as at 31 December 2021.

Net operating income which represents the margin of lease revenues and real estate operating costs amounted to € 1.9 million and included lease revenues of € 2.9 million and real estate costs of € 1 million.

EBITDA, which represents the margin before the result of financial operations, asset adjustments and taxes, also includes, in addition to the above, Personnel costs of € 1 million, overhead costs of € 1.7 million, other revenues and income of € 0.5 million, and Other costs and expenses of € 0.3 million.

Total financial debt decreased by € 2.2 million compared to 31 December 2021.

Net Loan to Value was 42%, with a slight improvement over 31 December 2021, in line with the decrease in Total Financial Debt.

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

Alternative performance measures

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

***Net operating income (NOI)*:** indicates the profitability of the real estate portfolio and corresponds to the item Net rental income in the Financial Statements.

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

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

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

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

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

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

WALT: index relating to the overall weighted average lease term on the outstanding annual leases of NEXT RE's real estate portfolio as of 30 June 2022. The above index was calculated on the first contractual expiry date of the individual lease contracts in place, not taking into account any early termination options.

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

Significant events in the half-year

The main significant events of the first half of 2022 are shown below.

On **7 February 2022**, the Company approved the preliminary, uncertified 2021 results. They can be summarised as follows: Preliminary net result for 2021 shows a profit of € 0.5 million compared to the loss of € -9.3 million as at 31 December 2020; - preliminary EBITDA for 2021 is negative and estimated at € -1.6 million compared to € 0.3 million in 2020; - preliminary Shareholders' Equity is estimated at € 85.5 million as at 31 December 2021 compared to € 85.4 million as at 31 December 2020; - Total preliminary financial debt estimated at € 61.04 million as at 31 December 2021 compared to € 41.8 million as at 31 December 2020; - preliminary Net Loan to Value is estimated at 44% as at 31 December 2021 compared to 33% as at 31 December 2020.

On **15 March 2022**, the Board of Directors approved the Annual Financial Report for the year ended on 31 December 2021, containing the following key results for the 2021 financial year: - Positive net result of € 0.4 million compared to the loss of € -9.3 million as at 31 December 2020; - EBITDA is negative and equal to € -1.7 million compared to € 0.3 million in 2020; - Shareholders' Equity at € 85.5 million as at 31 December 2021 compared to € 85.4 million as at 31 December 2020; - Total financial debt amounted to € 61.04 million as at 31 December 2021 compared to € 41.79 million as at 31 December 2020; - Net Loan to Value at 44% as at 31 December 2021 compared to 33% as at 31 December 2020.

On **26 April 2022**, the Shareholders' Meeting - unanimously - (i) approved the financial statements for the year 2021; (ii) expressed a favourable opinion on the second section of the Report on the remuneration policy and compensation paid drawn up by the Board of Directors pursuant to art. 123-*ter* of Legislative Decree 58/1998; (iii) authorised the Board of Directors to purchase and dispose of treasury shares in accordance with Articles 2357 et seq. of the Italian Civil Code and Article 5 of EU Reg. no. 596/2014, Article 132 of Legislative Decree 58/1998, Article 144-bis of the Regulation adopted by Consob Resolution no. 11971/9, after revoking the shareholders' resolution of 26 April 2021 authorising the purchase and disposal of treasury shares, to the extent not used.

On **27 April 2022**, the Board of Directors approved the additional financial information as at 31 March 2022, containing the following key results for the first quarter of 2022: - Negative period profit/(loss) of € -0.6 million as at 31 March 2022 (€ -0.5 million as at 31 March 2021); - Negative EBITDA, equal to € -0.2 million (€ -0.1 million as at 31 March 2021); - Shareholders' Equity at € 84.9 million as at 31 March 2022 compared to € 85.5 million as at 31 December 2021; - Total financial debt of € 61.5 million as at 31 March 2022 compared to € 61.04 million as at 31 December 2021; - Net Loan to Value at 44% as at 31 March 2022, stable compared to 31 December 2021.

On **1 June 2022**, the Company signed a preliminary contract with AHC International Consulting AG, a leading Austrian company in the hotel sector with the "Amedia Hotel" brand, for the sale of a property in Verona for hotel use, at a sale price of € 7,400,000 plus taxes with the expectation of signing the final contract by the end of September 2022. At the same time as signing the preliminary contract, the prospective buyer paid a deposit of 10% of the agreed price.

On **28 June 2022**, the Board of Directors of the Company noted that the prerequisites for the partial execution, up to an amount of € 1 billion, of the capital increase based on the proxy conferred on 26 April 2021 by he Next RE's Extraordinary Shareholders' Meeting to the Company's Board of Directors, pursuant to art. 2443 of the Italian Civil Code (the "**Capital Increase**") and this in consideration of the unfavourable market situation due, on the one hand, to the uncertainties linked to the tail end of the pandemic crisis and, on the other hand, to the changed geopolitical, macroeconomic and financial context resulting from the outbreak of the conflict in Ukraine. Accordingly, considering that the conditions precedent set forth in the framework agreement signed on 5 August 2021 between the Company and the controlling shareholder CPI Property Group S.A ("**CPI**") and the companies of the De Agostini Group (the "**Framework Agreement**") would not have been fulfilled by the deadline of 30 June 2022 stipulated therein, the Company informed the market that the Framework Agreement and the related shareholders' agreements would become ineffective on 30 June 2022.

Also on **28 June 2022**, the Company entered into a settlement agreement (the "**Agreement**") with Castello SGR S.p.A, in the name and on behalf of the Fontana Fund -Tulipano Sub-Fund (formerly the Donatello Fund-Tulipano Sub-Fund), concerning, *inter alia*, the transfer of the bonds issued by the Euro Sub-Fund of the Luxembourg-law Fund "Historic & Trophy Building Fund" managed by Main Source S.A. "HTBF-€ Fund", subscribed by Next RE for a nominal tranche of € 6,000,000 (the "**Bond**") as well as the settlement of the ordinary and executive judicial proceedings relating to the recovery of the credits connected to the Bond. By entering into the Agreement, the Parties reciprocally undertook to waive the continuation of the ordinary and executive proceedings pending before the Court of Appeal of Milan, the Court of Rome and the Court of Belluno, settling the disputes in an amicable settlement, and, in the context of the Agreement, Next RE transferred the Bond and all receivables, rights and accessories connected thereto, for a total consideration of € 2,850,000, plus VAT.

There are no further significant events during the reference period.

Events after 30 June 2022

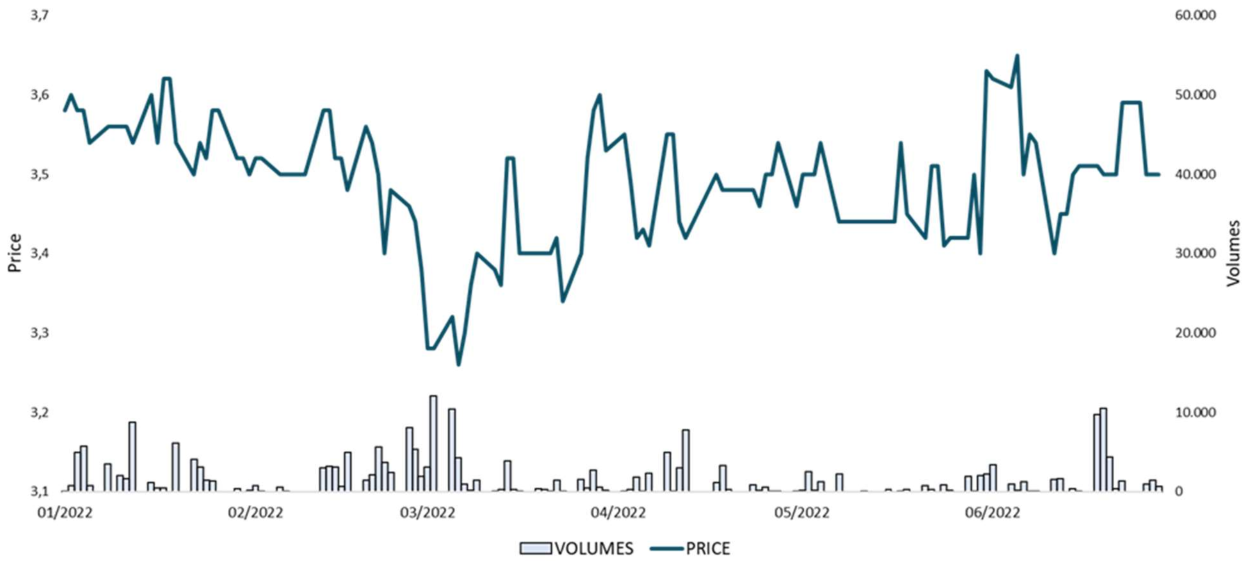
On 5 July 2022, the Company, subject to the favourable opinion of the Related Parties and Investment Committee and in full compliance with the procedure prescribed by the applicable regulatory and corporate rules on significant related-party transactions, signed the agreement confirming the commitments set out in the Framework Agreement of 5 August 2021, subsequently amended on 23 September 2021 with the controlling shareholder CPI Property Group S.A. ("**CPIPG**"), DeA Capital S.p.A., De Agostini S.p.A. and DeA Capital Real Estate SGR S.p.A. (the "**Deed of Reinstatement**"). In particular, with the signing of the Deed of Reinstatement, the parties agreed to postpone to 31 December 2022 the deadline for the fulfilment of the conditions precedent contained in the Framework Agreement - including the execution of the planned capital increase of Next RE - previously set at 30 June 2022 due to the unfavourable market situation caused by the uncertainties and volatility of the geopolitical, macroeconomic and financial context. The Deed of Reinstatement also provides for the renewal of the shareholders' agreements contained in the Framework Agreement (which had expired on 30 June 2022 due to the non-fulfilment, by that date, of the aforementioned conditions precedent) the extract of which was disclosed to the market on 8 July 2022.

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

Stock performance

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

The following graph shows the NEXT RE share performance over the period 3 January 2022 - 30 June 2022 and the volumes traded on the Euronext Milan in the first half of 2022.

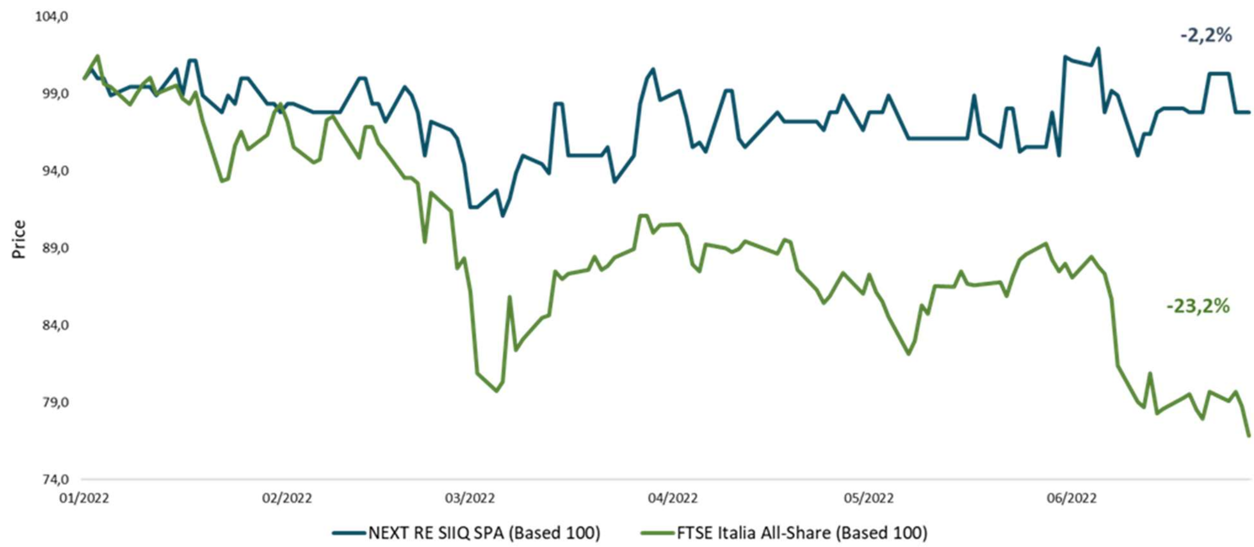


Source: Bloomberg

The NEXT RE share price performance in the first half of 2022 was influenced, *inter alia*, by the following elements: (i) the publication, on 7 February 2022, of the preliminary results for the financial year ended 31 December 2021; (ii) the approval, on 15 March 2022, of the business guidelines for the period 2022 - 2024; (iii) the authorisation, on 26 April 2022, to purchase treasury shares to be carried out, also in several instalments, up to a maximum of 20% of the total number of the Company's ordinary shares in circulation *pro tempore* (iv) communication to the market, on 1 June 2022, of the signing of a preliminary agreement for the sale of the property for hotel use located in Verona, the final contract for which will be signed by the end of September 2022; (v) communication to the market, on 28 June 2022, of the negotiations underway for the possible renewal of the Framework Agreement between NEXT RE and the DeA Capital group.

In the first half of 2022, the total volumes traded on Euronext Milan amounted to approximately 219 thousand ordinary shares for a total value of approximately € 760 thousand, corresponding to a weighted average price for volumes traded on Euronext Milan of € 3.47 per share. Average daily volumes during the half-year were approximately 1,723 shares, with a high of 12,052 shares traded on 4 March 2022.

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



Source: Bloomberg

In the first half of 2022, the NEXT RE share recorded a significantly smaller decrease (-2.2%) than the FTSE Italia All-Share index (-23.2%).

We report below the data recorded by the NEXT RE share during the 3 January 2022 - 30 June 2022 period (inclusive).

		Date
Maximum official price (Eu)	3.65	07/06/2022
Minimum official price (Eu)	3.26	08/03/2022
Last official price (Eu)	3.50	30/06/2022
No. of listed ordinary shares[1]	10,974,849	30/06/2022
Capitalisation of listed ordinary shares[1] (Eu)	38,411,971	30/06/2022
Free float percentage of listed ordinary shares[2.3] (%)	35.56%	26/04/2022

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

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

The economic context and the real estate market

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

In the first quarter of 2022, inflation in Italy reached the highest levels since the early 1990s, mainly driven by exceptional increases in energy goods. Strong upward pressure on gas and oil prices related to the invasion of Ukraine foreshadow high inflation during the year. Inflation is mainly driven by the exceptional dynamics of the energy component, reflecting high fuel prices and high consumer prices for gas and electricity. Lastly, it should be emphasised that the uncertainty surrounding the evolution of the Covid 19 pandemic over the next 12 to 24 months contributes to a more unstable overall macroeconomic picture.

Real estate market trends in Italy

In the first quarter of 2022, the volume invested was € 3.3 billion. This record level was achieved due to the completion of Project Dream, which accounted for about a quarter of the total, however also due to an increase in investments in all asset classes, particularly in offices. In Milan, activity was very high, thanks to the return of interest in office space and the confirmed interest in value-add transactions, i.e. those that are riskier but necessary to continue creating new product for the rental market, which is regaining pre-crisis levels. Similar to the rest of the country, the volume invested in the first quarter of 2022 in Rome was significantly higher than in previous years, returning to the level of 2017, one of the best years in the real estate market. In the capital, interest in the office asset class was very high with the largest transaction involving a property in the Eur area leased to an international institution. On the contrary, the first Roman asset class, the hotel sector, recorded a very limited volume, less than € 30 million, and therefore far from a normal situation, although it should be noted that many transactions in this sector have been carried out in the Capital in previous years and that several transactions are currently being finalised.

In general, the strong demand for core products keeps prime yields at very low levels. With regard to logistics, the 4% barrier was broken and downward pressure is being felt for offices in Rome. With € 1.4 billion invested in the office sector so far in 2022, compared to € 2.2 billion for the whole of 2021, office space has once again become the preferred product of the Italian market for investors. Looking also at closing transactions and properties on the market, the volume invested in 2022 could be very significant.

Office sector trends

Looking at the trend of office space leases in Rome, a good take-up volume can be observed, after the Covid-19-related parenthesis in 2020. In fact, transactions were recorded for both small to medium-sized and large areas. With the resumption of economic activities, companies have adapted to new forms of work, both face-to-face and remote, and are looking for new and modern office spaces. The need for increasingly flexible spaces makes it easier to market spaces that have been refurbished in past years and those that are under renovation/construction. On the investment side, interest in the office asset class was very high with the largest transaction involving a property in the Eur area leased to an international institution.

Fees

In Rome, the high demand for quality products is pushing the lease fees, especially in CBD, up as the supply of new products remains limited. Strong demand for core products keeps prime yields low.

Office market in Milan

The take-up for the first quarter of 2022 reached volumes of just under 110,000 sqm, marking a growth of 48% compared to the first quarter of 2021. In more detail, 76 transactions were recorded in the first quarter of 2022, including four pre-lets, amounting to more than 43,000 sqm, a sign of the lessening of the uncertainties that characterised the past two years. It should be noted that over 60% of the volumes transacted related to Grade A properties, demonstrating the predominance of the search for quality spaces characterised by sustainability standards, while only 1% of the properties were Grade C. On the investment side, yields continued to be squeezed, contracting compared to previous periods to 3.00% net for prime and 4.80% net for good secondary. Milan proves to be the most attractive location for investments.

Fees

The combined effect of declining grade A supply and rising demand is increasing the value of rents in Milan. The cathedral CBD shows an increase from 590 €/sqm/year to 630 €/sqm/year; while in the Porta Nuova CBD, an increase from 520 €/sqm/year to 550 €/sqm/year can be observed. Rents in other areas of Milan have also seen a clear and continuous increase since the beginning of the year.

Office market in Bari

The Bari business market is continuing to show good vitality and interest from operators and investors

Commercial sector trends in Milan

In the retail sector, the price trend is upward, driven by the good recovery of commercial activities after the period of restrictions due to the pandemic.

Hotel sector trends

Hotel sector was the one hardest hit in 2020 by the negative effects of the outbreak of the Covid 19 pandemic, however the one that showed the best signs of recovery from the second half of 2021 onwards.

The pandemic had little impact on pricing, which was subject to limited discounts. Investors interested in distressed asset classes looked very closely at the Italian hotel market. However, the rapid recovery of hotel performance with the easing of restrictions and public support for facilities prevented distressed situations from emerging. The easing of restrictions has allowed Italy to remain among the preferred destinations for investors active in the hotel sector, particularly in the leisure sector and in the major art cities for the Premium/Luxury segments.

The outlook is currently less positive for the business segment, where a full recovery of domestic spending is expected only in 2024, while foreign spending is expected to recover even more slowly. In fact, the spread of remote working caused by the pandemic seems to have reduced the need for business travel in the immediate future.

Real estate portfolio

At 30 June 2022, the NEXT RE portfolio was made up of 7 assets, 3 of which for commercial use, 3 for mainly office use and 1 for hotel use, for a total market value of € 142.35 million of which € 132.39 million classified under the item Investment property, € 7.05 million under the item Non-current assets held for sale and € 1.81 million classified - net of related depreciation - under the item Other tangible assets of the condensed half-year financial statements as at 30 June 2022.

The properties are located in Milan (3), Verona (1), Rome (2) and Bari (1). The total gross area of the portfolio is of 55,518 sqm, while the commercial area is of 29,534 sqm.

In the first half of 2022, no new real estate investments were made.

As at 30 June 2022, all properties in the Company's portfolio were fully leased/used with the exception of:

- the property in Verona, Via Unità d'Italia 346 currently being disposed of under the preliminary purchase and sale agreement signed with AHC on 1 June 2022;

- the office portion of the third floor of the property in Milan, Via Spadari 2, currently being renovated.

Again in terms of occupancy and use of the real estate portfolio, it should be noted that:

- effective as of 1 October 2020, NEXT RE directly uses a portion of the property in Rome at Via Zara 22/32. The portions used by NEXT RE are: the offices on the first floor, four parking spaces and a warehouse in the basement, the areas of which are hereinafter referred to as "Zara Accessory Portion". The remaining areas of the property are: "Zara Investment Portion" with respect to areas leased to third parties - "Zara Common and Non-Leasable Portion" with respect to the remaining common areas. The property in Rome at Via Zara 22/32 is therefore now completely used and occupied, but partially leased.
- On 30 September 2021, the lease agreement with the Guardia di Finanza, for the building in Rome at Via Vinicio Cortese, expired; pending the definition of negotiations for a possible new lease agreement, the tenant continues to use the building, paying the related occupancy indemnity to NEXT RE.

There are therefore 6 tenants/users of the properties in the portfolio - net of NEXT RE: OVS S.p.A., Ministry of Justice, Guardia di Finanza, Embassy of Canada, Dico S.p.A. and ITX Italia S.r.l.

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

Property Number	City	Address	Intended use	Gross area (sqm)	Commercial area (sqm)	Tenants	Market value 30/06/202
1A	Milan	Via Spadari 2	Commercial	2,858	2,014	OVS S.p.A.	51,750
1B	Milan	Via Spadari 2	Management offices	285	267	ITX Italia S.r.l.	7,200
1C	Milan	Via Spadari 2	Management offices	591	541	vacant (under renovation)	
1D	Milan	Via Spadari 2	Non-leasable areas	152	-	n.a.	
2	Milan	Via Cuneo 2	Commercial	6,395	3,327	OVS S.p.A.	25,350
3	Milan	Corso San Gottardo 29/31	Commercial	4,928	2,620	OVS S.p.A.	15,750
4A	Rome	Via Zara 22/32	Commercial	523	492	Dico S.p.A.	13,193
4B	Rome	Via Zara 22/32	Management offices (Investment)	3,113	2,189	Embassy of Canada	
4C	Rome	Via Zara 22/32	Non-leasable areas	946	-	n.a.	
4D	Rome	Via Zara 22/32	Management offices (Accessory)	477	388	NEXT RE SIIQ	1,907
5	Bari	Viale Saverio Dioguardi 1	Management offices	19,118	10,485	Ministry of Justice	15,150
6	Rome	Via Vinicio Cortese 147	Management offices/Archive	4,580	2,496	Guardia di Finanza (Finance Police)	5,000
7	Verona	Via Unità d'Italia 346	Hotel	11,552	4,715	*vacant*	7,050
				55,518	**29,534**		**142,350**

Key events in the first half of 2022 relating to the NEXT RE real estate portfolio

In general terms, it should be noted that - similarly to what happened in the financial years 2020 and 2021 - in the first half of 2022, the management and performance of the NEXT RE real estate portfolio were also influenced by the health emergency related to the COVID-19 pandemic, to which must be added the effects of (i) the conflict between Ukraine and Russia that broke out in the early months of the year, which caused tensions at a global level, negative effects in the global macroeconomic context and a sharp rise in commodity prices that directly affected all major sectors of the economy, and (ii) the significant increase in inflation, which averaged 6% per year in the first half of 2022.

In this context, in 2022 new acquisitions were made and the asset management activities detailed below were implemented on a property-by-property basis.

Milan – Via Spadari, 2

It is recalled that, in 2021, NEXT RE increased its investment position in the Milan Via Spadari 2 property through the acquisition of the floors: first, second and third.
In relation to the commercial portion of NEXT RE (floors from second basement to second above ground - part) fully leased to OVS, it should be noted that during the first half of 2022, the two existing lease agreements

(arising from the previous different ownership of the units) were merged and, under the same agreements in view of i) the continuation of the COVID-19 emergency situation, ii) the war between Ukraine and Russia, iii) the increase in commodity prices, iv) the requalification works on the entire property resolved by the condominium assembly and scheduled for 2022/2023 and their potential effects on the performance of the business in the period of their execution, a further package of contributions was defined with which Next RE SIIQ intended to support the tenant OVS S.p.A. in managing the negative economic-financial effects due to the above-mentioned issues.

In particular, in addition to some agreements of a different nature in addition to the existing contracts, from an economic point of view these agreements provide for the waiver by NEXT RE of the rent for the months of October, November and December 2022 and January 2023 for a total amount of € 350,000 plus VAT and the reduction of the percentage of application of the ISTAT index to the rent fees from 100% to 75% for the yearly period from 28 December 2022 to 27 December 2023 only.

In relation to the office portion of the third floor of NEXT RE, it should be noted that work continued on the valorisation and redevelopment of the area, which will be completed in H2 2022.

In relation to the entire property, it should be noted that in the course of 2021, NEXT RE, in conjunction with the other owners of the other property units, initiated a major investment programme on the common portions of the complex relating to the upgrading of the common areas of the property - facades, porter's lodge, vertical connections - resolved by the condominium assembly at the end of 2021. The start of the work is planned for August 2022 and completion, barring unforeseen circumstances, is expected by the end of the first half of 2023.

Milan – Via Cuneo, 2

For the property in question, given the continuation of the COVID-19 emergency situation, the war between Ukraine and Russia and the increase in commodity prices, during 2022, a supplementary agreement was defined to the lease agreement in which a further package of contributions was defined with which Next RE SIIQ intended to support the tenant OVS S.p.A. in managing the negative economic-financial effects due to the aforementioned issues.

This agreement envisaged, in addition to a number of other agreements supplementing the contract in force between the parties, from an economic point of view the reduction of the percentage of application of the ISTAT index to the rent fee from 100% to 75% for the yearly period from 28 December 2022 to 27 December 2023 only.

Milan – Corso San Gottardo, 29/31

For the property in question, given the continuation of the COVID-19 emergency situation, the war between Ukraine and Russia and the increase in commodity prices, during 2022, a supplementary agreement was defined to the lease agreement in which a further package of contributions was defined with which Next RE SIIQ intended to support the tenant OVS S.p.A. in managing the negative economic-financial effects due to the aforementioned issues.

This agreement envisaged, in addition to a number of other agreements supplementing the contract in force between the parties, from an economic point of view the reduction of the percentage of application of the ISTAT index to the rent fee from 100% to 50% for the yearly period from 1 July 2022 to 30 June 2023 only.

Rome – Via Zara 22/32

During 2022, rental relations with the Embassy of Canada and DICO S.p.A. and the instrumental use of certain premises by NEXT RE continued without any particular critical elements related to the global pandemic and economic situation.

Bari – Viale Saverio Dioguardi, 1

During 2022, the rental relationship with the Ministry of Justice continued without any particular critical elements related to the global pandemic and economic situation.

Rome - Via Vinicio Cortese 147

With regard to the property during 2022, please note that the lease expired on 30 September 2021. During the first half of 2022, negotiations with the tenant Guardia di Finanza on a possible new lease agreement were continued. Currently, as noted above, the Guardia di Finanza continues to conduct/use the property under occupancy allowance.
During the first half of 2022, NEXT RE carried out targeted upgrading/enhancement works on the property, also in view of the planned upgrading/enhancement works on the property related to the possible signing of the new lease agreement with the Guardia di Finanza.

Verona – Via Unità d'Italia, 346

During the first half of 2022, negotiations for the sale of the property in its current state to the investor AHC at a value of € 7.4 million were continued and concluded. On 1 June 2022, the preliminary purchase and sale agreement was signed. Closing is expected by 30 September 2022.

Events subsequent to 30 June 2022 relating to the real estate portfolio

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

Summary of the real estate portfolio as at 30 June 2022

The table below summarises the main characteristics of the real estate portfolio owned by the company NEXT RE. The average gross yield has been calculated on the annual rents outstanding as at 30 June 2022, established in accordance with the information provided later in this section.

Real estate portfolio	Market value 30/06/2022 (A)	Lease fees as at 30/06/2022 (B)	Gross average yield 30/06/202 (B/A)	Gross area (sqm)	Leasable area (sqm)	Leased area (sqm)	Vacant area (sqm)	Occupancy rate
Milan, Via Spadari 2 (Commercial)	51,750	1,815	3.51%	2,858	2,014	2,014	0	100%
Milan, Via Spadari 2 (Management offices)	7,200	93	1.30%	1,028	809	267	541	33%
Milan, Via Cuneo 2	25,350	1,218	4.80%	6,395	3,327	3,327	0	100%
Milan, Corso San Gottardo 29/31	15,750	519	3.30%	4,928	2,620	2,620	0	100%
Rome, Via Zara 22/32 (Investment)	13,193	674	5.11%	4,582	2,681	2,681	0	100%
Rome, Via Zara 28 (Accessory)	1,907	n.a.	n.a.	477	388	388	0	100%
Bari, Viale Saverio Dioguardi 1	15,150	963	6.36%	19,118	10,485	10,485	0	100%
Rome, Via Vinicio Cortese 147	5,000	586	11.72%	4,580	2,496	2,496	0	100%
Verona, Via Unità d'Italia 346	7,050	0	0.00%	11,552	4,715	0	4,715	0%
TOTAL	**142,350**	**5,868**	**4.12%**	**55,519**	**29,534**	**24,278**	**5,256**	**82%**

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

Main real estate indicators

Market value of the real estate portfolio

As at 30 June 2022, NEXT RE owns a real estate portfolio of 7 assets for a total value of € 142.35 million.
Compared to 31 December 2021, the value of the real estate portfolio held increased by € 2.1 million attributable to (i) the positive effects of the valuation/asset management of the portfolio carried out in the first half of 2022, (ii) the capitalised costs incurred in the same period by the Company in connection with the

above-mentioned actions, (iii) the post-pandemic market recovery trend, (iv) the different valuation assumptions made by the Company's new Independent Expert, (v) the effects of the signing of the preliminary purchase and sale agreement relative to the property in Verona, recognised as at 30 June 2022 at the value of € 7,050 thousand, equal to the sale price defined between the parties minus the closing costs for completion of the transaction.
Specifically, the change in the total value of the portfolio, between 31 December 2021 and 30 June 2022, of € 2.1 million is attributable to the following components (rounded to one decimal place):

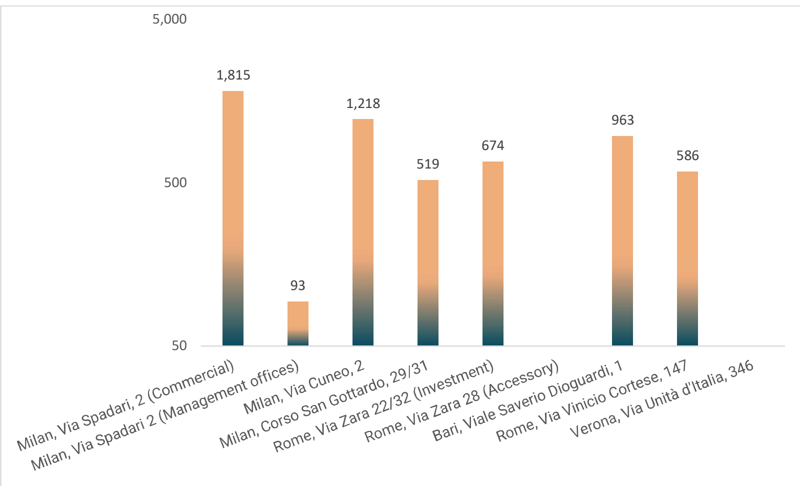
- capitalised costs of about € 0.3 million (15.6% of total change)
- fair value adjustment of about € 1.8 million (84.4% of total change)

An analysis of the changes in the values for each asset is provided in the notes to the financial statements.
The following table represents the changes in market value for each asset in the real estate portfolio, owned by NEXT RE, between 31 December 2021 and 30 June 2022.

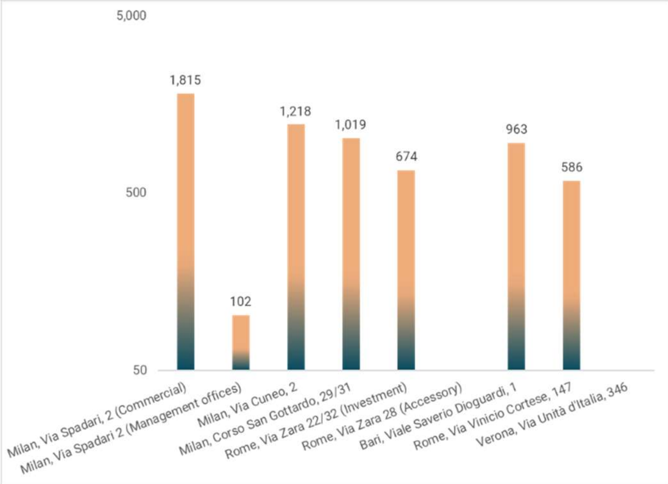
Real estate portfolio	Market value 31/12/2021	New investments 2022	Closing costs	Capitalised costs	Delta fair value	Market value 30/06/2022
Milan, Via Spadari 2 (Commercial)	50,900	0	0	0	850	51,750
Milan, Via Spadari 2 (Management offices)	7,000	0	0	322	(122)	7,200
Milan, Via Cuneo 2	25,550	0	0	0	(200)	25,350
Milan, Corso San Gottardo 29/31	15,600	0	0	0	150	15,750
Rome, Via Zara 22/32 (Investment)	12,950	0	0	5	237	13,193
Rome, Via Zara 28 (Accessory)	1,950	0	0	0	(43)	1,907
Bari, Viale Saverio Dioguardi 1	15,050	0	0	0	100	15,150
Rome, Via Vinicio Cortese 147	5,150	0	0	0	(150)	5,000
Verona, Via Unità d'Italia 346	6,100	0	0	0	950	7,050
TOTAL	**140,250**	**0**	**0**	**327**	**1,773**	**142,350**

Value of outstanding annual lease payments and stabilised annual lease payments as at 30 June 2022

Yearly rents existing shall mean the annual lease fees in effect on the date of reference.
Stabilised yearly lease fees are effective lease fees 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. The rents indicated do not include the market rents for vacant property units and do not include uncertain items such as the ISTAT adjustment and any variable component of the fee. Only for the property in Rome, Via Vinicio Cortese, was the last rent paid before expiry of the contract, on the basis of which the occupancy indemnity is still paid by the tenant, was considered.
The value of existing yearly rents as at 30 June 2022 is € 5,868 thousand, distributed among the various properties as shown in the following chart.



The value of stabilised annual lease fees is equal to € 6,387 thousand as shown in the following graph.



Net rental income

The net rental income for the first half of 2022 resulting from the statement of Profit/(Loss) for the period amounted to € 1,915 thousand as shown below:

Description	30/06/2022 (€/000)
Rental income	2,907
Net real estate costs	(992)
Net rental income	**1,915**

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

- the item Net rental income also includes revenue from charge-backs to tenants;
- revenues relating to the property in Milan, Via Spadari and the property in Milan, Via Cuneo are recorded, on the other hand, net of the annual portion of the capex contribution paid to the tenant in 2018 and 2020 and net of temporary rent reductions granted to the tenant for the applicable period;
- rental income is recognised in the income statement on a straight-line basis.

Property data by intended use

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

Prevalent intended use	Leasable area (sqm)	Leased area (sqm)	Market value 30/06/2022 (A)	% value of total portfolio	Lease fees as at 30/06/2022 (B)	Gross average yield 30/06/2022 (B/A)	Occupancy rate
Commercial	7,962	7,962	92,850	65.23%	3,552	3.83%	100%
Management offices (Investment)	16,470	15,929	40,543	28.48%	2,316	5.71%	97%
Management offices (Accessory)	388	388	1,907	1.34%	-	n.a.	100%
Hotel	4,715	-	7,050	4.95%	-	-	0%
	29,534	**24,278**	**142,350**	**100%**	**5,868**	**4.12%**	**82%**

The movements in the first half of 2022 in the book value of the portfolio by intended use are shown in the table below; also in this case, the book value of the item Investment property in the annual financial statements does not include the value of the portion for business use of the property in Rome, Via Zara, amounting to € 1,907 thousand. It should also be noted that the fair value of the asset for hotel use located in Verona in the amount of € 7,050 thousand is classified, in the condensed half-year financial statements as at 30 June 2022, under the item Non-current assets held for sale.

(€ thousands)	Commercial	Management offices	Hotel	Total Portfolio
Real estate assets as at 1 January 2022	**92,050**	**40,150**	**6,100**	**138,300**
Purchases	0	0	0	0
Capitalised costs	0	327	0	327
Reclassifications	0	0	0	0
Balance prior to the valuation of real estate assets	**92,050**	**40,477**	**6,100**	**138,627**
Net write-ups/(write-downs) for the period	800	66	950	1,816
Balance as at 30 June 2022	**92,850**	**40,543**	**7,050**	**140,443**

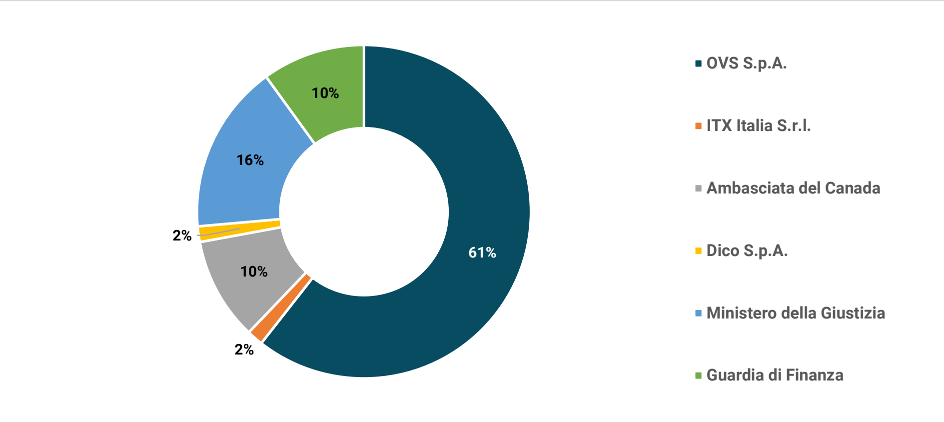
Duration of lease contracts (WALT)

The index relating to the overall weighted average lease term (WALT) on annual leases of NEXT RE's real estate portfolio owned as at 30 June 2022 is equal to 4.2 years. The above index was calculated on the first contractual expiry date of the individual lease contracts in place, not taking into account any early termination options.

CITY	PROPERTY	TENANT	WALT on lease fees as at 31/12/2021	WALT on lease fees as at 30/06/2022
Milan	Via Spadari 2 - Management offices	ITX Italia S.r.l.	1,8	1,3
	Via Spadari 2 - Commercial	OVS S.p.A.	6,0	5,5
	Via Cuneo 2		6,0	5,5
	Corso San Gottardo 29/31		6,5	6,0
Rome	Via Zara 22/30	Embassy of Canada	4,1	3,6
		DICO S.p.A.	5,3	4,8
	Via Vinicio Cortese 147	Guardia di Finanza (Finance Police)	0,0	0,0
Bari	Viale Saverio Dioguardi 1	Ministry of Justice	3,0	2,5
Verona	Via Unità D'Italia 346	n.a.	0,0	0,0
WALT ON APPLICABLE LEASE FEES REAL ESTATE PORTFOLIO			**4,7**	**4,2**

Tenants

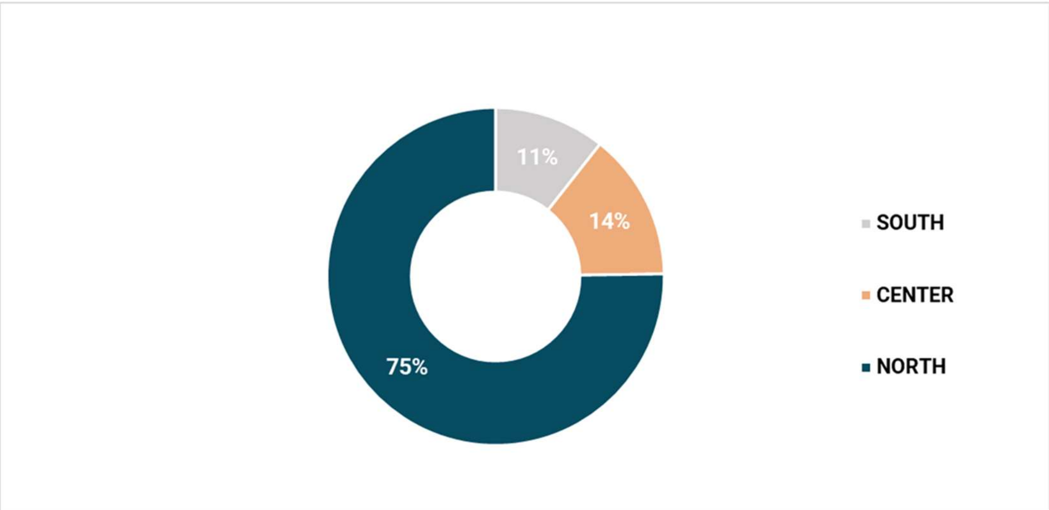
NEXT RE's real estate portfolio is leased to/used by, as of 30 June 2022, 6 (six) different tenants/users (net of NEXT RE for the accessory portion): OVS S.p.A., Ministry of Justice, Guardia di Finanza, Embassy of Canada, Dico S.p.A. and ITX Italia S.r.l.
The following graph shows the analysis of the concentration by individual tenant based on the annual rents in place as of 30 June 2022 (for the property in Rome Via Cortese the occupation indemnity paid by the Guardia di Finanza was considered)



Geographical allocation

As at 30 June 2022, NEXT RE's real estate portfolio is distributed across 4 (four) different cities: Milan, Rome, Bari and Verona.
The following graph shows the geographical allocation analysis (NORTH - CENTRE - SOUTH) of the portfolio based on the market values of the properties as at 30 June 2022.

Geographical allocation of properties on the market value as at 30 June 2022



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

Economic performance analysis

A management reclassification of the operating results is provided below in order to facilitate a better understanding of how the operating results were determined for the first half of 2022.

(values in € thousands)	30/06/2022	30/06/2021*
Rental income	2,907	3,145
Costs relating to property assets	(992)	(1,836)
Net Operating Income	**1,915**	**1,309**
Other revenues and income	490	4
Personnel costs	(990)	(891)
Overhead costs	(1,700)	(1,320)
Other costs and expenses	(252)	(118)
EBITDA	**(537)**	**(1,016)**
Amortisation and write-downs	(334)	(82)
Fair value adjustment of property investments	1,816	3,402
EBIT	**945**	**2,304**
Fair value adjustment of financial instruments	(69)	(0)
Financial income/(expenses)	(685)	(772)
EBT (Earnings Before Taxes)	**191**	**1,532**
Taxes	(29)	483
Net result for the period	**162**	**2,015**

*consolidated values

Net Operating Income: The real estate management margin amounted to € 1,915 thousand and increased compared to that achieved in the same period of 2021 by approximately € 606 thousand. Rental income showed a net decrease of € 238 thousand, mainly due to lower revenues related to the property in Verona for € 277 thousand and higher revenues related to the new portions acquired in the first half of 2021 of the property in Milan, Via Spadari for € 15 thousand. The balance of the item Property-related costs at 30 June 2022 was € 992 thousand, significantly lower than the balance at 30 June 2021 of € 1,836 thousand, which included the costs arising from the settlement agreement with the former tenant of the asset located in Verona for € 1,156 thousand.

Personnel costs amounted to € 990 thousand (€ 891 thousand as at 30 June 2021) and included lower wages and salaries in connection with the reduction in the number of employees compared to 30 June 2021 (average number as at 30 June 2022 of 7 vs. 10 employees as at 30 June 2021). It should also be noted that, compared to the first half of 2021, the item does not include the cost of the Chief Financial Officer, which was included under General Costs as at 30 June 2022. Other personnel expenses include the *pro-rata temporis* allocation of accruals related to the 2022-2024 Stock Grant Plan and the estimated allocation of accruals related to the MBO short-term incentive plans in the amount of € 256 thousand.

General costs amounted to € 1,700 thousand as at 30 June 2022 and increased by a net € 380 thousand compared to 30 June 2021, mainly due to i) costs for asset advisory fees accrued to Dea Capital Real Estate SGR for € 356 thousand (contract not in force in the first half of the previous year), ii) higher consulting fees for updating and preparing corporate systems and procedures for € 84 thousand, iii) higher costs for directors' fees for a total of € 159 thousand following the increase in the number of board members, the redefinition of the Board committees and the remuneration of the Chief Financial Officer iii) lower costs for legal consultancy, IAS/IFRS accounting consultancy and communication for € 149 thousand, iv) lower costs for technical collaborations for € 25 thousand and lower bank fees for € 52 thousand.

The item **Other revenues and income** includes the net proceeds of € 469 thousand arising from the agreement entered into on 28 June 2022 concerning the transfer of the HTBF stock and the settlement of the ordinary and enforceable legal proceedings related to the recovery of receivables connected to the stock.

The item **Other costs and expenses** includes a provision for risks in the amount of € 164 thousand in addition to ordinary costs for CONSOB and stock exchange contributions and membership fees.

Amortisation, depreciation and write-downs: this item includes, among other things, i) depreciation and write-downs of € 280 thousand relating to the Furniture and Fittings of the Verona asset and ii) the depreciation of the portion of the Rome, Via Zara asset used for business purposes for € 28 thousand.

The item **Fair value adjustment of financial assets** amounted to € 69 thousand and mainly related to the fair value adjustment of securities in the portfolio, for a nominal € 1,000 thousand.

The **Fair value adjustment of investment property** includes the results of the fair value adjustments of the real estate portfolio based on the appraisals of the independent expert equal to € 2,287 thousand of revaluations and € 472 thousand of write-downs (€ 3,402 thousand of net revaluations as at 30 June 2021).

The item **Net financial income/(expenses)** is mainly composed of interest expense on loans disbursed by the parent company CPI PG for € 587 thousand and interest on bank loans and leasing for € 48 thousand.

The item **Taxes** includes the release of deferred tax assets in the amount of € 28 thousand in connection with taxable income. As at 30 June 2021, the item included positive taxes calculated on the tax loss from non-exempt operations.

The **net result** of the period is € 162 thousand.

Balance sheet analysis

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

(Values in € thousands)

Item		30/06/2022	31/12/2021
A.	Fixed capital	142,412	140,581
B.	Financial instruments	928	3,378
C.	Net working capital	(125)	1,000
D=A.+B.+C.	**Invested capital**	**143,215**	**144,959**
E.	**Shareholders' equity**	**(85,780)**	**(85,499)**
F.	**Other non-current assets and liabilities**	**1,445**	**1,575**
G.	Long-term payables to banks and other lenders	(66,528)	(66,700)
H.	Long-term financial derivative liabilities	0	0
I.	Short-term payables to banks and other lenders	(1,544)	(1,172)
J.	Short-term financial derivative liabilities	0	0
K.	Securities held for trading	0	0
L.	Available cash and cash equivalents	9,192	6,837
M.=G.+H.+I.+J.+K.+L.	**Total financial debt**	**(58,880)**	**(61,035)**
N.=E.+F.+M.	**Sources of financing**	**(143,215)**	**(144,959)**

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 and non-current tax payables;

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

The net working capital is negative equal to € 125 thousand.

Shareholders' equity, including the result for the period of € 162 thousand, amounted to € 85,780 thousand.

The balance of Other net non-current assets and liabilities amounted to € 1,445 thousand and refers to i) assets for capex contribution disbursed in favour of the tenant OVS for the properties in Milan, Via Spadari and Via Cuneo for € 969 thousand, ii) deferred tax assets for € 826 thousand, iii) the current value of the Company's commitment to employees for severance indemnity for € 156 thousand and iv) provisions for risks for € 164 thousand and v) other non-current tax liabilities for € 30 thousand.

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

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

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

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

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

(Values in € thousands)

Item		30/06/2022	31/12/2021
A.	Available cash	9,192	3,837
B.	Cash equivalents	0	3,000
C.	Other current financial assets	0	0
D.	**Liquidity**	**9,192**	**6,837**
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	(1,544)	(1,172)
G.= (E+F)	**Current financial debt**	**(1,544)**	**(1,172)**
H.= (G-D)	**Net current financial debt**	**7,648**	**5,665**
I.	Non-current financial debt (excluding current portion and debt instruments)	(66,528)	(66,700)
J.	Debt instruments	0	0
K.	Trade payables and other non-current payables	0	0
L.=(I+J+K)	**Non-current financial debt**	**(66,528)**	**(66,700)**
H+L	**Total financial debt**	**(55,880)**	**(61,035)**

Total financial debt was € 58,880 thousand and decreased by € 2,155 thousand compared to 31 December 2021.

The change is mainly attributable i) to the collection of the first tranche of the settlement agreement signed on 28 June 2022 in relation to the HTBF-€ position for € 2.6 million, ii) the collection of the confirmation deposit in relation to the signing of the preliminary contract for the sale of the Verona asset for € 740 thousand, iii) the recognition of interest accrued in the first half of 2022 for € 587 thousand in relation to the Credit facility agreements granted by CPI PI for which the Company has the right to repayment at maturity in 2026, and iv) the repayment of mortgages and loans for € 422 thousand.

Transactions with related parties

Information on transactions with related parties is provided below.

SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

There were no significant transactions with related parties in the first half of 2022**.**

TRANSACTIONS AND RELATION WITH RELATED PARTIES OF LESSER IMPORTANCE

On **15 March 2022** the Board of Directors of the Company, upon the proposal of the Control, Risks, Appointments and Remuneration Committee ("**CRNR Committee**") approved the "*Guidelines for the annual incentive system (MBO)*", prepared by the advisor Willis Towers Watsons, (the "**MBO Guidelines**") sharing its approach and consistency with the current "*Remuneration Policy and Procedures for the implementation of Next Re SIIQ S.p.A.*" for the three-year period 2021-2023 approved by the Shareholders' Meeting of 26 April 2021 and the industry best practices.

Subsequently, on **27 April 2022,** the Company's Board of Directors, again based on the proposal of the CRNR Committee, resolved on the short-term incentive remuneration for the financial years 2022 and 2023, also determining the so-called "performance objectives" of each MBO beneficiary identified by the MBO Guidelines. The aforementioned beneficiaries include, in particular, the Chief Executive Officer and General Manager Stefano Cervone, the Vice-Chairman and CFO Giovanni Naccarato, the CIO Claudio Carserà and the Manager responsible for preparing the company's financial reports Francesca Rossi, who, pursuant to Article 2.1, letter a) of the "*Procedure on Related Party Transactions*" approved by the Company's Board of Directors on 15 June 2021 (the "**RPT Procedure**"), qualify as related parties of the Company.

Therefore, each transaction granting short-term incentive remuneration to the aforesaid parties is to be understood as a single transaction with a related party in accordance with the provisions of Communication no. DEM/10078683 of 24-09-2010 (hereinafter the "**Transactions**" or, individually, the "**Transaction**"). The aforesaid Transactions, moreover, qualify, pursuant to Article 1 of the RPT Procedure, as transactions with related parties of lesser significance in that the maximum countervalue of the Transaction, even assuming the achievement of the over-performance for both reference financial years (2022-2023) is significantly lower than the threshold of greater significance applicable today in relation to the countervalue index set forth in paragraph 1.1., letter a) of Annex 3 to the Regulation containing provisions on transactions with related parties (adopted by Consob with resolution no. 17221 of 12 March 2010 and subsequently amended with resolution no. 21624 of 10 December 2020, the "**RPT Regulation**"), which is equal to € 4,274,928.80, corresponding to 5% of the shareholders' equity taken from the most recently published balance sheet (Annual Financial Report as at 31 December 2021) equal to € 85,498,576.

In light of the foregoing, pursuant to Article 7(1)(a) of the RPT Regulation, prior to the approval of the Transaction, a committee composed exclusively of non-executive and unrelated directors, the majority of whom are independent, is required to express a non-binding reasoned opinion on the company's interest in the Transaction and on the appropriateness and substantial fairness of the relevant terms and conditions. Pursuant to Article 4.3 of the RPT Procedure, this competence is attributed to the RPT Committee, since the exemption provided for in Article 9.1.(c) of the RPT Procedure concerning remuneration awarded in accordance with the Remuneration Policy and quantified on the basis of criteria that do not involve discretionary assessments does not apply. In fact, although the economic terms of the Transactions are in line with the provisions of the current Remuneration Policy, they imply a discretionary assessment.

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

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

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

Requirements of the Special Regime for SIIQs

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

(i) Subjective requirements

The Special Regime is available to companies that:

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

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

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

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

the SIIQ or SIINQ or the investing SIIQs or SIINQs hold at least 50% of the voting rights in the ordinary shareholders' meeting and profit sharing rights.

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

(ii) **Statutory Requirements**

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

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

(iii) **Shareholding Structure Requirements**

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

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

(iv) **Objective requirements**

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

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

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

(v) **Additional provisions**

a. Companies that opt for the Special Regime have the obligation, in each financial year, to distribute to shareholders (i) at least 70% of the net profit deriving from real estate leasing activities, from the ownership of investments in SIIQ/SIINQ and in SICAF and qualified real estate funds (as resulting from the Income Statement of the relevant annual financial statements), if the total profit for the year available for distribution is equal to or higher than the exempt operating income, or (ii) at least 70% of the total profit for the year available for distribution, if this is lower than the profit deriving from the leasing activity and from the ownership of equity investments in SIIQ, SIINQ and qualified real estate funds or SICAF (so-called exempt management).
b. Furthermore, there is the obligation to distribute, in the two financial years following the year of realisation, 50% of the income deriving from net capital gains realised on real estate properties intended for lease and on investments in SIIQ, SIINQ and qualified real estate funds or SICAF.

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

Causes of immediate termination of the Special Regime

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

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

(i) the revocation of the admission to the listing of shares in regulated markets (it being understood that the mere temporary suspension of shares from trading does not constitute a cause for termination),

(ii) non-compliance with the shareholding requirement, which requires no shareholder to directly or indirectly hold more than 60% of the voting rights at the Ordinary Shareholders' Meeting and more than 60% of the rights to share in profits; however, where the 60% shareholding requirement is exceeded as a result of extraordinary corporate transactions or transactions in the capital market, the special regime is suspended until the shareholding requirement is re-established (Italian Inland Revenue Circular no. 32/E/2015, in para. 2 "*Requirements and procedures for access to the regime*" states, moreover, that "*where the control requirement ...is exceeded for a limited period of time, it will be deemed as having been met, without interruption, for the entire tax period. It is understood that this requirement must be met at the end of the tax period considered...").*

The Company's exercise of the option and maintenance of the SIIQ regime as at 30 June 2022

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

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

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

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

In light of the foregoing, as of 30 June 2022, the Company has met and maintained the participation requirements to remain in the Special Regime (including the "control" requirement).

With reference to the prevalence tests carried out as at 30 June 2022, these showed that both the asset test and the income test were above 80% and therefore the objective requirements were exceeded as at that date.

Risk management

MAIN RISKS AND UNCERTAINTIES TO WHICH NEXT RE IS EXPOSED

During the first half of 2022, NEXT 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 NEXT 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: (i) appointed the Director in charge of the Internal Audit System and (ii) set up the "Control, Risks, Remuneration and Related Parties Committee" (also known as the "Control and Risks Committee"). The Committee is made up of Independent Directors who 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 Issuer 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 Company expose it to a series of financial risks: *market risks, credit risks and liquidity risks*.

1.1 Market risks

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

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

1.2 Interest rate risk

The risk of losses 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 Company has liquidity as at 30 June 2022 for € 9,192 thousand and financial debt for € 68,072 thousand, of which € 1,544 thousand within the next year.

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 Company'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.

2.3 Climate change risk

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

The Company recognises that the transition to a low-carbon, more sustainable and resource-efficient circular economy, in line with the United Nations Sustainable Development Goals, is a critical step in ensuring the long-term competitiveness of the European Union and global economy. The company has begun a process of adapting its operating and organisational structure with the aim of introducing principles and criteria in its operational management and investment processes aimed at overseeing and monitoring ESG risks.

During 2021, a process of integrating ESG issues into its business model was launched, as part of which a careful analysis of its assets is underway, aimed at identifying potential interventions to reduce their environmental impact. As of the date of this report, in line with the sustainability path that has been process, certification in accordance with the BREEAM In Use protocol has been obtained for two assets in the real estate portfolio.

3. STRATEGIC RISKS

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

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

4. COMPLIANCE AND LEGAL RISK

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

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

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

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

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

Maintenance of SIIQ regime requirements

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

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

With reference to the actions taken during the previous year for the purposes of maintaining the so-called control requirement, please refer to as illustrated in the previous section of this Report entitled "*Legal and Regulatory Framework of a SIIQ*", as well as to as reported in the Annual Financial Report as at 31 December 2021.

In light of the foregoing, as of 30 June 2022, the Company has therefore met and maintained the participation requirements to remain in the Special Regime (including the "control" requirement).

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

(1) Rules in terms of investments

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

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

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

(3) Maximum financial leverage level

The Company can assume: (i) directly, financial indebtedness (including financial payables to subsidiaries and the parent company), net of cash and cash equivalents and financial receivables from the parent company, for a total nominal value not exceeding 70% of the sum of the total value of its real estate assets, the carrying amount of the investments in subsidiaries and the nominal value of the financial receivables from subsidiaries; and (ii) directly and through subsidiaries, real estate funds and other real estate investment vehicles, consolidated financial indebtedness (including payables to the parent company), net of cash and cash equivalents and financial receivables from the parent company, for a total nominal value not exceeding 70% of the total value of the Group's real estate assets. The aforesaid limits may be exceeded under exceptional circumstances or, in any case, not dependent on the will of the Company. Unless the Shareholders and/or the Company are otherwise interested, the overrun shall not extend beyond 24 months.

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

However, it is confirmed that the limits set out in points (1), (2) and (3) above have not been exceeded.

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: (i) Organisation, Management and Control Model - General Part and Special Part; (ii) Annex A - Legislative Decree 231, of 8 June 2001; (iii) Annex B - List of Liable Offences; (iv) Mapping of risks pursuant to Italian Legislative Decree no. 231/2001; (v) Company organisation chart; (vi) Code of Ethics; (vii) Regulation of the Supervisory Body.

Subsequently, 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".

Lastly, on 25 May 2022, the Board of Directors approved the update of the Organisational Model (in particular, the General Part, the Special Part, the Code of Ethics, the List of Liable Offences and the additional annexes to the General Part) in order to (i) ensure the transposition of the regulatory changes recently introduced in the field of Administrative Liability of Entities (i.e. extension of the offences referred to in the category of Legislative Decree 231/2001); (ii) remodel the mapping of risk-crime activities by means of a "company process" logic, consistently with the organisational structure assumed by the Company as well as with the existing organisational safeguards, as elements mitigating the risk of commission of the offences referred to in Legislative Decree 231/2001; (iii) adapt the functional tools for the operation of the Supervisory Board, including information flows to/from the same body.

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

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

As at 30 June 2022, the Chairman 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 NEXT 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 2022, the workforce consisted of 7 employees, including 4 executives, including Stefano Cervone the Chief Executive Officer and General Manager, Claudio Carserà the Head of Real Estate and Francesca

Rossi the Manager responsible for preparing the company's financial reports, pursuant to and for the purposes of Articles 154-*bis* of the TUF and 21-*bis* of the Articles of Association,.

Research and development activities

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

Treasury shares and/or shares of parent companies

As at 30 June 2022, the Company directly held a total of 38,205 treasury shares equal to 0.17% of the share capital.

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

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

Secondary offices

Pursuant to the provision set forth in Article 19, paragraph 2, of the Company's Articles of Association, by resolution of the Board of Directors dated 20 December 2021, filed with the Rome Companies Register on 23 December 2021, the Company established a local unit at the property in Milan, Via Spadari no. 2.

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

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

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

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

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

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

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

Definition of SME

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

Certifications

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

Update on the impact of COVID-19

As in 2020-2021, having acknowledged the profound sector difficulties generated by the so-called lockdown period, NEXT 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 lease fees for 2020 and 2021 (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 2022, 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 fees for an additional € 350 thousand.

With reference to the impact of the COVID-19 pandemic on the income statement for the first half of 2022, it should be noted that rental income takes into account a negative impact of € 90 thousand relating to the release, for the share pertaining to the year, of the temporary fee reductions granted to the tenants OVS.

With reference, instead, to future impacts, it must be noted that the decrease in lease payments granted to the client OVS will have a negative impact for a total of € 1,234 thousand, inclusive of the above new reductions granted, due to the IFRS 16 accounting treatment, which provides for the linearisation of these effects over the contractual duration.

Foreseeable performance trend

The action on the property portfolio continues, based on the criteria of maximising economic utilisation, aiming to build long-term relationships with tenants of high standing, with a constant commitment to improving the quality and sustainability of individual assets and the portfolio as a whole.

The macroeconomic context deteriorated progressively in 2022, which also generates uncertainty for the coming months of the financial year. The protracted conflict between Russia and Ukraine has so far led to consequences in terms of unstable sources of supply, as well as to a significant increase in energy costs, triggering a global upswing in inflation. Central banks are activating instruments to counteract price increases. However, these have the effect of a generalised rise in interest rates. The main effects of these dynamics are translating into the expectation of a gradual and significant increase in the cost of money and the associated reopening of yield margins on debt securities, both public and private, with unusual movements also in currency balances. The result of these trends and tensions, together with the concomitant downward revision of national GDP growth expectations, have led the equity indices of the major stock exchanges to suffer heavy negative adjustments that substantially affect the inflow of capital into the primary markets to the detriment of issuers of equity. This unfavourable macroeconomic scenario on a global scale is further complicated on a domestic level by the recent fall of the Draghi government, which was followed by the serious decision of the President of the Republic to dissolve the parliamentary chambers. The Italian political and economic scenario is therefore particularly critical, with spread again under pressure and new uncertainties on the implementation path of the PNRR-related projects, which further call into question the growth prospects for companies and the market, cooling the interest of international investors in the country. Even before the government crisis, Next Re, together with its partners, the CPI Group and the Dea Capital Group, had had to take note of the environmental conditions that had made it impossible to implement the planned capital increase by the deadline of 30 June 2022, established in the Framework Agreement of 5 August 2021. Consequently, on 5 July 2022, the Company signed the Deed of Reinstatement with the controlling shareholder CPI Property Group S.A. and certain companies of the DeA Capital Group. With the Deed of Reinstatement, the parties agreed to postpone until 31 December 2022 the deadline for the fulfilment of the conditions precedent contained in the Framework Agreement including, in particular, the execution of the planned capital increase. Next RE intends to work with its partners within the commitment extension window of the Framework Agreement to a business planning effort that keeps current the strategic objective of positioning itself among the leading players in the sector of real estate in Italy. Circumstances that assign a relevant opportunity profile to this prospect include the possibility of constituting for the CPI group a strategic-operational pivot for the optimisation of its investment presence in the country, as well as the ongoing process of restructuring the SIIQ segment on the main list of the Italian Stock Exchange, which generates a unique opportunity to assume a leadership and to pilot a new phase of development in this crucial market segment.

EPRA performance indicator

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

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

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

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

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

NET TANGIBLE ASSETS (NTA): the assumption underlying the calculation of indicator ratio is that the company buys and sells real estate, which impacts the company's deferred tax liability. It represents a scenario where some properties could be subject to sale. As at 30 June 2021 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.

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 rental income. EPRA Cost Ratios are twofold: gross and net of direct costs of Vacancies.

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

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

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

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

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

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

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

	30/06/2022		30/06/2021		Δ Y-Y	Δ Y-Y (%)
	€ million	€ per share	€ million	€ per share		
EPRA Earning	(1.6)	(0.1)	(1.4)	(0.1)	(0.2)	-11%
	%		%			
EPRA Cost Ratio (including direct vacancy costs)	129.7%		135.3%		-5.6%	
EPRA Cost Ratio (excluding direct vacancy costs)	119.0%		134.5%		-15.5%	
	30/06/2022		**31/12/2021**		**Δ Y-Y**	**Δ Y-Y (%)**
EPRA NRV	85.8	3.9	85.5	3.9	0.3	0%
EPRA NTA	85.7	3.9	85.4	3.9	0.3	0%
EPRA NDV	86.9	3.9	86.7	3.9	0.2	0%
	%		%			
EPRA LTV	41.6%		43.3%		-1.8%	
EPRA Net Initial Yield	3.2%		3.2%		0.0%	
EPRA Topped-up Net Initial Yield	3.5%		3.5%		0.0%	
EPRA vacancy rate	10.9%		9.3%		1.6%	

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

	EPRA Earnings (€/000)	30/06/2022	30/06/2021
	Net result on IFRS basis	**162**	**2,015**
	Variations to calculate EPRA Earnings:		
(i)	Change in fair value of investment properties, construction properties held for investment and other rights	1,816	3,402
(ii)	Gains or losses from the sale of investment property, real estate under construction held for investment and other rights		
(iii)	Gains or losses from the sale of trading properties including impairment adjustments		
(iv)	Taxes on gains or losses from sales		
(v)	Negative goodwill/goodwill write-down		
(vi)	Changes in the fair value of financial instruments and related closing costs	(69)	0
(vii)	Acquisition costs related to share deals and non-controlling interests in joint ventures		
(viii)	Deferred taxes on EPRA adjustments	0	43
(ix)	Adjustments (i) and (viii) in respect of joint ventures		
(x)	Third-party profits or losses with reference to the above		
	EPRA Earnings	**(1,584)**	**(1,430)**
	Number of basic shares	*2,025,109*	*22,025,109*
	EPRA Earnings per Share (EPS)	**(0.1)**	**(0.1)**

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

As at 30 June 2022, this indicator showed a negative value of € 1,584 thousand and decreased compared to last year by about € 154 thousand. The change is mainly attributable to i) the increase in the real estate management margin of about € 605 thousand due to lower rental income of € 277 thousand and lower costs related to real estate assets that were significantly lower than the balance at 30 June 2021, which included costs arising from the settlement agreement with the former tenant of the asset located in Verona for € 1,156 thousand, ii) an increase in personnel costs for € 99 thousand and costs for asset advisory fees accrued to Dea Capital Real Estate SGR for € 354 thousand (contract not in force in the first half of the previous year), iii) higher other revenues and income for € 486 thousand of which € 469 thousand deriving from the agreement entered into on 28 June 2022 concerning the transfer of the HTBF stock and the settlement of ordinary and enforceable legal proceedings relating to the recovery of receivables associated with the stock itself, iv) a negative change in taxes of € 512 thousand, v) other immaterial effects of € 28 thousand.

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

	EPRA Cost Ratios (€/000)		30/06/2022	30/06/2021
	Includes:			
(i)	Administrative/operating costs reported in the IFRS income statement		3,674	3,894
(ii)	Net service charge costs/fees			
(iii)	Management fees net of realised/estimated returns			
(iv)	Other income/revenues to cover costs net of related income			
(v)	Share of general real estate costs of real estate investments accounted for using the equity method			
	Excludes:			
(vi)	Write-downs of investment properties			
(vii)	Land annuity costs			
(viii)	Charges to be charged back to tenants not separately invoiced			
	EPRA Costs (including direct costs on the vacant portfolio)	**A**	**3,674**	**3,894**
(ix)	Direct costs on the vacant portfolio		302	22
	EPRA Costs (excluding direct costs on the vacant portfolio)	**B**	**3,372**	**3,873**
	-			
(x)	**Gross rental income (net of land rent costs)**		**2,833**	**2,879**
(xi)	Other overhead costs included in gross rental income (if significant)			
(xii)	Share of real estate revenues of real estate investments accounted for using the equity method			
	Gross rental fees	**C**	**2,833**	**2,879**
	-			
	EPRA Cost Ratio (including direct costs on the vacant portfolio)	**A/C**	**129.7%**	**135.3%**
	EPRA Cost Ratio (excluding direct costs on the vacant portfolio)	**B/C**	**119.0%**	**134.5%**

The EPRA Cost Ratio as at 30 June 2022 showed a decrease from 135.3% of last year to 129.7% (119.0%, excluding vacancy costs) mainly due to lower costs relating to real estate assets as compared to the balance as at 30 June 2021, which included costs arising from the settlement agreement with the former tenant of the asset located in Verona for € 1,156 thousand.

As at 30 June 2022, there were no capitalised operating expenses on the value of property.

The following table shows the EPRA NAV indicators that are compared to those measured as at 31 December 2021.

	EPRA NRV		EPRA NTA		EPRA NDV	
EPRA Net Asset Value Metrics (€/000)	**30/06/2022**	**31/12/2021**	**30/06/2022**	**31/12/2021**	**30/06/2022**	**31/12/2021**
Shareholders' equity IFRS	**85,780**	**85,499**	**85,780**	**85,499**	**85,780**	**85,499**
0						
Includes / Excludes:						
i) Hybrid instruments						
Diluted NAV	**85,780**	**85,499**	**85,780**	**85,499**	**85,780**	**85,499**
Includes*:						
ii.a) Revaluations in investment property (if IAS 40 cost option is used)						
ii.b) Revaluations of properties under construction (IPUC) (if IAS 40 cost option is used)						
ii.c) Revaluations of other non-recurring investments						
iii) Revaluations of lease contracts held as finance leases						
iv) Revaluations of trading properties						
Diluted NAV at Fair Value	**85,780**	**85,499**	**85,780**	**85,499**	**85,780**	**85,499**
Excludes:						
v) Deferred taxes in connection with FV gains on investment property	0	0	0	0		
vi) Fair value of financial instruments						
vii) Goodwill arising from deferred taxes						
viii.a) Goodwill as per IFRS financial statements						
viii.b) Intangible assets as per IFRS financial statements			(74)	(86)		
Includes:						
ix) Fair value of fixed-rate debt					1,100	1,178
x) Revaluations of Intangible assets at FV						
xi) Taxes on transfers of real estate						
NAV	**85,780**	**85,499**	**85,706**	**85,413**	**86,880**	**86,676**
Number of fully diluted shares	22,025,109	22,025,109	22,025,109	22,025,109	22,025,109	22,025,109
NAV per share	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**

The NRV/NAV increased slightly compared to 31 December 2021 mainly due to the change in shareholders' equity which increased following the estimated net result of € 162 thousand; for the same reason, the NTA also increased compared to the result for the same period of the previous year. 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 by around 2.35%. This change, in addition to that stated above, reflects the positive effect of the measurement at fair value of financial debt, determined by discounting the flows at a rate consisting of the base rate inferred from the forward rate structure, and the market spread.

The following table shows the EPRA LTV indicator that is compared to that measured at 31 December 2021. The indicator is obtained by comparing the company's net debt to the market value of the assets held by the company and measures the sustainability of financial debt related to real estate assets.

		Proportional consolidation				
EPRA LTV	**Group as reported**	**Equity interests in Joint Venture**	**Equity interests Relevant**	**Equity interests minority**	**Aggregate 30/06/2022**	**Aggregate 31/12/2021**
Includes:						
Funding from Financial Institutions	68,179				68,179	67,996
Financial bills of exchange						
Hybrid Instruments (including Convertible Securities, Preference Shares, Options, Perpetuals Bonds)						
Bonds						
Currency derivatives (futures, swaps, options and forwards)						
Net current payables	124				124	
Real estate for business use (debt)						
Current accounts (with equity features)						
Excluding:						
Cash and cash equivalents	9,192				9,192	6,837
Net debt (a)	**59,111**	**0.0**	**0.0**	**0.0**	**59,111**	**61,159**
Includes:						
Real estate for business use	1,809				1,809	1,838
Real estate investments at fair value	133,393				133,393	138,300
Properties for sale	7,050				7,050	
Development properties						
Intangible assets						
Net current receivables						1,000
Financial assets						
Total value Investment property (b)	**142,252**	**0.0**	**0.0**	**0.0**	**142,252**	**141,138**
LTV (a/b)	**0.416**	**0.0**	**0.0**	**0.0**	**0.416**	**0.433**

The EPRA LTV stood at 41.6% (compared to 43.3% as at December 2021), down 1.8 p.p..

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

EPRA NIY and topped-up NIY (€/000)		30/06/2022	31/12/2021
Market value of the wholly-owned portfolio		133,393	138,300
Market value of the partially-owned portfolio (share of JVs/Funds)			
Assets held for sale (including those held partially)		7,050	
Minus: Development properties			
Market value of the overall portfolio		**140,443**	**138,300**
Estimation of transfer costs			
Gross up completed property portfolio valuation	**B**	**140,443**	**138,300**
Annualised gross rent fees		5,868	5,764
Non-recoverable real estate costs		1,408	1,383
Annualised net rent fees	**A**	**4,460**	**4,381**
Plus: Increases for rent fee changes and other temporary incentives to tenants		519	506
Annualised net topped-up rent fees	**C**	**4,979**	**4,887**
EPRA NIY	**A/B**	**3.2%**	**3.2%**
EPRA topped-up NIY	**C/B**	**3.5%**	**3.5%**

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

EPRA Topped-up NIY is a performance measurement indicator obtained by adjusting EPRA Net Initial Yield with annualised end of period rental income (including variable and temporary income) and when fully operational, i.e. excluding any temporary incentives (such as lease reductions and step ups).
The EPRA vacancy rate was 10.9% as at 30 June 2022 (it was 9.3% as at 30 June 2021). Considering that the vacant areas are unchanged compared to last 30 June, the change in the index is solely due to the adjustment of the market rent (ERV) of the non-rented spaces based on the latest appraisals by the independent expert.

EPRA Vacancy Rate		30/06/2022	31/12/2021
Estimated rent fees on vacant spaces	A	817	730
Estimated rent fees on the overall portfolio	B	7,477	7,817
EPRA Vacancy Rate	**A/B**	**10.9%**	**9.3%**

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:

CapEx - €/000	30/06/2022	31/12/2021
Purchases		12,440
Development	-	-
Investment property	327	654
Increase leasable area	322	96
No Increase leasable area	5	8
Tenant incentives		
Other unallocated expenses		550
Capitalised interest (if applicable)	-	-
Total Capex	**327**	**13,094**
Conversion from accrual to cash	(207)	
Total Cash Capex	**120**	**13,094**

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

Financial statements of NEXT RE

The financial statements are drawn up in Euro units.

Statement of financial position

	Note	30/06/2022	of which with related parties	31/12/2021	of which with related parties
ASSETS					
Non-current assets					
Investment property	1	133,392,648	0	138,300,000	0
Other tangible fixed assets	2	1,862,437	0	2,176,845	0
Rights of use	3	23,363	0	8,343	0
Intangible assets	4	73,544	0	85,768	0
Shares held in subsidiaries	5	10,000	10,000	10,000	10,000
Deferred tax assets	6	825,530	0	854,166	0
Other non-current assets	7	968,741	0	1,075,397	0
Total non-current assets		**137,156,263**	**10,000**	**142,510,519**	**10,000**
Current assets					
Financial assets at fair value	8	927,634	0	3,378,210	0
Receivables and other current assets	9	3,532,464	0	2,842,205	0
Available cash and cash equivalents	10	9,192,482	0	6,836,541	0
Total current assets		**13,652,580**	**0**	**13,056,956**	**0**
Non-current assets held for sale	**11**	**7,050,000**	**0**	**0**	**0**
TOTAL ASSETS		**157,858,843**	**10,000**	**155,567,475**	**10,000**
SHAREHOLDERS' EQUITY					
Share capital		63,264,528	0	63,264,528	0
Share premium reserve		22,931,342	0	22,931,342	0
Other reserves		12,158,818	0	11,684,316	0
Other items of the comprehensive income statement		48,314	0	(23,767)	0
Profits/(Losses) carried forward		(12,785,179)	0	(12,785,179)	0
Profits/(Losses) for the period		161,948	0	427,336	0
TOTAL SHAREHOLDERS' EQUITY	**12**	**85,779,771**	**0**	**85,498,576**	**0**
LIABILITIES					
Non-current liabilities					
Employee benefits	13	155,514	0	189,302	0
Provisions for risks	14	164,433	0	0	0
Payables to banks and other lenders	15	66,528,054	59,615,662	66,699,986	59,028,273
Trade payables and other non-current payables	16	30,703	0	165,341	0
Total non-current liabilities		**66,878,704**	**59,615,662**	**67,054,629**	**59,028,273**
Current liabilities					
Payables to banks and other lenders	15	1,543,727	0	1,171,829	0
Trade payables and other payables	16	3,656,641	544,002	1,842,441	336,411
Total current liabilities		**5,200,368**	**544,002**	**3,014,270**	**336,411**
TOTAL LIABILITIES		**72,079,072**	**60,159,664**	**70,068,899**	**59,364,684**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**157,858,843**	**60,159,664**	**155,567,475**	**59,364,684**

Statement of profit/loss for the period

	Note	30/06/2022	of which with related parties	30/06/2021*	of which with related parties
Rental income	17	2,906,744	0	3,144,633	0
Property operating expenses	18	(992,129)	0	(1,835,270)	0
Net rental income		**1,914,615**	**0**	**1,309,363**	**0**
Personnel costs		(990,449)	0	(890,751)	0
Wages and salaries		(472,162)	0	(598,912)	0
National insurance charges		(222,512)	0	(183,576)	0
Severance indemnity fund (TFR)		(45,987)	0	(48,140)	0
Other personnel costs		(249,788)	0	(60,122)	0
Overhead costs		(1,699,207)	(740,567)	(1,320,192)	(231,925)
Amortisation, depreciation and write-downs of fixed assets		(334,575)	0	(81,997)	0
Total operating costs	**19**	**(3,024,231)**	**(740,567)**	**(2,292,939)**	**(231,925)**
Other revenues and income	20	489,992	0	3,663	0
Other costs and expenses	21	(251,458)	0	(117,712)	0
Total other revenues and income/other costs and expenses		**238,534**	**0**	**(114,049)**	**0**
Positive change in fair value of investment property		2,287,348	0	4,301,860	0
Negative change in fair value of investment property		(471,648)	0	(900,000)	0
Net Change in fair value of investment property	**22**	**1,815,700**	**0**	**3,401,860**	**0**
Operating income		**944,618**	**(740,567)**	**2,304,235**	**(231,925)**
Fair value adjustment of financial assets	23	(69,326)	0	(440)	0
Financial income	24	2,067	0	2,104	0
Financial expenses	24	(686,776)	(587,389)	(773,918)	(465,793)
Pre-tax result		**190,583**	**(1,327,956)**	**1,531,981**	**(697,718)**
Taxes	25	(28,635)	0	483,345	0
Profit/(Loss) for the period		**161,948**	**(1,327,956)**	**2,015,326**	**(697,718)**

Statement of other comprehensive income

	30/06/2022	30/06/2021*
Profit/(Loss) for the period	**161,948**	**2,015,326**
Actuarial gains/(losses)**	72,081	3,592
Total other items of the comprehensive income statement	**72,081**	**3,592**
Total comprehensive profit/(loss)	**234,029**	**2,018,918**

**consolidated values*

**items not reclassifiable to the income statement*

Statement of changes in shareholders' equity

consolidated values	Share capital	Share premium reserve	Fair value reserve	Legal reserve	Other reserves	Other items of the comprehensive income statement	Profits (losses) carried forward	Profit (Loss) for the year	Total
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)**	**85,371,110**
Allocation of 2020 result	0	0	0	0	0	0	(9,320,485)	9,320,485	0
Capital increase costs	0	0	0	0	(274,568)	0	0	0	(274,568)
Other items of comprehensive income	0	0	0	0	0	3,592	0	0	3,592
Result for the period	0	0	0	0	0	0	0	2,015,326	2,015,326
Total comprehensive profit/loss	*0*	*0*	*0*	*0*	*0*	*3,592*	*0*	*2,015,326*	*2,018,918*
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**	**87,115,461**

	Notes	Share capital	Share premium reserve	Fair value reserve	Legal reserve	Other reserves	Other items of the comprehensive income statement	Profits (losses) carried forward	Profit (Loss) for the year	Total
Balance as at 01/01/2022		**63,264,528**	**22,931,342**	**8,139,414**	**7,122,550**	**(3,577,648)**	**(23,767)**	**(12,785,179)**	**427,336**	**85,498,575**
Allocation of 2021 result		0	0	405,969	21,367	0	0	0	(427,336)	0
Capital increase costs		0	0	0	0	0	0	0	0	0
Other items of comprehensive income		0	0	0	0	0	72,081	0	0	72,081
Share-based payments reserve		0	0	0	0	47,167		0	0	47,167
Result for the period		0	0	0	0	0	0	0	161,948	161,948
Total comprehensive profit/loss							72,081	0	161,948	234,029
Balance as at 30/06/2022	**12**	**63,264,528**	**22,931,342**	**8,545,383**	**7,143,917**	**(3,530,481)**	**48,314**	**(12,785,179)**	**161,948**	**85,779,771**

Cash-flow statement

	30/06/2022	of which with related parties	30/06/2021	of which with related parties
Pre-tax result	**190,583**	**(1,327,956)**	**1,531,981**	**(697,718)**
Adjustments:				
Amortisation, depreciation and write-downs of fixed assets	334,575	0	81,997	0
(Write-ups)/Write-downs of properties (unrealised)	(1,815,700)	0	(3,401,860)	0
(Write-ups)/Write-downs of financial instruments	69,326	0	440	0
Financial income	(2,067)	0	(2,104)	0
Financial expenses	686,776	587,389	773,918	465,793
Financial expenses paid	(80,047)	0	(237,003)	0
Financial income collected	1,610	0	2,104	0
Fair value Performance Share Plan	47,166	0	0	0
TFR provision, variable remuneration and other risk provisions	502,320	0	48,140	0
Cash flow generated by operations	**(65,458)**	**(740,567)**	**(1,202,388)**	**(231,925)**
Taxes (net of deferred taxes)	0	0	24,249	0
Cash flow generated by operations net of taxes	**(65,458)**	**(740,567)**	**(1,178,139)**	**(231,925)**
Other assets/other liabilities	**962,566**	**207,591**	**(1,754,902)**	**0**
Change in trade receivables	(1,122,668)	0	7,928	0
Change in trade payables	410,026	207,591	277,320	0
Change in other current assets	(277,326)	0	(203,125)	0
Change in other current liabilities	775,979	0	(1,014,536)	0
Change in other non-current assets	135,292	0	(382,557)	0
Change in tax receivables	709,736	0	(308,787)	0
Change in tax payables	331,527	0	(113,820)	0
Change in severance indemnity fund (TFR)	0	0	(17,325)	0
Cash flow before investments and financing	**897,107**	**(532,976)**	**(2,933,041)**	**(231,925)**
Investments and divestments	**1,880,481**	**0**	**(14,578,219)**	**(10,000)**
(Increase)/decrease in intangible assets	0	0		
(Increase)/decrease in capital goods and other assets	0	0	(570,079)	0
(Increase)/decrease in properties	(119,519)	0	(12,998,140)	0
(Increase)/decrease in financial instruments	2,000,000	0	(1,000,000)	0
Confirmation deposit	740,000	0	0	
(Increase)/decrease in equity investments and securities	0	0	(10,000)	(10,000)
Financial assets	**(421,648)**	**0**	**395,569**	**58,437,128**
Other changes in equity	0	0	(274,568)	0
Increase in financial payables	0	0	58,437,128	58,437,128
Decrease in financial payables	(421,648)	0	(57,766,992)	0
Cash and cash equivalents generated during the year	**2,355,941**	**(532,976)**	**(17,115,692)**	**58,195,203**
Initial cash and cash equivalents	**6,836,541**		**24,922,620**	
Final cash and cash equivalents	**9,192,482**		**7,806,929**	

Profit (loss) per share

	30/06/2022	30/06/2021*
Profit/(Loss) for the period	161,950	2,015,326
Weighted average number of ordinary shares outstanding	21,987,004	21,987,004
Basic earning (loss) per share	**0.0074**	**0.0917**

	30/06/2022	30/06/2021*
Profit/(Loss) for the period	161,950	2,015,326
Weighted average number of ordinary shares for diluted earnings per share purposes	21,987,004	21,987,004
Diluted earning (loss) per share	**0.0074**	**0.0917**

**consolidated values*

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

The share capital as at 30 June 2022 is divided into 11,013,054 ordinary shares and 11,012,055 Class B shares, all without par value. Class B shares attribute the same right to share in profits as the ordinary shares, which will be automatically and proportionately reduced to the extent necessary so that the right to share in profits of each class B shareholder, taking into account any other ordinary shares held, is equal to - and, in any event, not more than - 60% of the rights to share in the profits of the Company. Pursuant to Art. 24 of the Articles of Association, profits that the Shareholders' Meeting resolves to distribute shall be allocated equally to ordinary shares and Class B shares, it being understood that profits due to the shareholders holding Class B shares but not distributed to them due to the aforementioned limits set forth in the Articles of Association shall be allocated to the statutory reserve.

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

Notes to the financial statements

FORM AND CONTENTS OF THE FINANCIAL STATEMENTS

The condensed half-year financial statements as at 30 June 2022 of NEXT RE SIIQ S.p.A. (hereinafter also NEXT RE) 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 28 July 2022, the Board of Directors authorised the publication of these condensed half-year 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 financial statements for the period to 30 June 2022 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 financial statements. For this reason, it is necessary to read the Condensed half-year financial statements together with the Financial statements for the year ended 31 December 2021.

In compliance with the provisions of article 5, paragraph 2, of Legislative Decree no. 38 of 28 February 2005, the Condensed half-year financial statements are prepared using the Euro as the functional currency. The amounts in the 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 statement of financial position and the statement of profit/(loss) for the period. The notes to the financial statements are drawn up in Euro thousands, unless otherwise stated.

COMPARABILITY

It should be noted that on 1 October 2021, the merger by incorporation of Cortese Immobiliare S.r.l. into NEXT RE was finalised with effect from 1 January 2021. On 14 September 2021, the Board of Directors approved the Half-Year Financial Report as at 30 June 2021, which included the Condensed half-year consolidated financial statements as at 30 June 2021. The scope of consolidation of the Condensed half-year consolidated financial statements as at 30 June 2021 included only NEXT RE and Cortese Immobiliare S.r.l.. For the purposes of a similar comparison of the figures in the Statement of Profit/(Loss) for the Period, the Statement of Other Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the Statement of Earnings per Share, the figures as at 30 June 2022 are compared with the consolidated figures as at 30 June 2021 published in the aforementioned Half-Year Financial Report as at 30 June 2021.

PRINCIPLES OF NEW APPLICATION

The accounting policies adopted for the preparation of the condensed half-year financial statements as at 30 June 2022 are consistent with those used for the preparation of the annual financial statements as at 31 December 2021, except for the adoption of new standards and amendments effective 1 January 2022. The Company has not proceeded with early adoption of any new standards, interpretations or amendments issued but not yet effective. A number of amendments and interpretations apply for the first time in 2022 but have not had an impact on the condensed half-year financial statements.

FORMAT OF THE FINANCIAL STATEMENTS ADOPTED BY THE COMPANY

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

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

The Condensed half-year financial statements as at 30 June 2022 consist of the following primary statements:

- 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;
- Statement of profit or loss for the period, showing separately the Costs relating to real estate assets that contribute to "Net rental income" and other costs classified by nature;
- Statement of other comprehensive income;
- Statement of changes in shareholders' equity;
- Cash flow statement, drafted using the indirect method.
- Statement of Profit/(Loss) per share.

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

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

VALUATION CRITERIA AND ACCOUNTING PRINCIPLES

The accounting standards are the same as those used to prepare the Annual Financial Statements as at 31 December 2021, to which reference is made for a detailed description of the same.

Use of estimates and assumptions

The drafting of the condensed half-year financial report requires the Company 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 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 the support of independent experts and advisors has 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 NEXT RE SIIQ S.p.A. on 22 June 2022, in compliance with the Company's Independent Experts procedure, appointed the company Colliers Valuation Italy S.r.l. for the three-year assignment to carry out a six-monthly valuation of NEXT RE assets for a fee of € 10,000 for the first valuation as at 30 June 2022 and € 6,000 for each of the subsequent valuations on a constant basis.

In addition to following the recommendations of the supervisory authorities and the various best practices of the sector, NEXT RE has adopted a specific company procedure which, on the basis of current legislation, establishes, 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.
  - ✓ *Direct Capitalisation*: is based on capitalising, at a rate deducted from the real estate market, the future net income generated by the properties;
  - ✓ II. Discounted Cash-Flow (DCF) method, based:
    a) On calculating, over a period of n. years, future net income from the lease of the property;
    b) On calculating the property's Market Value by capitalising in perpetuity, at the end of such period, the net income;
    c) Discounting up to the date of the net income (cash flow) valuation.

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

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

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

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

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

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

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

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

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

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

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

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

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

Segment reporting

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

Comments to the Notes to the financial statements

ASSETS

Note 1. Investment property

	30/06/2022	31/12/2021
Investment property	133,393	138,300
Investment property	**133,393**	**138,300**

Changes during the first half of 2022 in the item Investment property are shown below.

	Buildings
Net carrying amount as at 31/12/2021	**138,300**
Increases	327
Reclassifications	(6,100)
Net change in the fair value	866
Net carrying amount as at 30/06/2022	**133,393**

The item Reclassifications of € 6,100 thousand refers to the reclassification of the existing value as at 31 December 2021 of the asset in Verona, Via Unità d'Italia. In fact, on 1 June 2022, the Company signed a preliminary contract with AHC International Consulting AG, a leading Austrian company in the hotel sector with the "Amedia Hotel" brand, for the sale of the property for hotel use, at a sale price of € 7,400 thousand plus tax. The final contract is expected to be signed by the end of September 2022. As at 30 June 2022, the asset was classified as Non-current assets held for sale (Note 11) and was recognised at a value of € 7,050 thousand following the positive fair value adjustment of € 950 thousand, net of closing costs estimated at € 350 thousand.

As at 30 June 2022, the real estate portfolio held by NEXT RE recorded a total valuation of € 140,443 thousand, of which € 133,393 thousand recorded under this item Investment Property and € 7,050 thousand recorded under Non-current assets held for sale.

The table below describes the changes in the values of each property that occurred during first half of 2022.

Property	31/12/2021	Increases	Reclassifications	Carrying amount before adjustment	Market value	Adjustment to market value	30/06/2022
Milan, Via Spadari commercial	50,900	0	0	50,900	51,750	850	51,750
Milan, Via Spadari offices	7,000	322	0	7,322	7,200	(122)	7,200
Milan, Via Cuneo	25,550	0	0	25,550	25,350	(200)	25,350
Milan, C.S. Gottardo	15,600	0	0	15,600	15,750	150	15,750
Rome, Via Zara	12,950	5	0	12,955	13,193	238	13,193
Rome, Via Vinicio Cortese	5,150	0	0	5,150	5,000	(150)	5,000
Bari, V. Dioguardi	15,050	0	0	15,050	15,150	100	15,150
Verona, Via Unità d'Italia	6,100	0	(6,100)	0	0	0	0
Tot. Investment property	**138,300**	**327**	**(6,100)**	**132,527**	**133,393**	**866**	**133,393**
Verona, Via Unità d'Italia	0	0	6,100	6,100	7,050	950	7,050
Tot. Non-current assets held for sale	**0**	**0**	**6,100**	**6,100**	**7,050**	**950**	**7,050**
	138,300	327	0	138,627	140,443	1,816	140,443

The item Increases also includes capitalised costs amounting to € 327 thousand that were primarily incurred with reference to the new office portions of the property in Milan, Via Spadari, as part of the ongoing redevelopment project.

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.

The fair value adjustment incorporates the results of the market value appraisals on the properties drafted by the independent expert, in compliance with the RICS Valuation - Professional Standards, which incorporate the

IVS (International Valuation Standards), and in accordance with applicable regulations and 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 Company'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 NEXT RE's real estate portfolio broken down by legal form type of the property, measured at fair value as at 30 June 2022:

Property	Legal nature	Accounting criteria	Last appraisal date	Significant inputs not observable on the market (level 3) €/000
Milan, Via Spadari	Full ownership	IAS 40, fair value	30/06/2022	58,950
Milan, Via Cuneo	Full ownership	IAS 40, fair value	30/06/2022	25,350
Milan, C.S. Gottardo	Full ownership	IAS 40, fair value	30/06/2022	15,750
Rome, Via Zara	Full ownership	IAS 40, fair value	30/06/2022	13,193
Rome, Via Vinicio Cortese	Full ownership	IAS 40, fair value	30/06/2022	5,000
Bari, V. Dioguardi	Property Leasing	IAS 40, fair value	30/06/2022	15,150
Total Investment properties				**133,393**
Verona, Via Unità d'Italia	Full ownership	IAS 40, fair value	30/06/2022	7,050
Total Assets held for sale				**7,050**
				140,443

Unobservable inputs considered most significant by NEXT RE are the discount rate, the Gross exit Cap rate and the ERV (estimated rental value by square metre), as changes in them significantly affect the fair value. The inflation rate was assumed to be 1.6%.

The following table shows unobservable inputs used for each asset as at 30 June 2022:

Property	Legal nature	Method	Discount rate	Gross exit cap rate	ERV €/sqm/y
Milan, Via Spadari	Full ownership	Income (DCF)	4.49% for office portion and 4.45% for retail portion	4.35% for office portion and 3.85% for retail portion	430 for office portion and 1,000 for retail portion
Milan, Via Cuneo	Full ownership	Income (DCF)	5.20%	5.13%	400
Milan, C.S. Gottardo	Full ownership	Income (DCF)	5.90%	5.19%	340
Rome, Via Zara	Full ownership	Income (DCF)	5.67%	5.35%	300 for office portion and 220 for commercial unit
Rome, Via Vinicio Cortese	Full ownership	Income (DCF)	7.08%	7.13%	155
Bari, V. Dioguardi	Property Leasing	Income (DCF)	5.65%	6.42%	100
Verona, Via Unità d'Italia	Full ownership	Preliminary sale agreement signed on 1 June 2022			

To confirm the soundness of the valuation process, a sensitivity analysis was carried out with the support of the independent expert on the value of the real estate portfolio, without considering the Verona asset recorded under the item Non-current assets held for sale, in relation to the change in the ERV and the Gross Exit Cap rate. Specifically, the fluctuation in the value of the Company's real estate portfolio was determined by varying the ERV of individual properties by +/- 5% and the Gross Exit Cap rate by +/- 0.25 bps. The fluctuation recorded was included in a range of +6.7% and -6% of the value of the real estate portfolio.

Finally, the following table shows the value of the Company's real estate portfolio, the residual debt relating to outstanding loans referring to the assets, the Net Asset Value (indicated on a voluntary basis and calculated as the ratio between the nominal residual debt of the loans and the fair value of the assets), and the real estate Loan to value indicator calculated as the ratio between the residual debt of the loans referring to the assets and the related fair values as at 30 June 2022.

Property	Legal nature	Lending counterparty	Values as at 30 June 2022	Remaining debt as at 30 June 2022*	Net Asset Value Euro	Loan to Value	Maturity	Duration (years)
Milan, Via Spadari	Full ownership	CPI PG S.A.	58,950	22,687	36,263	38%	27/01/2026	3,6
Milan, Via Cuneo	Full ownership	CPI PG S.A.	25,350	14,481	10,869	57%	27/01/2026	3,6
Milan, C.S. Gottardo	Full ownership	CPI PG S.A.	15,750	10,861	4,889	69%	27/01/2026	3,6
Rome, Via Zara**	Full ownership	CPI PG S.A.	15,100	6,577	8,523	44%	27/01/2026	3,6
Rome, Via Vinicio Cortese	Full ownership	Intesa San Paolo	5,000	1,054	3,392	32%	05/12/2025	3,4
		Intesa San Paolo		554			01/07/2025	3,0
Bari, V. Dioguardi	Property Leasing	Unicredit Leasing	15,150	5,163	9,987	34%	10/01/2024	1,5
Verona, Via Unità d'Italia	Full ownership	CPI PG S.A.	7,050	3,366	3,684	48%	14/05/2026	3,9
			142,350	64,743	77,607	45%		

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

Note 2. Other tangible fixed assets

	30/06/2022	31/12/2021
Instrumental building	1,809	1,838
Verona Hotel furniture and fittings	0	280
Other assets	53	59
Other tangible assets	**1,862**	**2,177**

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

	Instrumental building	Other assets	Verona Hotel furniture and fittings	Total
Net carrying amount as at 01/01/2022	1,838	59	280	2,177
Reclassifications	-	-	(280)	(280)
Depreciation and write-downs	(29)	(6)		(35)
Final balance as at 30/06/2022	1,809	53	-	1,862
Historical cost	1,909	80	544	2,533
Accumulated depreciation	(100)	(27)	(87)	(214)
Depreciation of furniture and fittings	-	-	(457)	(457)
Net carrying amount	**1,809**	**53**	**-**	**1,862**

The balance of the item as at 30 June 2022 is € 1,862 thousand. This item includes: i) the value, net of accumulated depreciation, of the business portion of the building in Rome, Via Zara 28 (headquarters of NEXT RE) for € 1,809 thousand and ii) other tangible assets for € 53 thousand.
The item Hotel Verona Furniture and Fittings, amounting to € 280 thousand as at 31 December 2021, decreased following the reclassification to the item Non-current assets held for sale due to the stipulation of the preliminary contract for the sale of the asset located in Verona, which provides for the free transfer of all the furniture, furnishings, accessories, equipment and fittings contained in the property. As at 30 June 2022, the recoverable value of these assets was therefore deemed to be zero.

The company has no commitments to purchase new fixed assets.

Note 3. Rights of use

	30/06/2022	31/12/2021
Rights of use	23	8
Rights of use	**23**	**8**

	Rights of use
Net carrying amount as at 01/01/2022	8
Increases	23
Decreases	-
Depreciation and write-downs	(8)
Net carrying amount as at 30/06/2022	**23**

As at 30 June 2022, the item includes the value of the rights of use with reference to the leasing agreements on three company cars. During the first half of 2022, two new long-term company car rental contracts were signed, which resulted in the recognition of rights of use and financial liabilities in the amount of € 23 thousand.

Note 4. Intangible assets

	30/06/2022	31/12/2021
REF - BC Software	74	86
Intangible assets	**74**	**86**

The item mainly includes the asset with a defined useful life related to the costs incurred in relation to the project for implementing the accounting and management systems Business Central and RefTree, which entered into operation at the beginning of H2 2020. This item includes amortisation for the period of € 12 thousand.

Note 5. Shares held in subsidiaries

Shares held in subsidiaries amounted to € 10 thousand and refer entirely to the investee Fidelio Engineering S.r.l., incorporated in 2021. As at the date of these condensed half-year financial statements, the Company was still not operational.

Note 6. Deferred tax assets

The item includes deferred tax assets of € 826 thousand accrued in the 2018- 2020 three-year period and which will be recovered in subsequent years against taxable income from non-exempt management. The reduction refers to the utilisation against IRES taxes calculated as at 30 June 2022 on the taxable operating profit.

Note 7. Other non-current assets

The table below summarises the composition of Other non-current assets as at 30 June 2022 and 31 December 2021.

	30/06/2022	31/12/2021
Capex contribution Milan, Via Spadari	551	611
Capex contribution Milan, Via Cuneo	418	464
Other non-current assets	**969**	**1,075**

The item as at 30 June 2022 amounted to € 969 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 € 551 thousand;
- the long-term classified portion of the capex contribution disbursed to the customer OVS in H2 2020 for the property in Milan, Via Cuneo for € 418 thousand.

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

Note 8. Financial assets at fair value

	30/06/2022	31/12/2021
HTBF Euro Sub-Fund Bond	-	2,381
Other financial investments	928	997
Financial assets at fair value	**928**	**3,378**

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 item 23. Fair value adjustment of financial assets.

	Bonds	UCITS	Total
Net carrying amount as at 01/01/2022	2,381	997	3,378
Increases	-	-	-
Decreases	(2,381)	-	(2,381)
Reclassifications	-	-	-
Fair value adjustment	-	(69)	(69)
Net carrying amount as at 30/06/2022	**-**	**928**	**928**

The item includes the value as at 30 June 2022 of investments of temporary surplus cash subscribed in May 2021 by the Company for € 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 2022 of € 928 thousand. As at 31 December 2021, the item included the fair value of € 2,381 thousand referred to the bond subscribed by NEXT RE, following approval by the NEXT 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. However, on 28 June 2022, NEXT RE transferred the bonds issued by the HTBF-€ Fund to the Fontana Fund-Tulipano Sub-Fund, managed by Castello SGR S.p.A. (formerly Donatello Fund-Tulipano Sub-Fund, previously managed by Sorgente SGR S.p.A.) (hereinafter, "Fontana Fund").
The sale took place within the framework of the Settlement Agreement entered into between NEXT RE and Fontana Fund, on 24 June 2022, in order to settle amicably the disputes that arose between the parties and relating to the repayment of the bond subscribed by NEXT RE with HTBF-€ Fund (in short, the "Agreement").

Under the Agreement, the Fontana Fund agreed to pay in favour of NEXT RE the amount of € 2,850,000.00 of which: (i) € 2,000,000.00 on 28 June 2022; (ii) € 500,000.00 within 60 working days from 28 June 2022 and (iii) € 350,000.00 by 30 September 2022; as well as to waive, pursuant to Article 306 of the Italian Code of Criminal Procedure, the proceedings brought against NEXT RE and, in particular, (i) the first instance proceedings under no. 24624/2021 R.G. - Court of Rome and (ii) the appeal registered on the general register of the Court of Appeal of Milan under no. 306/2021 R.G.. The Fontana Fund, on 28 June 2022, actually paid in favour of NEXT RE the net amount of € 2,000,000.00 and waived the acts of the judgments registered under no. 24624/2021 R.G. - Court of Rome and 306/2021 R.G. Court of Appeal of Milan.
In the context of the aforesaid Agreement, NEXT RE, in turn, undertook to accept the adverse waivers pursuant to article 306 of the Italian Code of Civil Procedure and to waive pursuant to article 629 of the Italian Code of Civil Procedure the enforcement proceedings brought against the Fontana Fund and indicated below: (1) 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 under no. 9301/2021 (hereinafter, “Seizure II at third parties”, regarding receivables claimed by Donatello Fund - Tulipano Sub-Fund from some debtors); (2) 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 under no. 9193/2021 (hereinafter, “Share Seizure”); (3) deed of seizure of real estate pursuant to Article 555 et seq. CPC of 29 March 2021, with proceedings registered in the general register of real estate executions of the Court of Belluno under no. 34/2021 (hereinafter, “Real Estate Seizure”); (4) deed of seizure at third parties pursuant to Article 543 CPC, of 6 September 2021, with proceedings registered in the general register of securities executions of the Court of Rome under no. 14140/2021 (subsequently “Seizure III at third parties”, regarding receivables claimed by Donatello Fund - Tulipano Sub-Fund from Sorgente Group).
NEXT RE, on 28 June 2022, in execution of the Agreement, effectively accepted the adverse waiver of the deeds of the judgments numbered 24624/2021 R.G. - Court of Rome and 306/2021 R.G. Court of Appeal of Milan and renounced the (1) Seizure II at Third Parties, (2) Share Seizure, (3) Real Estate Seizure and (4) Seizure III at Third Parties. Lastly, among the enforcement proceedings undertaken by NEXT RE against the Fontana Fund, it is worth mentioning the one commenced with a deed of seizure at third parties pursuant to Article 543 CPC, dated 23 February 2021, with proceedings registered on the general register of securities executions of the Court of Rome under no. 5858/2021 (hereinafter, "Seizure I at Third Parties", relating to the liquidity on current accounts and other assets held by the management company's custodian bank). However, the Seizure I at Third Parties was not included in the scope of the Agreement, as this procedure was concluded before the signature of the Agreement. In the context of said execution, it should be noted that following the hearing for the declaration of the third party, held on 25 November 2021, the Judge followed the issuance of the relative assignment order on 3 December 2021 and the sums amounting to € 5,242.50 were actually collected by NEXT RE on 17 February 2022.

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.

	30/06/2022	31/12/2021
Receivables from tenants	928	655
Receivables from settlement agreement	850	-
Provision for bad debts	(251)	(251)
Net customer receivables	**1,527**	**404**
Deferred costs for concessions to COVID-19 customers	895	976
Tax receivables	102	812
Capex contribution - current portion	215	215
Accruals and deferrals	789	414
Security deposits	1	1
Other receivables	3	20
Total	**3,532**	**2,842**

Net customer receivables

Net customer receivables show a balance of € 1,527 thousand (€ 404 thousand as at 31 December 2021) and consisted mainly of:

- receivables from tenants of owned properties for € 655 thousand; the amount includes receivables for invoices and credit notes to be issued for € 41 thousand;
- receivables from settlement agreements in the amount of € 850 thousand as described in Note 8 above. Financial assets at fair value;
- receivables completely written down for € 251 thousand.

The provision for bad debts did not change compared to 31 December 2021. 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, March 2021, August 2021 and May 2022. The above temporary fee reductions will be charged on a straight-line basis over the life of the lease contracts as a reduction in revenue.

Tax receivables

	30/06/2022	31/12/2021
Receivables from Revenue for VAT	-	754
Receivables from Revenue for taxes	41	38
Other tax receivables	61	20
Current tax receivables	**102**	**812**

Tax receivables show a balance of € 102 thousand (€ 812 thousand as at 31 December 2021) and consist mainly of:

- IRAP and IRES receivables for € 41 thousand;
- other tax receivables for € 61 thousand.

The VAT receivable as at 31 December 2021 was used as offset during the first half of 2022.

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

Accruals and deferrals of € 789 thousand (€ 414 thousand as at 31 December 2021) and are mainly relate to the linearisation of lease contracts.

Note 10. Cash and cash equivalents

	30/06/2022	31/12/2021
Bank and postal deposits	9,192	3,837
Time deposit	-	3,000
Cash and cash in hand	-	-
Total	**9,192**	**6,837**

Cash and cash equivalents totalled € 9,192 thousand (€ 6,837 thousand as at 31 December 2021) and mainly consist of bank and postal deposits. The time deposits outstanding as at 31 December 2021 in the amount of € 3,000 thousand were settled during the first half of 2022.

Note 11. Non-current assets held for sale

This item includes the fair value of the property for hotel use located in Verona, Via Unità d'Italia, for which a preliminary sales agreement was signed on 1 June 2022. Reference is made to Note 1. Investments Property for further information.

SHAREHOLDERS' EQUITY

Note 12. Shareholders' Equity

The share capital, fully subscribed and paid up, amounted to € 63,265 thousand as at 30 June 2022 and consisted of 11,013,054 ordinary shares, with no par value, of which 11,012,055 class B shares, with no right to participate in and vote at the Company's ordinary shareholders' meeting and with a limited right to participate in profits, and not admitted to trading on EURONEXT Milan. The Company holds 38,205 treasury shares.

The profit for the financial year 2021, equal to € 427,336.25, was allocated in the amount of € 21,366.81 to the legal reserve and in the amount of € 405,969.44 to the fair value reserve as per the resolution of the Shareholders' Meeting of 26 April 2022.

The item Other comprehensive income was positive and amounted to € 48 thousand; it is related to the effects of the actuarial valuation of the employee severance indemnity (TFR) in accordance with IAS 19.

LIABILITIES

Note 13. Employee benefits

The table below summarises the status of employee benefits as at 30 June 2022.

	30/06/2022	31/12/2021
Employee benefits	156	189
Total Employee benefits	**156**	**189**

Changes in the item Employee benefits are shown below.

	30/06/2022	31/12/2021
Initial balance as at 01/01/2022	189	249
Actuarial gains or losses	(72)	7
Use	-	(159)
Provisions	38	93
Financial expense IAS 19	1	(1)
Final balance as at 30/06/2022	**156**	**189**

The closing balance, amounting to € 156 thousand as at 30 June 2022 (€ 189 thousand as at 31 December 2021), 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. Actuarial gains also resulted from the change in financial assumptions as the discount rate increased from 0.98% as at 31.12.2021 to 3.22% as at 30.06.2022.

The service cost is classified in the income statement for € 38 thousand as personnel costs, € 1 thousand as interest cost classified under financial expenses and € 72 thousand as actuarial gain classified under other comprehensive income as required by IAS 19.

The demographic and financial assumptions used are set out below:

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

FINANCIAL ASSUMPTIONS	30/06/2022
Annual discount rate	3.22%
Annual inflation rate	2.10%
Annual rate of increase in severance indemnity (TFR)	3.075%
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 2022, the Company's workforce consisted of 7 employees. Below the point-in-time and average employee numbers as at 30 June 2022 and 31 December 2021, are broken-down by category:

Breakdown by qualification	30/06/2022	31/12/2021
Executives	4	4
Middle managers	1	1
Employees	2	2
Total	**7**	**7**

Breakdown by period average	30/06/2022	31/12/2021
Executives	4	3
Middle managers	1	2
Employees	2	3
Total	**7**	**8**

Note 14. Provisions for risks

The item Provisions for risks increased by €164 thousand due to the recognition of tax liabilities potentially arising from the outcome of an appeal procedure that the Company intends to initiate should the preliminary opinion requested from a consultant lean towards the latter solution.

Note 15. Payables to banks and other lenders

	30/06/2022	31/12/2021
Non-current		
Mortgages and loans	62,066	61,890
Borrowings from other financing entities	4,462	4,810
Total Payables to banks and other lenders (non-current)	**66,528**	**66,700**
Current		
Mortgages and loans	820	819
Borrowings from other financing entities	724	353
Total Payables to banks and other lenders (current)	**1,544**	**1,172**
Total	**68,072**	**67,872**

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

Bank	Original amount	Residual debt as at 30/06/2022 Nominal values	Residual debt as at 30/06/2022 Carrying amount at amortised cost	Of which within one year	Of which beyond one year	Guarantees	Additional guarantees and clauses
CPI PG	54,606	54,606	56,176	0	56,176		
CPI PG	3,366	3,366	3,440	0	3,440		
Banca Centro Lazio	2,000	1,718	1,646	357	1,289		
Intesa San Paolo S.p.A.	3,900	1,054	1,065	303	762	Second-degree mortgage	Channelling of lease fees
Intesa San Paolo S.p.A.	2,100	553	559	160	399	Second-degree mortgage	Channelling of lease fees
	65,972	61,297	62,886	820	62,066		

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

The item Payables to other lenders mainly refers for a total of € 5,163 thousand (current portion € 74 thousand) to the payable to Unicredit Leasing for the lease contract relative to the property located in Bari, viale Saverio Dioguardi.

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

			Non-monetary flows		
	31/12/2021	Cash flow	Changes in fair value	Other changes	30/06/2022
Payables to banks and other lenders (non-current)	66,700	(189)	0	17	66,528
Payables to banks and other lenders (current)	1,172	(233)	0	605	1,544
Net liabilities from financing activities	**67,872**	**(422)**	**0**	**622**	**68,072**
Available cash and cash equivalents	(6,837)	(2,355)	0	0	(9,192)
Total financial debt	**61,035**	**(2,777)**	**0**	**622**	**58,880**

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

Liabilities	Carrying amount	within 1 year	1-2 years	2-5 years	beyond 5 years
Payables to banks and other lenders	68,072	1,544	5,295	61,233	-

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

Note 16. Trade payables and other payables

The table below summarises the composition of trade and other payables as at 30 June 2022.

	30/06/2022	31/12/2021
Non-Current		
Tax payables	31	165
Total trade payables and other non-current payables	**31**	**165**
Current		
Trade payables to third parties	1,094	886
Trade payables to related parties	509	336
Sale preliminary agreement confirmation deposit	740	-
Tax payables	555	224
Other payables to related parties	35	-
Other payables	529	223
Payables to national insurance agencies	119	116
Accrued expenses and deferred liabilities	75	57
Total trade payables and other current payables	**3,656**	**1,842**

Trade payables to third parties

The item trade payables to third parties shows a balance of € 1,094 thousand (€ 886 thousand as at 31 December 2021). The increase is mainly attributable to the recognition of payables for invoices to be received for legal consultancy, asset advisory fees and other consulting services, as well as remuneration for corporate bodies and fees accrued for work in progress at the property in Milan, Via Spadari.

Trade payables to related parties

This item includes payables due to Dea Capital SGR for asset advisory fees of € 398 thousand, as well as € 111 thousand relating to amounts due to professional directors and statutory auditors.

Other payables and Other payables to related parties

	30/06/2022	31/12/2021
Due to employees	332	118
Other payables	135	99
Payables due to the Supervisory Board	27	6
Total Other Payables	**494**	**223**
Other payables to related parties	**35**	**0**

Other payables amounted to € 529 thousand as at 30 June 2022, compared to a balance of € 223 thousand as at 31 December 2021, and consisted mainly of:

- payables to personnel for € 332 thousand relating to variable remuneration, expense claims, accrued holidays, leaves of absence and additional monthly payments accrued as at 30 June 2022;
- other payables, amounting to € 135 thousand (€ 99 thousand as at 31 December 2021);
- payables to members of the supervisory body were instead equal to € 27 thousand.

Other payables to related parties of which € 35 thousand refer to the provision for estimated variable remuneration to be paid to directors.

Tax payables

	30/06/2022	31/12/2021
Non-current tax payables	31	165
Current tax payables	555	224
Total Tax payables	**586**	**389**

Non-current tax payables present a balance of € 31 thousand (€ 165 thousand as of 31 December 2021); the item refers to taxes related to previous years and to amounts due beyond twelve months due to the instalment plan in place with the Revenue Agency.

Current tax payables show a balance of € 555 thousand (€ 224 thousand as at 31 December 2021) and mainly refer to:

- the debit balance resulting from the VAT settlement for June 2022 paid on 18 July 2022;
- withholding taxes on employee and self-employed income paid in July 2022 for € 80 thousand;
- the current portion of payables for irregularity notice instalments of the merged company Cortese Immobiliare for € 23 thousand.

Payables to national insurance agencies

	30/06/2022	31/12/2021
Payables to INPS	117	113
Payables to INAIL	1	2
Various social security institutions	1	1
Total payables to national insurance agencies	**119**	**116**

Payables to national insurance agencies amounted to € 119 thousand (€ 116 thousand as at 31 December 2021) and mainly relate to contributions for the June 2022 payroll paid in July 2022 and estimated contributions on the variable remuneration of employees.

Risks and commitments

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

With regard to the loan contracts that the Company has in place with Intesa Sanpaolo, a mortgage was issued on the property in Rome, Via Cortese, for an original value of € 16 million; it must be noted that the residual debt as at 30 June 2022 is equal to € 1,608 thousand and the market value of the property is € 5,000 thousand.

The Company does not have any loan contracts that provide for covenants.

Provisions and contingent liabilities and assets

The Company did not recognise any provisions for risk in the financial statements as at 30 June 2022 related to the likelihood of using resources to settle obligations in addition to as indicated in Note 14. Provisions for risks.

The Company continues to manage the lawsuit brought by Sorgente Group Italia S.r.l., which 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 Property Group S.A., and the Shareholders' resolution of 27 August 2020, by which the Board of Directors had been granted authority to increase the share capital under Art. 2443 of the Italian Civil Code. The Company's legal advisors believe that the risk of losing in relation to this demand for compensation is only merely possible.

As anticipated in note 8. Financial assets at fair value, within the framework of the settlement agreement signed on 28 June 2022, Castello SGR waived the deeds of the judgments numbered 24624/2021 R.G. - Court of Rome. It is recalled that, with reference to the aforementioned dispute, the risk of losing as at 31 December 2021 had been considered as possible by the Company's lawyers.

INCOME STATEMENT

Note 17. Rental income

	30/06/2022	30/06/2021
Property leases	2,833	2,879
Charge-backs to tenants	74	81
Release of the provision for bad debts	-	185
Rental income	**2,907**	**3,145**

The item amounting to € 2,907 thousand as at 30 June 2022 includes rental income and the relevant charge-backs of costs to tenants.

The decrease in revenues from property leases, compared to 30 June 2022, was € 238 thousand and was mainly due to lower revenues from the lease of the hotel asset located in Verona, which, it is recalled, has been vacant since May 2021.

The breakdown of revenues by property is shown below.

Property	30/06/2022	30/06/2021
Milan, Via Spadari	869	854
Milan, Via Cuneo	532	523
Milan, C.so San Gottardo	361	362
Rome, Via Zara	366	350
Bari, Via Dioguardi	482	482
Verona - Via Unità d'Italia	4	281
Rome, Via Cortese	293	293
Total	**2,907**	**3,145**

Note 18. Property operating expenses

Property operating expenses amounted to € 992 thousand as at 30 June 2022 and are represented in the following table by cost type and compared with 30 June 2021.

	30/06/2022	30/06/2021
IMU	413	407
Maintenance and running costs of premises	199	85
Technical advice	74	42
Surveillance and concierge	71	19
Contract registration taxes	56	43
Utilities	42	6
Real estate consulting	38	8
Legal, notary and professional fees	40	25
Property, building and facility management costs	20	26
Other taxes and duties	19	-
Insurance	14	12
Other expenses	6	6
Expenses from framework agreement with SHG Hotel Verona	0	1,156
Total property operating expenses	**992**	**1,835**

The costs for IMU and registration taxes relate to the taxes applied to the property portfolio; the costs for IMU increased as a result of property acquisitions in the first half of 2021. 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. The costs of premises management, maintenance, security and concierge and utilities are subject to significant increases in relation to the asset in Verona, Via Unità d'Italia, vacant as of May 2021. Total direct operating costs for the first half of 2022 related to the investment property located in Verona amounted to € 293 thousand. The item as at 30 June 2021 included the charges arising from the settlement agreement signed with the former tenant of the Verona asset in the amount of € 1,156 thousand.

Note 19. Operating costs

	30/06/2022	30/06/2021
Wages and salaries	472	599
National insurance charges	222	184
Severance indemnity fund (TFR)	46	48
Other personnel costs	250	60
Sub-total a) Personnel costs	**990**	**891**
Legal and notary fees	456	477
Directors' fees	343	184
Asset advisory fee	356	-
Other consultancy and advices	110	15
Auditor, SB, Independent Expert and Internal Audit fees	101	68
Communications and marketing costs	86	136
IT and consultancy fees	53	70
Fees paid to the Statutory Board of Auditors	42	50
Administrative consulting	27	105
Travel, transport and car expenses	24	15
Insurance	22	16
HR Services	20	30
Financial consultancy	14	26
Management, cleaning and maintenance expenses of premises	12	7
Real estate consulting	9	13
Security	7	7
Utilities	7	5
Charges and banking fees	7	59
Other	3	12
Technical advice	0	25
Subtotal b) Overheads	**1,699**	**1,320**
Amortisation, depreciation and write-downs of fixed assets	335	82
Total operating costs	**3,024**	**2,293**

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

- personnel costs amount to € 990 thousand (€ 891 thousand as at 30 June 2021) and include lower wages and salaries in connection with the reduction in the number of employees compared to 30 June 2021 (average number as at 30 June 2022 of 7 expenses compared to the average number as at 30 June 2021 of 10 employees). It should also be noted that, compared to the first half of 2021, the item does not include the cost of the Chief Financial Officer, which was included in the sub-item Directors' fees included under Overheads as at 30 June 2022. Other personnel expenses instead include the pro-rata temporis allocation of accruals related to the 2022-2024 Stock Grant Plan for € 47 thousand and the estimated allocation of accruals related to the MBO short-term incentive plans in the amount of € 257 thousand;

- legal and notary fees are primarily incurred in relation to litigation and advice on non-routine matters;
- directors' fees increased, compared to the first half of 2021, by a total of € 159 thousand as a result of the increase in the number of members of the Board of Directors, the redefinition of the Board committees and the remuneration of the Chief Financial Officer;
- costs for asset advisory fees accrued to Dea Capital SGR for € 356 thousand in the first half of 2022 (transaction with related parties);
- bank fees decreased compared to the same period of the previous year when they included costs for the early repayment of the Imprebanca mortgage;
- the item Amortisation, depreciation and write-downs includes the amortisation, depreciation and write-downs for the period of intangible assets (€ 12 thousand), rights of use (€ 8 thousand) and other tangible assets for € 314 thousand, of which € 28 thousand relate to the business part of the property in Rome, Via Zara, depreciated at a rate of 3%. The item also includes the depreciation and write-down of € 280 thousand of furniture and fixtures of the Verona building, the recoverable value of which was deemed to be zero in light of the preliminary sales agreement signed on 1 June 2022, which provides for the transfer of said assets free of charge.

Note 20. Other revenues and income

The table below summarises the composition of other revenues and income as at 30 June 2022.

	30/06/2022	30/06/2021
Extraordinary income from financial assets	469	-
Other revenues and income	21	5
Total Other revenues and income	**490**	**5**

As indicated in note 8. Financial assets at fair value, the Company on 28 June 2022 entered into a settlement agreement concerning, *inter alia*, the transfer of the bonds issued by the € Sub-fund of the Luxembourg-law Fund "Historic & Trophy Building Fund" managed by Main Source S.A. "HTBF- € Fund", subscribed by Next RE for a nominal tranche equal to € 6,000,000 as well as the settlement of the ordinary and executive judicial proceedings related to the recovery of the credits connected to the Bond. By entering into the Agreement, the Parties reciprocally undertook to waive the continuation of the ordinary and executive proceedings pending before the Court of Appeal of Milan, the Court of Rome and the Court of Belluno, settling the disputes in an amicable settlement, and Next RE transferred, in the context of the Agreement, the Bond and all receivables, rights and accessories connected thereto, for a total consideration of € 2,850,000, plus VAT. The economic effect of the aforementioned transaction amounts to € 469 thousand and has been recognised under Other revenues and income.

Note 21. Other costs and expenses

	30/06/2022	30/06/2021
Provisions for risks	164	-
Shareholders' meetings, financial statements, Consob obligations, Stock Exchange	44	58
Membership fees	25	19
Consulting and website management	2	15
Other expenses	16	25
Total Other costs and charges	**251**	**117**

The item includes Provisions for risks of € 164 thousand as mentioned in Note 14. Provisions for risks and costs incurred for Consob and Borsa Italia contributions and other obligations and membership contributions.

Note 22. Net change in fair value of investment property

	30/06/2022	30/06/2021
Negative change in fair value of investment property	(472)	(900)
Positive change in fair value of investment property	2,287	4,302
Total	**1,816**	**3,402**

The item includes negative and positive change carried out on the value of real estate investments in the portfolio and of Non-current assets held for sale on the basis of appraisals prepared by independent experts. For further details, reference is made to Note 1. Investment property.

Note 23. Fair value adjustment of financial assets

	30/06/2022	30/06/2021
Fair value adjustment of financial assets	(69)	0
Fair value adjustment of financial assets	**(69)**	**0**

The item amounted to € 69 thousand and mainly related to the fair value adjustment of securities in the portfolio, for a nominal € 1,000 thousand recorded under the item Financial assets at fair value.

Note 24. Financial income/(expenses)

	30/06/2022	30/06/2021
Interest income	2	2
Financial income	**2**	**2**
Interest on CPI PG loans	(587)	(466)
Interest on financing from banks	(48)	(247)
Interest on leases	(48)	(49)
Expenses on derivative contracts for foreign exchange hedging	0	(10)
Interest expense due on other payables	(4)	(2)
Financial expenses	**(687)**	**(774)**

The item Financial expenses is mainly composed of interest expense on loans disbursed by the parent company CPI PG for € 587 thousand and interest on bank loans and leasing for € 48 thousand.

Note 25. Taxes

For income deriving from exempt management, the Company applies the specific regulation envisaged by Art. 1, paragraphs 119 et seq., of Italian Law no. 296/2006 and the relevant implementing decree, while for income deriving from taxable management, the ordinary taxation rules for IRES and IRAP purposes are applied. As at 30 June 2022, the item included the release of deferred tax assets in the amount of € 28 thousand in relation to taxable income. As at 30 June 2021, the item included positive taxes calculated on the tax loss from non-exempt operations.

Events subsequent to the reporting date

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

For a description of events after the reporting HT, reference must be made to the chapters Events subsequent to 30 June 2022 and Outlook included in the Interim Report on Operations.

Incentive plans

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

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

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

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

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

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

The total fair value of the vesting rights, relating to the 1st Cycle 2022 - 2024, was determined by applying the binomial tree model for the valuation of American Cox-Ross-Rubinstein (CRR) options, also taking into account the Good Leaver clause provided for in the Regulation. The total fair value, amounting to € 711 thousand, was recognised in the financial statements on a *pro-rata temporis* basis through the recognition of a cost of € 47 thousand in the item Other personnel expenses with a balancing entry in Other equity reserves.

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

On 27 April 2022, the Board of Directors also approved the MBO proposal for the financial years 2022 and 2023, linking the accrual of the 2022 MBO to the achievement of company performance (general and individual) for each beneficiary. As at 30 June 2022, a provision for variable incentives totalling € 291 thousand was recognised in the financial statements, including costs for contributions borne by the company.

Other information

In relation to the impact of the COVID-19 pandemic on the Company's accounts, the Company continues to recognise the effects of temporary rent reductions granted to tenants on a linear basis over the duration of contracts. In the first half of 2022, € 90 thousand was recognised as a reduction in rental income for COVID concessions, while reductions of € 1,234 thousand will be recognised on a straight-line basis in subsequent periods, up to 2027.

As indicated in the section Events after 30 June 2022 of the Interim Report on Operations, on 5 July 2022, the Company signed the Deed of Reinstatement with the controlling shareholder CPI Property Group S.A. and certain companies of the DeA Capital Group. In the Deed of Reinstatement, the parties agreed to postpone to 31 December 2022 the deadline for the fulfilment of the conditions precedent contained in the Framework Agreement - including, in particular, the execution of the planned capital increase of Next RE - previously set at 30 June 2022; without prejudice to the assumptions that had led to the signing of the Framework Agreement, the parties' decision to postpone the deadline is a consequence of the unfavourable market situation due to the uncertainties and volatility of the geopolitical, macroeconomic and financial context.

On the other hand, the conflict between Russia and Ukraine did not have any significant impact on the Company's operations other than those deriving from the actions implemented at an asset management level with reference to the real estate leased to OVS and indicated in the paragraph The Real Estate Portfolio included in the Interim Report on Operations. The Company will continue to monitor the effects of the continuing conflict and the resulting increases in commodity prices on business and results.

Certification of the condensed half-year financial statements

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

1. The undersigned Stefano Cervone, as Chief Executive Officer, and Francesca Rossi, as Manager responsible for preparing the company's financial reports of NEXT RE SIIQ S.p.A., hereby certify, also taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   - the adequacy in relation to the characteristics of the company; and
   - the actual application of the administrative and accounting procedures for the preparation of the annual financial statements, during the period 1 January – 30 June 2022.

2. It is also certified that:

   2.1 the condensed half-yearly 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.

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

Rome, 28 July 2022

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

Annexes

Annex 1 - Transactions with related parties

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

(Values in €)

Related party	Equity interests	Payables to banks and other lenders	Trade payables and other payables	Overhead costs	Financial expenses
Fidelio Engineering S.r.l.	10,000	0	0	0	0
CPI Property Group S.A.	0	59,615,662	0	0	587,389
Dea Capital Real Estate SGR S.p.A.	0	0	397,637	356,252	
Directors	0	0	89,607	343,057	0
Statutory Auditors	0	0	56,758	41,258	0
Total	**10,000**	**59,615,662**	**544,002**	**740,567**	**587,389**

Report of the Independent Auditors

Next Re SIIQ S.p.A.

Review report on the interim condensed financial statements

(Translation from the original Italian text)

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00187 Roma

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

To the Shareholders of
Next Re SIIQ S.p.A.

Introduction

We have reviewed the interim condensed financial statements, comprising the statement of financial position, the statements of profit/loss for the period, the statement of other comprehensive income, the statement of changes in shareholders' equity and cash-flow statement and the related explanatory notes of Next Re SIIQ S.p.A. as of June 30, 2022. The Directors of Next SIIQ S.p.A. are responsible for the preparation of the interim condensed 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 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 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 financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial statements of Next Re SIIQ S.p.A. as of June 30, 2022 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.
Rome, August 2, 2022

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

Valuations of independent experts

Colliers
Accelerating success.

Executive Summary
1st Valuation update

Next RE SIIQ

30/06/2022

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

Prepared for:
NEXT RE SIIQ

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Table of Contents

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1 Executive summary

NEXT RE SIIQ	
OWNERSHIP	As of 30th June 2022, the assets are owned by "Next RE SIIQ"
VALUATION PREMISES	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion"
VALUTAZIONE	
MARKET VALUE	€ 142,350,000,00
VALUATION DATE	30/06/2022

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2 Introduction

2.1 Object and purpose of the valuation

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

2.2 Definition of Market Value

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

The "Current Value" or "**Market Value**" of a property is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (Red Book RICS, January 2020). The Market Value refers to the fair amount (price) at which a piece of real estate can reasonably be transferred, at a certain date, from a seller to a purchaser, with neither of the two parties being forced to sell or purchase and both of which are fully aware of all of the significant factors regarding the subject property, of its possible uses, of its characteristics and of the existing market conditions.

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

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

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

2.3 Limitations and restrictions

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

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

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

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2.4 Conflict of interest

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

2.5 Insurance

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

2.6 Privacy

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

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

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

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data concerning you, as well as, in general, can exercise all the rights provided by the Articles 15, 16, 17, 18, 19, 20, 21, 22 of the GDPR.

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

2.7 Release form liability, identification and limitation of damages

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

2.8 Independence of the parties

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

2.9 Unit of measurement

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

2.10 Reference date

This assignment refers to the date of 30/06/2022. Unless otherwise stated, any information emerging during this assignment refers to this date.

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3 General Description of the SIIQ

3.1 General description

The property of SIIQ consists of 12 properties.

Here is the list of the properties under assessment:

N.	Address	City	Province	Region	Surface	GLA
1	Viale Saverio Dioguardi 1	Bari	BA	Puglia	sqm 19.118	sqm 10.485
2	Corso San Gottardo 29/31	Milan	MI	Lombardy	sqm 4.928	sqm 2.620
3	Via Cuneo 2	Milan	MI	Lombardy	sqm 6.395	sqm 3.327
4	via Spadari 2 B	Milan	MI	Lombardy	sqm 1.028	sqm 809
5	via Spadari 2 A	Milan	MI	Lombardy	sqm 2.858	sqm 2.014
6	via Vinicio Cortese 147	Roma	RM	Lazio	sqm 4.580	sqm 2.496
7	via Zara 22/32	Roma	RM	Lazio	sqm 5.058	sqm 3.068
8	Via Unità d'Italia 346	Verona	VR	Veneto	sqm 11.552	sqm 4.715
	Total				**sqm 55.517**	**sqm 29.534**

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4 Valuation

4.1 Theory and practice in the real estate sector

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

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

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

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

4.2 Valuation Reports

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

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

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

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4.3 Rates

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

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

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

WACC= Debt Ratio*Kd + Equity Ratio*Ke

hypothesizing a financial structure constituted by 40% of Equity and 60% of Debt, in line with the returns expected/required by the market of reference.

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

Economic Factors:

- BTP with expire date based on the model term period (issue date 16/06/2022);
- A premium risk specific of each single initiative, an additional premium location and a risk related to illiquidity.

Debt Factors:

- Euribor 6 months: 0,24% (issue date 16/06/2022);

Aspread investment risk of 3,00%.

The inflation rate is conventionally adopted of 1.60%, in accordance with the provisions of the Treasury Department in the Economic and Financial Document with respect to the target inflation rate (TIP) in the short term (0,50% in 2021 and 5,40% in 2022), and the target level required by the European Central Bank - ECB - (below but close to 2%) in the medium term.

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

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5 Conclusions

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

€ 142,350,000

(One Hundred Forty-Two Million Three Hundred and Fifty Thousand /00)

N.	Address	City	Province	Region	Surface	GLA	Market Value 30.06.2022
1	Viale Saverio Dioguardi 1	Bari	BA	Puglia	sqm 19.118	sqm 10.485	15.150.000 €
2	Corso San Gottardo 29/31	Milan	MI	Lombardy	sqm 4.928	sqm 2.620	15.750.000 €
3	Via Cuneo 2	Milan	MI	Lombardy	sqm 6.395	sqm 3.327	25.350.000 €
4	via Spadari 2 B	Milan	MI	Lombardy	sqm 1.028	sqm 809	7.200.000 €
5	via Spadari 2 A	Milan	MI	Lombardy	sqm 2.858	sqm 2.014	51.750.000 €
6	via Vinicio Cortese 147	Roma	RM	Lazio	sqm 4.580	sqm 2.496	5.000.000 €
7	via Zara 22/32	Roma	RM	Lazio	sqm 5.058	sqm 3.068	15.100.000 €
8	Via Unità d'Italia 346	Verona	VR	Veneto	sqm 11.552	sqm 4.715	7.050.000 €
	Total				**sqm 55.517**	**sqm 29.534**	**142.350.000 €**

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

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

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

- Arch. Giuseppe Bonomi MRICS (CEO – Chief Executive Officer – Head of the Valuation Process)
- Geom. Maurizio De Angeli MRICS (COO – Chief Operating Officer)
- Dott. Matteo Basile MRICS (Head of Valuation – National clients)
- Arch. Giuseppe Russo (Senior Valuer)
- Dott.ssa Chiara Citterio (Junior Valuer)

Colliers Valuation Italy Srl

Arch. Giuseppe Bonomi MRICS

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