



## FIRST HALF 2016 REPORT



**“Our mission is to be a leader in the creation of renewable energy, delivering complete solutions, working as a vertically integrated team to drive performance throughout the value chain while continuously delivering both commercial and utility scale power plants worldwide”**

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# Building Energy at a glance

Building Energy is a global integrated independent renewable energy producer.

Building Energy's value proposition is to drive performance throughout the whole renewable energy downstream value chain, such as development, financing, construction and operation as well as owning and managing Solar PV, Wind, Biomass and Hydroelectric plants over the asset lifetime.

Founded in 2010, Building Energy is one of most prominent Italian's independent renewable energy power producers selling energy from 91MW of green power generation assets in South Africa, United States of America and Italy. Building Energy secured the construction of additional 272 MW net capacity in four different technologies that are expected to reach the notice to proceed by the end of next year.

Building Energy has in-house development, initial plant design, financing and operations capabilities and a perfect record of on time on budget project delivery; with a consolidated presence in Africa, America and Middle East the company has a significant number of generating assets for more than 2,500MW currently under development.

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## Disclaimer

- These *pro forma* interim consolidated financial statements are prepared in accordance with international accounting standard (IAS/IFRS), and are not different from the those used in the preparation of the annual consolidated financial statement as mentioned in the Group's explanatory notes for the 2015 Consolidated Financial statement, to which therefore please refer.
- With regards of the consolidation perimeter as of December 31<sup>st</sup> 2015, as shown at pages 70-73 of group's explanatory notes for the 2015 Consolidated Financial statement, no relevant changes have occurred.
- The preparation of the interim consolidated financial statements in conformity with international accounting standard requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.
- All the figures are expressed in €/000, excepted where noted otherwise.
- These *pro forma* interim consolidated financial report has not been audited.

## Highlights

- In the New York State other two PV projects obtained licenses to be built on Cornell University site: Harford (2.8 MW) and Musgrave (5.6 MW). Harford construction is started on July 2016, Musgrave construction is expected to start as of August 2016, both plants will be connected to the grid by the end of the year. Development of Ellis Track project, still placed in Cornell University site, is ongoing and construction is planned by the end of 2017.
- The construction of Uganda - Tororo North project (10 MW Solar PV) is expected to start during 2016 Q4.
- The financial close of the biomass project Mkuze, scheduled for February 2016, has been postponed.
- The construction of the 30MW wind farm in Iowa is continued on time and on budget; Commercial Operation Date is expected by year end.
- The leasing contracts of the Italian SPV operating 8MW PV plant in Italy have been renegotiated following the implementation of the Decreto "Spalma Incentivi": the finalization of the new contracts is expected during the Q3 2016.

## Key figures

| H1 2015  | H1 2016        | variance       |                   |
|--|----------------|----------------|-------------------|
|  |                | k€             | %                 |
| 6.580 Revenues and other income                    | 7.281          | 701            | 11%               |
| (1.008) EBITDA                                     | (1.254)        | (246)          | (24%)             |
| (1.610) Operating Profit                           | (2.020)        | (410)          | (25%)             |
| (1.062) Profit/(loss) before income tax            | (2.853)        | (1.790)        | <(100%)           |
| (1.423) Profit/(loss) for the period               | (3.918)        | (2.495)        | <(100%)           |
| <b>(1.458) Building Energy Group profit/(loss)</b> | <b>(3.999)</b> | <b>(2.541)</b> | <b>&lt;(100%)</b> |
| 33 Profit/(loss) to non controlling interest       | 81             | 48             | >100%             |
| EBITDA by segment                                  |                |                |                   |
| 1.104 Power production                             | 1.393          | 289            | 26%               |
| 467 Operation & Maintenance                        | 399            | (68)           | (15%)             |
| (62) Development & EPC                             | (681)          | (619)          | <(100%)           |
| (2.517) Corporate & Elimination                    | (2.366)        | 151            | 6%                |
| (1.008) <b>Total</b>                               | <b>(1.254)</b> | <b>(245)</b>   | <b>(24%)</b>      |
| <b>73.084 Total assets</b>                         | <b>128.564</b> | <b>55.480</b>  | <b>76%</b>        |
| <b>35.953 Equity</b>                               | <b>26.854</b>  | <b>(9.099)</b> | <b>(25%)</b>      |
| <b>23.282 Net financial position</b>               | <b>36.109</b>  | <b>12.827</b>  | <b>55%</b>        |
| <b>145.786 Net asset value <sup>(3)</sup></b>      | <b>168.754</b> | <b>22.968</b>  | <b>16%</b>        |

- (1) Power Production and capitalization for internal work mainly drive consolidated revenues and other income. Revenues from other activities such as Development & EPC, are mainly related to the subsidiaries of the parent company and therefore eliminated in the consolidated financial statements.
- (2) Corporate costs including eliminations for consolidation purposes.
- (3) Net Asset Value calculated on the basis of the calculation methodology set out in the Terms and Conditions of the Bond issued as of July 31<sup>st</sup>, 2015. The Net Asset Value will be updated on a quarterly basis.

## Financial Statement H1 2016

## BALANCE SHEET

| €Thousand                                   | notes | YTD            | FY 2015        | variance       |
|---|-------|----------------|----------------|----------------|
| Property, plants and equipment              | 1     | 62.719         | 36.420         | 26.299         |
| Intangible assets                           | 2     | 26.918         | 21.759         | 5.160          |
| Goodwill                                    |       | 400            | 400            | -              |
| Investments valued by the equity method     | 3     | 13.296         | 14.113         | (817)          |
| Deferred taxes                              |       | 1.627          | 1.951          | (324)          |
| Other non-current assets                    | 4     | 9.162          | 9.020          | 142            |
| <b>Total non-current assets</b>             |       | <b>114.122</b> | <b>83.663</b>  | <b>30.460</b>  |
| Wip   |       | 8              |                | 8              |
| Inventories                                 |       | 80             | 80             | -              |
| Trade and other receivables                 | 5     | 1.766          | 5.553          | (3.787)        |
| Current financial assets                    |       | -              | 51             | (51)           |
| Other current assets                        | 6     | 2.511          | 2.628          | (118)          |
| Accruals and prepayments                    |       | -              | -              | -              |
| Tax receivables                             |       | 2.140          | 2.189          | (49)           |
| Cash and cash equivalents                   |       | 6.443          | 9.894          | (3.451)        |
| <b>Total current assets</b>                 |       | <b>12.948</b>  | <b>20.396</b>  | <b>(7.448)</b> |
| Non current asset available for sale        | 7     | 1.493          | 1.493          | -              |
| <b>Non current asset available for sale</b> |       | <b>1.493</b>   | <b>1.493</b>   | <b>-</b>       |
| <b>TOTAL ASSETS</b>                         |       | <b>128.564</b> | <b>105.553</b> | <b>23.011</b>  |
| Share capital                               |       | 12.000         | 12.000         | (0)            |
| Share premium reserves                      |       | 17.021         | 17.020         | 1              |
| Reserves and retained earnings              |       | (2.240)        | 8.457          | (10.697)       |
| Profit/(loss) of the period                 |       | (3.999)        | (9.748)        | 5.750          |
| <b>TOTAL GROUP SHAREHOLDERS'S EQUITY</b>    |       | <b>22.783</b>  | <b>27.728</b>  | <b>(4.946)</b> |
| Equity of non-controlling interest          |       | 3.990          | 2.018          | 1.972          |
| Profit/(loss) of non-controlling interest   |       | 81             | 237            | (156)          |
| <b>TOTAL EQUITY</b>                         |       | <b>26.854</b>  | <b>29.983</b>  | <b>(3.130)</b> |
| Debt towards banks and other lenders > 1    | 8     | 55.121         | 49.627         | 5.494          |
| Deferred tax                                |       | 740            | 197            | 543            |
| Staff related funds                         |       | 700            | 601            | 100            |
| Provisions for risks                        |       | 178            | 190            | (12)           |
| <b>Total non-current liabilities</b>        |       | <b>56.740</b>  | <b>50.615</b>  | <b>6.125</b>   |
| Trade and other payables                    | 9     | 9.950          | 12.626         | (2.676)        |
| Tax liabilities                             |       | 2.688          | 1.824          | 864            |
| Debits towards banks and other lenders < 1  | 8     | 28.024         | 5.979          | 22.045         |
| Accruals and deferrals                      |       | 331            | 11             | 319            |
| Other current liabilities                   |       | 3.977          | 4.514          | (538)          |
| <b>Total current liabilities</b>            |       | <b>44.971</b>  | <b>24.956</b>  | <b>20.015</b>  |
| <b>TOTAL LIABILITIES</b>                    |       | <b>101.710</b> | <b>75.570</b>  | <b>26.140</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>         |       | <b>128.564</b> | <b>105.553</b> | <b>23.011</b>  |

## INCOME STATEMENT

| H1 2015  | € Thousand | notes | H1 2016        | variance       |
|--|------------|-------|----------------|----------------|
| 2.109 Revenues   |            | 10    | 2.394          | 285            |
| 359 Other operating revenues   |            |       | 125            | (234)          |
| 4.112 Increase in intangible assets for internal work                        |            | 11    | 4.762          | 650            |
| <b>6.580 Total revenues and other income</b>                                 |            |       | <b>7.281</b>   | <b>701</b>     |
| (26) Raw materials, semi-finished and finished products                      |            |       | (39)           | (13)           |
| (4.306) Services   |            | 12    | (5.023)        | (717)          |
| (3.091) Personnel  |            |       | (3.304)        | (213)          |
| (165) Other operating costs  |            |       | (169)          | (4)            |
| (602) Depreciation, amortization and provisions                              |            | 13    | (766)          | (164)          |
| <b>(1.610) Operating profit (EBIT)</b>                                       |            |       | <b>(2.020)</b> | <b>(410)</b>   |
| 610 Financial income and charges   |            | 14    | 52             | (558)          |
| (63) Share of profit from participating interest valued by the equity method |            | 15    | (885)          | (822)          |
| <b>(1.062) Profit/(loss) before tax</b>                                      |            |       | <b>(2.853)</b> | <b>(1.790)</b> |
| (361) Income tax   |            |       | (1.065)        | (704)          |
| <b>(1.423) Result of the year</b>  |            |       | <b>(3.918)</b> | <b>(2.495)</b> |
| - Other comprehensive income   |            |       | -              | -              |
| <b>(1.423) Net comprehensive result of the year</b>                          |            |       | <b>(3.918)</b> | <b>(2.495)</b> |



## CASH FLOW REPORT

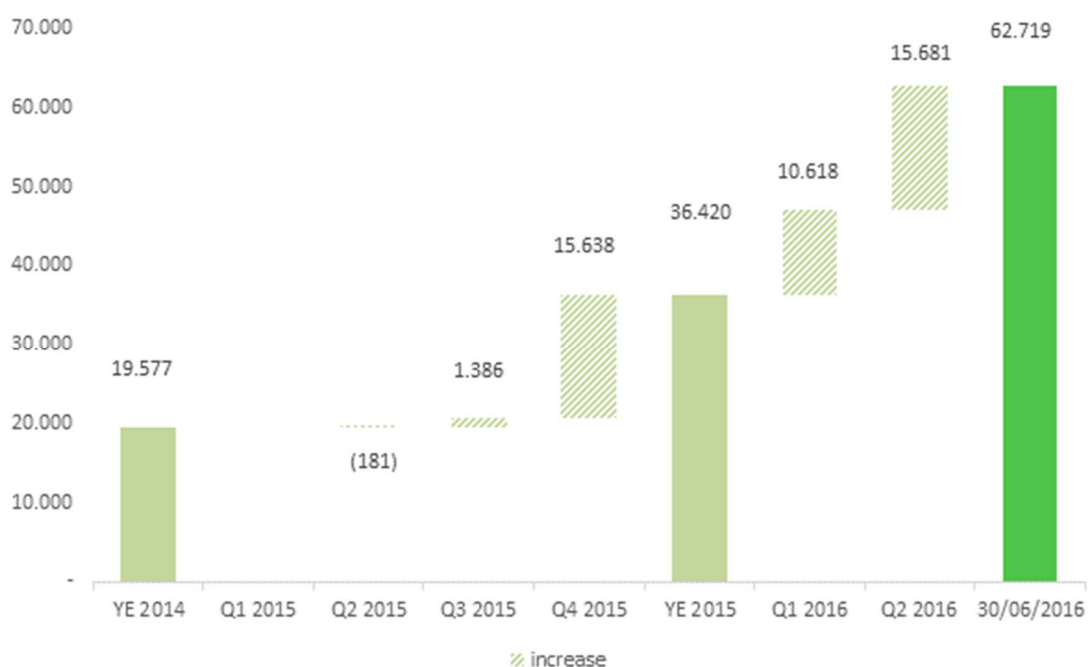
| €Thousand  | H1 2016         | FY 2015         |
|--|-----------------|-----------------|
| Profit (loss) before income taxes, interest, dividends and gains/loss on disposal)               | (2.115)         | (8.112)         |
| Cash flow before changes in net working capital  | 1.362           | 7.721           |
| Cash flow after changes in net working capital   | 2.047           | 980             |
| Cash flow after other adjustments  | 1.928           | 2.962           |
| <b>A) Cash flows from operating profit (indirect method)</b>                                     | <b>3.222</b>    | <b>3.552</b>    |
| B) Cash flows from investing activities  |                 |                 |
| Fixed assets   | (26.863)        | (18.126)        |
| Intangible asset   | (5.360)         | (12.056)        |
| Financial asset  | 832             | (1.760)         |
| Current Financial asset  | (212)           | (129)           |
| Acquisition or disposal of subsidiaries or other business units net of cash and cash equivalents |                 |                 |
| <b>B) Cash flows from investing activities</b>   | <b>(31.603)</b> | <b>(32.071)</b> |
| C. Cash flows from financing activities  |                 |                 |
| third part sources   | 24.931          | 34.859          |
| Group sources  | -               | -               |
| Capital increase   | -               | -               |
| <b>C) Cash flows from financing activities</b>   | <b>24.931</b>   | <b>34.859</b>   |
| <b>Increase (decrease) in cash</b>   | <b>(3.451)</b>  | <b>6.339</b>    |
| Cash available at beginning of the year  | 9.894           | 3.555           |
| Cash available at the end of the year  | 6.443           | 9.894           |

## Notes to the Financial Statements Q1 2016

## BALANCE SHEET (YTD COMPARED TO FY 2015)

|                                  | YTD    | FY 2015 | variance |
|----------------------------------|--------|---------|----------|
| 1 Property, plants and equipment | 62.719 | 36.420  | 26.299   |

## Capital expenditure in property plant &amp; equipment variance



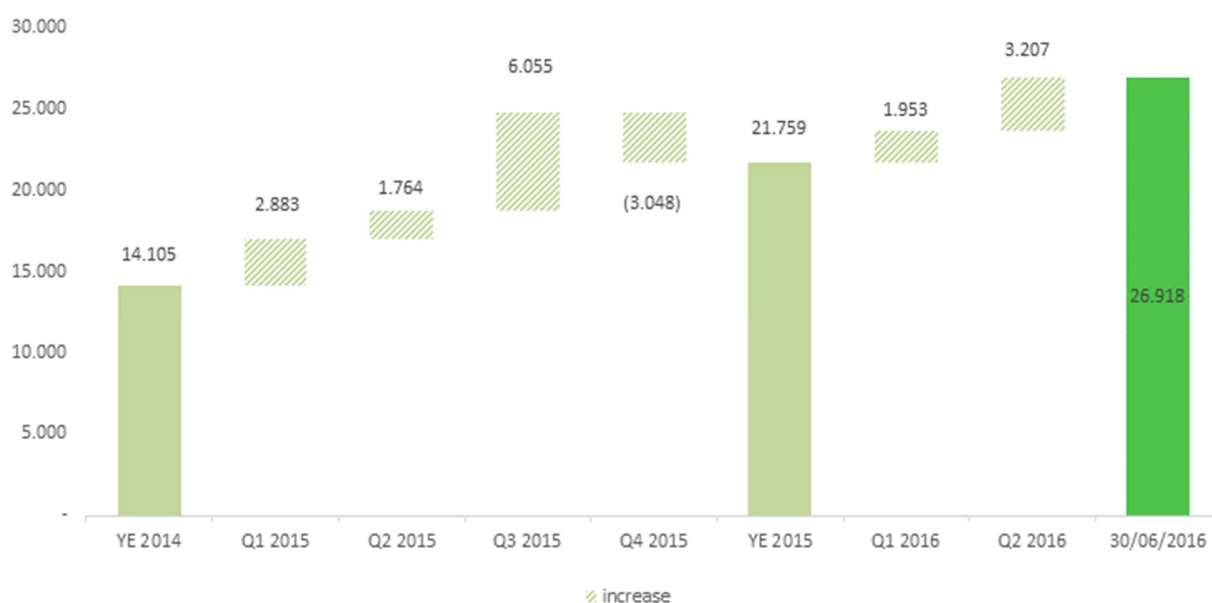
Increase of k€ 15.482 compared to the FY2015 mainly due to the increase of the value of Iowa wind farm currently under construction.

For the detail of the PV fixed asset portfolio, see "project status" section.

Below the aggregated of values of plants in operation and under construction at June 2016, 30<sup>rd</sup>:

| country        | status          | net book value |               |               |
|----------------|-----------------|----------------|---------------|---------------|
|                |                 | H1 2016        | YE2015        | variance      |
| Western Europe | in operation    | 14.216         | 14.564        | (348)         |
| North America  | in operation    | 9.538          | 3.796         | 5.742         |
| North America  | in construction | 37.359         | 16.678        | 20.681        |
|                |                 | <b>61.114</b>  | <b>35.038</b> | <b>26.076</b> |

|   |                   |        |         |          |
|---|-------------------|--------|---------|----------|
|   |                   | YTD    | FY 2015 | variance |
| 2 | Intangible assets | 26.918 | 21.759  | 5.160    |

**Expenditure in intangible assets and cost capitalization variance**


Increase of intangible asset during the first quarter 2016 mainly due to internal capitalization of direct and indirect development costs; no material depreciations occurred during the first half 2016.

Detail of projects under development:

|               | net book value (k€) |         |               | of which: near NTP (MW) |         | of which: backlog (MW) |         | of which: development (MW) |         | Total (MW) |         |
|---------------|---------------------|---------|---------------|-------------------------|---------|------------------------|---------|----------------------------|---------|------------|---------|
|               | 30/06/2016          | FY 2015 | variance (k€) | 30/06/2016              | FY 2015 | 30/06/2016             | FY 2015 | 30/06/2016                 | FY 2015 | 30/06/2016 | FY 2015 |
| North America | 6.517               | 4.851   | 1.666         | 6                       | 30      | 17                     | 3       | 33                         | 33      | 56         | 66      |
| Latin America | 1.264               | 902     | 362           | 45                      | 45      | 4                      | -       | 70                         | 70      | 119        | 115     |
| Europe & Asia | 2.789               | 2.206   | 583           | 5                       | 5       | -                      | -       | 82                         | 79      | 87         | 84      |
| Africa & Mena | 15.811              | 13.470  | 2.341         | 217                     | 183     | 415                    | 527     | 1.691                      | 1.572   | 2.323      | 2.282   |
| Others        | 101                 | 93      | 8             | -                       | -       | -                      | -       | -                          | -       | -          | -       |
|               | 26.482              | 21.522  | 4.960         | 272                     | 263     | 436                    | 530     | 1.876                      | 1.754   | 2.584      | 2.547   |

Intangible assets are mainly composed by project under development in the following regions: 60% in Africa & Middle East; 26% in the Americas; 12% Europe & Asia,

|   |   |        |         |          |
|---|---|--------|---------|----------|
|   |   | YTD    | FY 2015 | variance |
| 3 | Investments valued by the equity method | 13.296 | 14.113  | (817)    |

The variance is due to associated companies REISA, Guma (Africa) and RES (USA):

- REISA (the spv owner of the Kathu PV plant) has negative impact (K€ - 1.010) arising from the fair value's amortization determined at the time of initial recognition by using the equity method. (The value of the investment, so determined, represents the Group's share of the Kathu plant fair value and this is why is amortized on the basis of the PPA duration), meanwhile the operating result of the first half 2016 is not material for seasonal matters (the positive Q1 result has been offset by the negative result of the Q2);
- the contribution of GUMA (the spv involved in the o&m activities on Kathu plant) is positive for k€ 160;
- the contribution of RES is negative for k€ 98.

|                            | YTD   | FY 2015 | variance |
|----------------------------|-------|---------|----------|
| 4 Other non-current assets | 9.162 | 9.020   | 142      |

The balance is mainly composed by:

- Restricted cash in Be SPA is the cash collateral related to the bank guarantee released for the O&M contract for Katuh entered between Reisa and GUMA-BE (the cash collateral was made available in July, 2016), for k€ 1.850
- DSRA on the Italian SPV for k€ 851 (as guarantees for the leasing companies that funded the construction of the 5 pv plants);
- m/l term of part of the shareholder loan to the associated REISA, for k€ 3.702 (not consolidated);
- Share holder loan to the associated PSES, for k€ 1.754 (not consolidated).

|                               | YTD   | FY 2015 | variance |
|-------------------------------|-------|---------|----------|
| 5 Trade and other receivables | 1.766 | 5.553   | (3.787)  |

Decrease of the trade receivables are due to the cash in of the receivables toward Reisa (k€ 3.600) related to the success fees, occurred in February 2016.

|                        | YTD   | FY 2015 | variance |
|------------------------|-------|---------|----------|
| 6 Other current assets | 2.511 | 2.628   | (117)    |

The balance is mainly composed by:

- restricted cash that BEWI (US subsidiary involved in the construction of the Iowa wind farm) and Odyssey 2 have had toward the banks till the end of construction (estimated for the Q3 2016), for k\$ 1.099;
- s/term of part of the shareholder loan to the associated Reisa, for k€ 165 (not consolidated);
- other receivable from different entities (such supplier and other debtors in Be SPA) for k€ 624.

|  | YTD   | FY 2015 | variance |
|--|-------|---------|----------|
| 7 Non current asset available for sale | 1.493 | 1.493   | 0        |

Amount related to the value of assets for the 2 Egyptian companies to be sold following the financial close of the projects. The amount represents the value of the 2 shares capitals and the companies are involved in the development of 2 pv project for 65 MW each.

|   | YTD    | FY 2015 | variance |
|---|--------|---------|----------|
| 8 Debt towards banks and other lenders > 12 m | 55.121 | 49.627  | 5.494    |
| Debt towards banks and other lenders < 12 m   | 28.024 | 5.979   | 22.045   |

The main items are s detailed below:

- Debt > 12 months:
  - o Be SPA (ITA): k€ 32.171 (of which, k€ 26.634 related to the THCP bond accounted for using the amortising cost accounting issue, and k€ 2.451 for bank facilities toward Banco Tre Venezie, Banca Popolare di Sondrio and Banca Intesa);
  - o Italian operating SPV: k€ 12.811 for m/l term debts toward leasing companies;
  - o Zevoblox (Africa): k€ 7.542 for the m/long term Future Growth facility;
  - o Odissey 2 (USA): k€ 2.057 for the fund obtained from National Cooperative Bank related to the construction of Cornell Geneva pv plant;
  - o Beam (USA); k€ 465 for the fund obtained from Hannon Armstrong Bank related to the construction of Cornell Snyder Road pv plant payable in m/l term
- Debt < 12 months:
  - o Be SPA (ITA): k€ 1.050 from Banca Popolare di Sondrio; k€ 725 from Monte Paschi Siena; k€ 400 from Banco delle Tre Venezie, k€ 375 from Intesa San Paolo; k€ 1.470 from the related parties Solar NRG
  - o Italian operating SPV: k€ 594 for m/l term debts toward leasing companies;
  - o Zevoblox (Africa): k€ 28 for the short term Future Growth facility;
  - o Beam (USA); k€ 288 for the fund obtained from Hannon Armstrong Bank related to the construction of Cornell pv plant payable in short term
  - o Behus (USA); k€ 904 from MPS
  - o BEWE (USA); k€ 22.102 from Hannon Armstrong construction loan obtained for the construction of the Iowa wind plant. The loan will be paid at COD, and will be replaced by: a) the incoming portion of equity that the TEI ("tax equity investor") will inflow in the relevant company, and, b) by new Hannon Armstrong loan agreement (of 10 year duration).

|                            | YTD   | FY 2015 | variance |
|----------------------------|-------|---------|----------|
| 9 Trade and other payables | 9.950 | 12.626  | (2.676)  |

Main decrease of trade payables refers to the payment of the debts related to Iowa wind farm under construction.

## INCOME STATEMENT (H1 2016 COMPARED TO H1 2015)

|    |          |         |         |          |
|----|----------|---------|---------|----------|
|    |          | H1 2016 | H1 2015 | variance |
| 10 | Revenues | 2.394   | 2.109   | 285      |

Revenue break down is:

- revenue from energy sales: k€ 1.751
- revenue from o&m services and consulting activity: k€ 619
- other k€ 24.

Revenues from energy sales and power production detailed by each operating plants below:

| plant                             | technology | power | H1 2016          | H1 2015          | variance         |                 | price components                         |
|-----------------------------------|------------|-------|------------------|------------------|------------------|-----------------|--|
| Ascoli                            | PV         | 0,8   | 498.943          | 521.917          | (22.974)         | (4%)            | market price + fit ("IV Conto Energia")  |
| Medole                            | PV         | 1,0   | 569.662          | 608.320          | (38.658)         | (6%)            | market price + fit ("IV Conto Energia")  |
| Asola                             | PV         | 4,0   | 2.220.999        | 2.324.375        | (103.376)        | (4%)            | market price + fit ("IV Conto Energia")  |
| Ostellato                         | PV         | 0,8   | 557.514          | 605.772          | (48.258)         | (8%)            | market price + fit ("IV Conto Energia")  |
| Voghera                           | PV         | 0,9   | 414.707          | 468.943          | (54.236)         | (12%)           | market price + fit ("IV Conto Energia")  |
| <b>KWh Total Italy</b>            |            |       | <b>4.261.826</b> | <b>4.529.328</b> | <b>(267.502)</b> | <b>(6%)</b>     |  |
| <i>Italy energy Sales (€/000)</i> |            |       | <i>1.190</i>     | <i>1.088</i>     | <i>102</i>       | <i>9%</i>       |  |
| Cornell Snyder road               | PV         | 2,1   | 1.163.235        | 944.821          | 218.414          | 23%             | market price + fit ("Niserda incentive") |
| Cornell Geneva                    | PV         | 2,8   | 1.249.117        | -                | 1.249.117        | -               |  |
| <b>KWh Total USA</b>              |            |       | <b>2.412.352</b> | <b>944.821</b>   | <b>1.467.531</b> | <b>&gt;100%</b> |  |
| <i>USA energy sales (€/000)</i>   |            |       | <i>469</i>       | <i>321</i>       | <i>148</i>       | <i>46%</i>      |  |
| Arabia Saudita                    | GETS       |       | 20.840           | n/a              | n/a              | n/a             | PPA                                      |
| <b>KWh GETS Total</b>             |            |       | <b>20.840</b>    | <b>n/a</b>       | <b>n/a</b>       | <b>n/a</b>      |  |
| <i>GETS energy sales (€/000)</i>  |            |       | <i>2</i>         | <i>n/a</i>       | <i>n/a</i>       | <i>n/a</i>      |  |
| Energy Trading (€/000)            |            |       | 91               | -                |                  |                 |  |
| <b>KWh Total</b>                  |            |       | <b>6.674.178</b> | <b>5.474.149</b> | <b>1.200.029</b> | <b>22%</b>      |  |
| <i>Energy sales</i>               |            |       | <i>1.751</i>     | <i>1.409</i>     | <i>94</i>        | <i>24%</i>      |  |

2015: RID

O&M revenues and technical data detailed below:

Relationship between O&M MW and main financial data

| plant site                               | H1 2016      | H1 2015      | variance     |
|--|--------------|--------------|--------------|
| Ascoli                                   | 0,80         | 0,80         | -            |
| Medole                                   | 0,92         | 0,92         | -            |
| Asola                                    | 3,95         | 3,95         | -            |
| Voghera                                  | 0,83         | 0,83         | -            |
| Ostellato                                | 0,96         | 0,96         | -            |
| Rio Martino                              | 1,73         | 1,73         | -            |
| Montalto di Castro                       | 2,74         | 2,74         | -            |
| Borgo Piave                              | 3,52         | 3,52         | -            |
| Nettuno                                  | 2,55         | 2,55         | -            |
| Pieve in Cento                           | 1,70         | 1,70         | -            |
| Voghera                                  | 0,58         | 0,58         | -            |
| La Germana                               | 5,91         | 5,91         | -            |
| Lasegno (*)                              | 0,99         | -            | 0,99         |
| Ricolta d'adda (*)                       | 1,00         | -            | 1,00         |
| Cremona (*)                              | 1,00         | -            | 1,00         |
| Rivolta Roof (*)                         | 1,00         | -            | 1,00         |
| Alanno (*)                               | 1,00         | -            | 1,00         |
| Torricella (*)                           | 0,99         | -            | 0,99         |
| San Benedetto (*)                        | 0,70         | -            | 0,70         |
| Montenerodromo (*)                       | 1,65         | -            | 1,65         |
| Collecchio (*)                           | 0,97         | -            | 0,97         |
| <b>Total Italy (MW)</b>                  | <b>35,5</b>  | <b>26,2</b>  | <b>9,3</b>   |
| <i>Italy o&amp;m services (€/000)</i>    | <i>438</i>   | <i>449</i>   | <i>(11)</i>  |
| <i>consolidation entries (€/000)</i>     | <i>(136)</i> | <i>(154)</i> | <i>18</i>    |
| <i>Net revenues (€/000)</i>              | <i>301</i>   | <i>295</i>   | <i>6</i>     |
| Cornell Sn Road                          | 2,10         | 2,10         | -            |
| Cornell Geneva                           | 2,80         |              |              |
| Baltimora                                | 1,20         | 1,20         | -            |
| <b>Total USA</b>                         | <b>6,1</b>   | <b>3,3</b>   | <b>-</b>     |
| <i>USA o&amp;m services (€/000)</i>      | <i>91</i>    | <i>-</i>     | <i>-</i>     |
| <i>consolidation entries (€/000)</i>     | <i>-</i>     | <i>-</i>     | <i>-</i>     |
| <i>Net revenues (€/000)</i>              | <i>91</i>    | <i>-</i>     | <i>-</i>     |
| Kathu                                    | 81           | 81           | -            |
| <b>Total SA (MW)</b>                     | <b>81,0</b>  | <b>81,0</b>  | <b>-</b>     |
| <i>SA O&amp;M services (€/000)</i>       | <i>227</i>   | <i>340</i>   | <i>(113)</i> |
| <i>consolidation entries (€/000)</i>     | <i>-</i>     | <i>-</i>     | <i>-</i>     |
| <i>Net revenues (€/000)</i>              | <i>227</i>   | <i>340</i>   | <i>(113)</i> |
| <b>Total (MW)</b>                        | <b>122,6</b> | <b>110,5</b> | <b>12</b>    |
| <i>Total aggregated revenues (€/000)</i> | <i>755</i>   | <i>789</i>   | <i>(34)</i>  |
| <i>consolidation entries (€/000)</i>     | <i>(136)</i> | <i>(154)</i> | <i>18</i>    |
| <b>Total Consolidated Revenues</b>       | <b>619</b>   | <b>635</b>   | <b>(16)</b>  |

(\*) New contracts starting from May, 15th 2016

|  | H1 2016 | H1 2015 | variance |
|--|---------|---------|----------|
| 11 Increase in intangible assets for internal work | 4.762   | 4.112   | 650      |

Increase due to the capitalization of internal man-hours for development activities of Group's projects: 68% arises from Parent company, 26% from capitalization of South African sub-holding and 6% from capitalization of North American sub-holding.

|             | H1 2016 | H1 2015 | variance |
|-------------|---------|---------|----------|
| 12 Services | (5.023) | (4.306) | (717)    |

|                         | H1 2016        | H1 2015        | variance     |
|-------------------------|----------------|----------------|--------------|
| IPP cost                | (219)          | (70)           | (149)        |
| O&M cost                | (268)          | (261)          | (7)          |
| EPC cost                | (0)            | (9)            | 9            |
| H&D cost                | (943)          | (421)          | (522)        |
| Corporate Cost          | (3.593)        | (3.545)        | (48)         |
| <b>Total costs (k€)</b> | <b>(5.023)</b> | <b>(4.306)</b> | <b>(717)</b> |

Main causes of the increase are:

- Increase of IPP cost (related to the increase of energy trading sales performed by Homes, and to the increase of the US energy sales, due to the completion of the Geneva pv plant;
- Increase of development cost not eligible for capitalization.

|  | H1 2016 | H1 2015 | variance |
|--|---------|---------|----------|
| 13 Depreciation, amortization and provisions | (766)   | (602)   | (164)    |

No relevant variation between the 2 periods.

|                                 | H1 2016 | H1 2015 | variance |
|---------------------------------|---------|---------|----------|
| 14 Financial income and charges | 52      | 610     | (558)    |

The H1 2016 amount is the net figures of financial charges (interest and exchange rate differences) partially offset by positive effect of the capitalization of interest of the loans used for project development; in particular, the balance is also comprehensive of k€ 279 as exchange rate revenues, k€ 2.575 of financial charges partially offset by k€ 1.104 for the capitalization of financial charges attributable to development activity, and k€ 831 as capital gain arising from revaluating of some Italian entities.



|  | H1 2016 | H1 2015 | variance |
|--|---------|---------|----------|
| 15 Share of profit from participating interest valued by the equity method | (885)   | (63)    | (822)    |

Decrease due to the amortization of the Reisa's fair value, based on the 20 years life of the PPA.

## Projects status

This section is intended to represent Building Energy's main projects under development. The aim is to provide a high level insight on Group's future outlook in the renewable energy market.

Projects under development depending on their status are categorized as in Near Notice to Proceed, Backlog and Pipeline.

Minimum requirements for a project to be included in the Near Notice to Proceed are: (i) in public tender markets, projects reached the awarding of preferred bidder status and/or secured financing; (ii) in regulated markets, projects need to have obtained main permits (i.e. EIA) and/or secured PPAs agreements and/or secured financing. Near Notice to Proceed projects with a secured offtake agreement and financing have a probability of realization higher than 90%.

To be included in Backlog, projects need to have reached bid awaiting status and/or have been shortlisted in case of public tender markets; while in regulated and merchant markets, Backlog projects need to have obtained a positive outcome from the connection identification and/or have undertaken the land optioning and/or the financial model can assure the return threshold. The remaining part of the projects under development are included in the Pipeline in case of a positive result from a preliminary resource availability screening and/or have initiated the obtaining permitting process.

| MW                     | 30/06/2016     | 31/03/2016   | 31/12/2015   | 30/09/2015   | 30/06/2015   | 31/03/2015   |
|------------------------|----------------|--------------|--------------|--------------|--------------|--------------|
| In operation           | 94             | 94           | 91           | 91           | 91           | 91           |
| In construction        | 30             | 30           | 33           |              |              |              |
| Near Notice to proceed | 272            | 236          | 233          | 263          | 255          | 187          |
| Backlog                | 436            | 522          | 533          | 533          | 183          |              |
| Pipeline               | 1.876          | 1.668        | 1.753        | 1.753        | 1.638        | 1.752        |
| <b>Total MW</b>        | <b>2.708</b>   | <b>2.550</b> | <b>2.643</b> | <b>2.640</b> | <b>2.167</b> | <b>2.030</b> |
| Net Asset Value (k€)   | <b>168.754</b> | 174.654      | 184.603      | 143.032      | 145.786      | n/a          |

## PLANTS IN CONSTRUCTION

The detail is shown in the following tab.

| plant (MW) | technology | 30/06/2016  | 31/03/2016 | variance   |
|------------|------------|-------------|------------|------------|
| Iowa (USA) | WIND       | 30,0        | 30         | 0,0        |
|            |            | <b>30,0</b> | <b>30</b>  | <b>0,0</b> |

The construction of the wind plant located in IOWA (USA) started in December 2015; the estimated date of completion of construction work is within Q3, and COD is expected by the end of the current year.

#### PROJECTS NEAR NOTICE TO PROCEED

As June, 30<sup>th</sup> 2016, the Company has identified eight projects to be classified as Near Notice to Proceed, for a total capacity of 272 MW of which:

- 217 MW in the Africa & Middle East region;
- 45 MW in the Latin America region;
- 5 MW in Eurasia region;
- 6 MW in North America.

#### BACKLOG PROJECTS

As June, 30<sup>th</sup> 2016, the Group's backlog portfolio consists in projects for a total of 436 MW, of which:

- 415 MW in Africa & Middle East region;
- 4 MW in Latin America region;
- 17 MW in North America.

## EBITDA by segment

Building Energy is focus on the following business segments: Power Production, Operation and Maintenance (O&M), Development & EPC, and Corporate. The purpose of the segment report is to provide a comprehensive set of information on the profitability of the activities of the individual segments in order to present revenues and margins of development, construction, operation and maintenance services of controlling entities that are eliminated in the Group consolidation process.

## Segment Financial H1 2016

|                               | IPP          | O&M        | D&C          | Corporate      | Elimination  | H1 2016        |
|-------------------------------|--------------|------------|--------------|----------------|--------------|----------------|
| Revenues                      | 1.751        | 755        | 2.881        | 169            | (3.164)      | 2.393          |
| Change in work in progress    | -            | -          | -            | -              | -            | -              |
| Other operating income        | -            | -          | -            | 128            | (3)          | 125            |
| Incr. of assets for int. work | -            | -          | 2.304        | -              | 2.458        | 4.762          |
| Raw materials                 | -            | -          | -            | (39)           | -            | (39)           |
| Cost of services              | (351)        | (268)      | (3.547)      | (1.321)        | 464          | (5.023)        |
| Labour                        | -            | (88)       | (2.319)      | (897)          | -            | (3.304)        |
| Other Operating Expenses      | (7)          | -          | -            | (162)          | -            | (168)          |
| <b>EBITDA</b>                 | <b>1.393</b> | <b>399</b> | <b>(681)</b> | <b>(2.121)</b> | <b>(245)</b> | <b>(1.254)</b> |

## Segment Financial H1 2015

|                               | IPP          | O&M        | D&C         | Corporate      | Elimination | H1 2015        |
|-------------------------------|--------------|------------|-------------|----------------|-------------|----------------|
| Revenues                      | 1.409        | 804        | 368         | -              | (472)       | 2.109          |
| Change in work in progress    | -            | -          | -           | -              | -           | -              |
| Other operating income        | -            | -          | -           | 359            | -           | 359            |
| Incr. of assets for int. work | -            | -          | 4.112       | -              | -           | 4.112          |
| Raw materials                 | -            | (1)        | -           | (25)           | (1)         | (27)           |
| Cost of services              | (224)        | (261)      | (2.539)     | (1.839)        | 557         | (4.306)        |
| Labour                        | -            | (75)       | (2.003)     | (1.013)        | -           | (3.091)        |
| Other Operating Expenses      | (81)         | -          | -           | (84)           | -           | (165)          |
| <b>EBITDA</b>                 | <b>1.104</b> | <b>467</b> | <b>(62)</b> | <b>(2.602)</b> | <b>84</b>   | <b>(1.009)</b> |

The Board of Directors of Building Energy S.p.A.

Milan, September 27<sup>th</sup>, 2016.