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IGD - Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. (the "Issuer")

This document contains an English translation of the Italian language registration document (the "**Registration Document**") relating to the Issuer, the Italian language securities note (the "**Securities Note**") and the Italian language summary note (the "**Summary**") relating to the rights issue of ordinary shares of the Issuer to be offered in subscription to those entitled to receive dividends for the year 2013 (the Registration Document, the Securities Note and Summary, together hereinafter the "**Italian Prospectus**"). The Italian Prospectus was filed with the *Commissione Nazionale per le Società e per la Borsa* ("**Consob**") on May 15, 2014 following notices of the issue of approval by Consob on May 15, 2014.

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REGISTRATION DOCUMENT

Issuer

Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.
Registered office: Via Agro Pontino 13, Ravenna (RA)
Operational headquarters: Via Trattati Comunitari Europei 1957-2007 13, Bologna
Subscribed and paid-up share capital €336,028,239.08
divided into 348,001,715 ordinary shares
VAT number and Ravenna Companies Register number 00397420399
Ravenna Economic Administrative Index: 88573
Company subject to management and coordination by Coop Adriatica S.c.a r.l.

Registration Document filed with CONSOB on [●] 2014 following notice of approval dated [●] 2014, reference no [●].

Publication of the Registration Document does not constitute an opinion by CONSOB as to the suitability of the proposed investment or the value of the related information.

The Registration Document is available at the Issuer’s registered office at Via Agro Pontino 13, Ravenna, as well as on the websites of both the Issuer (www.gruppoigd.it) and Borsa Italiana S.p.A.

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Warning

In light of the financial position of the Company and of the Group, this ‘Warning’ section contains certain information considered to be important in order for investors to understand the context of and risk involved in the operation.

For more detailed information on risk factors pertaining to the Issuer please see Chapter IV, Risk Factors, in this Registration Document.

Pursuant to Regulation (EC) No 809/2004 and the definition of working capital – as “*an Issuer’s ability to access cash and other available liquid resources in order to meet its liabilities as they fall due*” – contained in the ESMA/2013/319 Recommendations, the Issuer considers that on the Date of the Registration Document, the Group does not have sufficient working capital to fully meet its net financial requirement for the 12 months following the Date of the Registration Document, amounting to approximately €20.41 million.

In order to cover this amount, the Issuer intends firstly to use the net proceeds from the Capital Increase, which in the event of a full subscription are estimated at around €17.7 million, and to make recourse to the lines of credit available for €132.53 million; or to make recourse to the stipulation of financial transactions secured by real estate property; or finally, where necessary, the Company could take further measures by rescheduling the timing of investments planned (see Chapter IV, paragraph 1.2 and Chapter V, paragraphs 5.2.2 and 5.2.3 of the Registration Document).

Without prejudice to the above matters, if the Capital Increase is not fully subscribed and/or if the Company were unable to complete successfully, in a short time period, the currently planned additional initiatives to cover the Group’s net financial requirement for the 12 months following the Date of the Registration Document, the Company might not have sufficient cash flows available for the immediate needs of its activities which might therefore be affected by this, with the resulting adverse effects on the Group’s economic results and financial and capital position. For a more detailed explanation of the risks and more information on the financial resources of the IGD Group, see Chapter IV, paragraph 1.2 and Chapter X, paragraph 10.1 of the Registration Document.

CONTENTS

DEFINITIONS 6

GLOSSARY 9

CHAPTER I - RESPONSIBLE PERSONSERRORE. IL SEGNALIBRO NON È DEFINITO.

1.1 Persons responsible for the Registration Document .... **Errore. Il segnalibro non è definito.**

1.2 Declaration of responsibility .... **Errore. Il segnalibro non è definito.**

CHAPTER II - EXTERNAL AUDITORS 11

2.1 The Issuer's External Auditors .... **Errore. Il segnalibro non è definito.**

2.2 Information on the relationship with the External Auditors **Errore. Il segnalibro non è definito.**

CHAPTER III - SELECTED FINANCIAL INFORMATION 12

Introduction .... **Errore. Il segnalibro non è definito.**

3.1 Information on income statement, financial position and cash flows**Errore. Il segnalibro non è definito.**

3.2 Alternative performance indicators .... **Errore. Il segnalibro non è definito.**

CHAPTER IV - RISK FACTORS ....ERRORE. IL SEGNALIBRO NON È DEFINITO.

1. RISK FACTORS RELATING TO THE ISSUER AND THE GROUP**Errore. Il segnalibro non è definito.**

1.1 Risks associated with transactions with the shareholders Coop Adriatica and Unicoop Tirreno and with other related parties 18

1.2 Risks factors relating to the financial position of the Group 21

1.3 Risks associated with investment planning 21

*1.4 Risks associated with pre-letting .... **Errore. Il segnalibro non è definito.***

*1.5 Risks associated with sources of funding .... **Errore. Il segnalibro non è definito.***

*1.6 Risks associated with interest rates .... **Errore. Il segnalibro non è definito.***

*1.7 Risks associated with credit management for sale and leasing activities**Errore. Il segnalibro non è definito.***

*1.8 Risks associated with geographical concentration and intended use of the Group's Real Estate Portfolio .... **Errore. Il segnalibro non è definito.***

*1.9 Risks associated with possible withdrawal from or non-renewal of leases by tenants**Errore. Il segnalibro non è defin***

*1.10 Risks associated with exchange rates .... **Errore. Il segnalibro non è definito.***

1.11 Risks associated with the option to use the taxation applicable to SIIQs 28

1.12 Risks associated with failure to implement the 2014-2016 Plan 31

1.13 Risks associated with statements of key information and with information about the evolution of the reference market 31

1.14 Risks associated with uncertainties in determining the value of the Real Estate Assets 31

2. RISK FACTORS RELATING TO THE SECTOR IN WHICH THE ISSUER AND THE GROUP OPERATE 33

*2.1 Risks associated with trends in the real estate market .... **Errore. Il segnalibro non è definito.***

2.2 Risks associated with real estate activities in the large-scale retail sector 33

2.3 Risks associated with changes in legislation and regulations 35

*2.4 Risks associated with the current economic situation .... **Errore. Il segnalibro non è definito.***

CHAPTER V - ISSUER INFORMATIONERRORE. IL SEGNALIBRO NON È DEFINITO.

5.1 History and evolution of the Issuer 37

5.1.1. Legal and commercial name of the Issuer. 37

5.1.2. Issuer's place of incorporation and registration number. 37

5.1.3. Date of establishment and duration of the Issuer. 37

5.1.4 Domicile and legal status, legislation governing the Issuer, country of establishment and registered office 37

5.1.5. Important events in the development of the activities of the Issuer and the Group. 37

5.2. Main investments 37

5.2.1. Investments made in the last three years......41
5.2.2. Investments being developed......41
5.2.3. Future investments......42
CHAPTER VI - OVERVIEW OF OPERATIONS 43
6.1 Main activities of the IGD Group......44
6.1.1. Introduction 44
6.1.2 Property Management and Leasing 44
6.1.2.1 Acquisition and construction of commercial property......45
*6.1.2.2 Leasing/rental of properties in the Real Estate Portfolio****Errore. Il segnalibro non è definito.***
*6.1.2.3 Optimising the return of the Real Estate Assets held by the IGD Group****Errore. Il segnalibro non è definito.***
6.1.2.4 Disposal of the IGD Group's Shopping Arcades...... ***Errore. Il segnalibro non è definito.***
6.1.3 Services ...... ***Errore. Il segnalibro non è definito.***
6.1.4 Description of the IGD Group's Real Estate Assets ...... ***Errore. Il segnalibro non è definito.***
6.2 Future plans and strategy 53
6.3 Main markets and competitive positioning......69
6.4 Extraordinary factors 69
6.5 Any Issuer dependence on patents or licences; industrial, commercial or financial contracts; or new manufacturing processes 73
CHAPTER VII – ORGANISATIONAL STRUCTUREERRORE. IL SEGNALIBRO NON È DEFINITO.
7.1 Description of the Group to which the Issuer belongs......75
7.2 Description of the Group's companies 76
CHAPTER VIII - PROPERTY, PLANT AND EQUIPMENT 76
8.1 Existing or planned property, plant and equipment 78
8.2 Environmental issues 78
CHAPTER IX - OPERATING AND FINANCIAL REVIEW 80
9.1 Financial position 81
9.2 Operating results......81
9.2.1 Information on major factors with significant repercussions on the Issuer's income from operations 81
9.2.2 Income statement for the periods ended 31 December 2013, 2012 and 2011......81
9.3 Information regarding any government, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Issuer's operations 90
CHAPTER X - FINANCIAL RESOURCESERRORE. IL SEGNALIBRO NON È DEFINITO.
Introduction ...... **Errore. Il segnalibro non è definito.**
10.1. The Issuer's financial resources. 91
10.2 Cash flows of the Issuer. 107
10.3. Financial requirements and financing structure of the Issuer.......110
10.4. Limitazioni all'uso delle risorse finanziarie dell'Emittente 111
10.5. Fonti previste dei finanziamenti......111
CHAPTER XI - RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES 91
CHAPTER XII - INFORMATION ON EXPECTED TRENDS...... 112
12.1 Recent trends in the Group's markets 113
12.2 Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year 114
CHAPTER XIII - PROFIT FORECASTS OR ESTIMATES 113
Introduction 114

13.1. Guidelines and objectives of the 2014-2016 Plan. 114
13.2 Main general assumptions and macroeconomic scenario underlying the 2014-2016 Plan. 107
13.3. Results of the 2014-2016 Plan.. 110
13.4. Projections contained in the 2014-2016 Plan with respect to the previous 2012-2015 Plan 111
13.5. External Auditors' Report on Projections 111

CHAPTER XIV - ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND KEY MANAGERS 120

14.1 Governing bodies and key managers 120
14.1.1 Board of Directors 120
14.1.2 Key managers 133
14.1.3 Board of Statutory Auditors 136
14.2 Conflicts of interest of members of the Board of Directors, members of the Board of Statutory Auditors and key managers 141

CHAPTER XV - REMUNERATION AND BENEFITS 115

15.1 Remuneration and benefits in favour of members of the Board of Directors, members of the Board of Statutory Auditors and key managers for services rendered in any capacity 143
15.2 Provisions or accruals made by the Issuer or its subsidiaries for pensions, employee severance indemnities or similar benefits 145

CHAPTER XVI - BOARD PRACTICES 143

16.1 Term of office of members of the Board of Directors and the Board of Statutory Auditors 146
16.2 Employee agreements entered into between members of the Board of Directors and members of the Board of Statutory Auditors and the Issuer which provide for employee severance indemnities 146
16.3 Information on Committees 147
16.4 Compliance with the regulations pertaining to corporate governance 150

CHAPTER XVII - EMPLOYEES 152

17.1 Number of employees 152
17.2 Shareholdings and stock option plans 152
17.3 Description of any agreements for the participation of employees in the capital of the Issuer 154

CHAPTER XVIII - MAJOR SHAREHOLDERS 146

18.1 Major shareholders 155
18.2 Voting rights other than those held by the major shareholders 155
18.3 Specification of the controlling entity pursuant to Article 93 of the TUF 155
18.4 Agreements that could result in a change in control of the Issuer 155

CHAPTER XIX - RELATED-PARTY TRANSACTIONS 155

Introduction 157
19.1. Related-party transactions. 159

CHAPTER XX - FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, LIABILITIES, FINANCIAL POSITION, PROFITS AND LOSSES 159

20.1 Financial information for the years ended 31 December 2013, 2012 and 2011 171
20.2 Auditing of historical annual financial information 188
20.3 Age of the latest financial information 188
20.4 Dividend policy 188
20.5 Legal and arbitration proceedings 188
20.6 Significant changes in the Issuer's financial or trading position 192

CHAPTER XXI - SUPPLEMENTARY INFORMATION 171

21.1 Share capital 193

21.1.1 Subscribed and paid-up share capital ... 193
21.1.2 Existence of shares not representing capital, specification of their number and main characteristics ... 193
21.1.3 Treasury shares ... 193
21.1.4 Amount of any convertible or exchangeable securities or securities with warrants, with an indication of the conditions and procedures for conversion, exchange or subscription……… ... 193
21.1.5 Existence of purchase rights and/or obligations on authorised but not issued capital or of an undertaking to increase the capital ... 193
21.1.6 Information regarding the capital of any members of the Group offered under option ...194
21.1.7 Trend of the share capital over the last three financial periods ... 194
21.2 Memorandum of association and Bylaws ... 194
21.2.1 Corporate objective and Issuer's purposes ... 194
2.1.2.2 Summary of the provisions of the Issuer's Bylaws relating to the members of the Board of Directors and Board of Statutory Auditors ... 195
21.2.3 Rights and privileges associated with share ... 199
21.2.4 Provisions of the Bylaws and regulations on amending shareholders' rights ... 199
21.2.5 Regulations and provisions of the Bylaws on the Shareholders' Meetings of the Issuer ... 199
21.2.6 Provisions of the Bylaws that could have the effect of delaying, postponing or preventing the amendment of the Issuer's ownership structure ... 200
21.2.7 Reporting obligations for significant holdings ... 200
21.2.8 Amendments to the share capital ... 200
CHAPTER XXII - MATERIAL AGREEMENTS ... 201
22 Material agreements ... 201
CHAPTER XXIII - INFORMATION ORIGINATING WITH THIRD PARTIES, EXPERT OPINIONS AND DECLARATIONS OF INTEREST ... 202
23.1 Expert reports ... 202
23.2 Information originating with third parties ... 202
CHAPTER XXIV - DOCUMENTS AVAILABLE TO THE PUBLIC ... 202
CHAPTER XXV - INFORMATION ON EQUITY INVESTMENTS ... 203

DEFINITIONS

Below is a list of the definitions and terms used in this Registration Document. Unless specified otherwise, the terms and definitions have the following meanings.

Capital Increase	The increase in the Issuer's share capital, for payment, in one or more tranches, to be carried out by 30 September 2014, with a total value of €18,096,089.60 including any premium, up to a maximum of 10% of the Company's existing share capital, through the issue of ordinary shares with no nominal value and regular dividend entitlement, with the exclusion of option rights pursuant to Article 2441, paragraph 4(2) of the Italian Civil Code, to be offered in subscription to those entitled to receive dividends for financial year 2013, approved by the Extraordinary Shareholders' Meeting on 15 April 2014.
Beni Stabili	Beni Stabili Società per Azioni Società di Investimento Immobiliare Quotata, with its registered office at Via Piemonte 38, Rome.
Borsa Italiana	Borsa Italiana S.p.A., with its registered office at Piazza degli Affari 6, Milan.
Corporate Governance Code	The Corporate Governance Code for listed companies, approved in December 2011 by the Corporate Governance Committee for listed companies, promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
Code of Ethics	The code of ethics adopted by the Group, setting out the culture and values underlying IGD's principles of conduct with all internal and external parties with whom it has direct or indirect relations.
CONSOB	The Italian Securities and Exchange Commission, with its registered office at Via G.B. Martini 3, Rome.
Coop Adriatica	Coop Adriatica S.c.a r.l., with its registered office at Via Villanova 29/7, Villanova di Castenaso (Bologna).
Date of the Registration Document	Registration Document publication date.
Registration Document	This registration document.
IGD Group or Group	Collectively, the Issuer and the companies directly or indirectly controlled thereby in accordance with Article 2359 of the Italian Civil Code and Article 93 of the Consolidated Finance Act (TUF).
IFRS or International Accounting Standards	All the International Financial Reporting Standards, all the International Accounting Standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC).
IGD, the Company or	Immobiliare Grande Distribuzione Società di Investimento

the Issuer	Immobiliare Quotata S.p.A., with its registered office at Via Agro Pontino 13, Ravenna.
IMU	The Single Municipal Tax (Imposta Municipale Unica) introduced by Decree-Law 201 of 6 December 2011 on "*Measures for growth, equity and the consolidation of the public accounts*" converted by Law 214 of 22 December 2011, amended by subsequent legislation by means of Decree-Law 16 of 2 March 2012 on "*Urgent measures regarding tax simplification and rendering assessment procedures stronger and more efficient*" converted by Law 44 of 26 April 2012.
Ipercoop Tirreno	Ipercoop Tirreno S.p.A.
IRES	Corporate income tax.
IRPEF	Personal income tax.
Instructions	The instructions accompanying the Stock Market Regulations.
VAT	Value-added tax.
Monte Titoli	Monte Titoli S.p.A., with its registered office at Piazza degli Affari 6, Milan.
MTA	The Mercato Telematico Azionario (electronic stock exchange) organised and managed by Borsa Italiana S.p.A.
Exchange Offer	The exchange offer approved by the Issuer's Board of Directors on 18 April 2013, addressed to holders of the outstanding convertible bonds entitled "*€230,000,000 3.50 per cent. Convertible Bonds due 2013*" issued by IGD and having as payment newly issued unsecured fixed-rate senior bonds entitled "*€144,900,000 4.335 per cent. Notes due 7 May 2017*". The exchange offer is addressed exclusively to holders of "*€230,000,000 3.50 per cent. Convertible Bonds due 2013*" in Italy and abroad (excluding the United States of America pursuant to Regulation S of the 1933 United States Securities Act as amended) who on the basis of applicable legislation are qualified investors – opened on 19 April 2013 and closed on 26 April 2013. The settlement of the exchange offer took place on 7 May 2013.
Real Estate Assets	The Company's real estate assets at the Date of this Registration Document.
Real Estate Portfolio	The real estate portfolio of both freehold and leasehold properties, the leasing of which is managed by the IGD Group.
2014-2016 Plan or the Plan	The 2014-2016 Strategic Plan approved by the IGD Board of Directors on 19 December 2013.
Regulation (EC) No 809/2004	Regulation (EC) No 809/2004 of the Commission of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference

	and publication of such prospectuses and dissemination of advertisements, as amended.
Stock Market Regulations	Regulations applying to markets organised and managed by Borsa Italiana, as resolved by the Board of Directors of Borsa Italiana on 9 December 2013 and approved by CONSOB with Resolution 18764 of 22 January 2014, as amended.
Issuers' Regulations	The regulations approved by CONSOB with Resolution 11971 of 14 May 1999, as amended.
Related-Party Regulations	The regulations approved by CONSOB with Resolution 17221 of 12 March 2010, as amended.
SIIQ	*Società di Investimento Immobiliare Quotata* (Real Estate Investment Trust) governed by Article 1, paragraphs 119-141 of the 2007 Finance Act (Law 296 of 27 December 2006), as amended by the 2008 Finance Act (Law 244 of 24 December 2007), and by the Regulations containing provisions on SIIQs (Decree 174 of 7 September 2007 of the Ministry of Economy and Finance).
External Auditors	PricewaterhouseCoopers S.p.A.
Bylaws	The bylaws of IGD in force at the Date of the Registration Document.
Consolidated Finance Act (TUF)	Legislative Decree 58 of 24 February 1998, as amended.
Unicoop Tirreno	Unicoop Tirreno Società Cooperativa, with its registered office in Vignale Riotorto, Piombino (LI), S.S. 1 Via Aurelia, km 237.
WinMagazine	SC Win Magazin S.A., with its registered office at 25-29 Decebal Blvd., Olympia Tower Building, 9th Floor District 3, Bucharest (Romania).

GLOSSARY

Below is a list of the technical terms used in this Registration Document. Unless specified otherwise, these terms have the following meanings.

Agency	Activities aimed at identifying the most profitable Tenant Mix and negotiating leases for Shops in Shopping Arcades.
Shopping Centre	Property comprising a Hypermarket and a Shopping Arcade, with common infrastructures and service spaces.
City Centre	Type of commercial property complex located on the main streets of urban centres.
Facility Management	Supply of specialised services relating to Shopping Centres.
Shopping Arcade	Property comprising a collection of retail Shops and the common spaces around which they are situated.
Gearing	Ratio between net financial debt and net equity.
Exempt Operations	All income statement items deriving from the activity of leasing properties that are freehold or leasehold. These items do not include the effects of change in the fair value of the managed properties and in the economic results arising from the sale of those properties.
GLA	Gross Leasable Area.
Gross Initial Yield	Gross initial yield of the investment, calculated as a percentage of revenue for the first year based on the Discounted Cash Flow method and the fair value of the property.
ICR or Interest Cover Ratio	Ratio between EBITDA and net financial expenses
Property held for trading	Real Estate Assets intended to be sold.
Hypermarket	Property with a sales area greater than 2,500 m^2, used for the retail sale of food and non-food products.
Loan to Value or LTV	Ratio between the amount borrowed and the appraised value of the property acquired with the loan.
Medium-sized Shop	Property with a sales area between 250 and 2,500 m^2, used for the retail sale of non-food consumer goods.
NAV	Net Asset Value, representing the difference between the value of the properties (Asset Value) and net financial debt.
Shop	Property intended for the retail sale of non-food consumer goods.
Oversight	Support service for the fitting-out of spaces and commercial units, consisting of the following steps: technical interfacing, technical/bureaucratic analysis and approval, monitoring during

	fitting-out phases, verification of regulatory and bureaucratic compliance of the works and the project completion documentation, assistance with the start-up of the space/commercial unit
Retail Park	Group of three or more complexes with a combined area of more than 4,500 m^2 and shared parking.
Net Sales Area	Surface area of a sales outlet, including the parts occupied by banks of shelving and the like but excluding those intended for storage, warehousing, workshops, offices and facilities.
Supermarket	Property with a sales area between 250 and 2,500 m^2, used for the retail sale of food and non-food products.
Tenant Mix	Combination of commercial operators and brands present within a Shopping Arcade.

CHAPTER I – RESPONSIBLE PERSONS

1.1 Persons responsible for the Registration Document

The Issuer assumes responsibility for the accuracy and completeness of the information and data contained in the Registration Document.

1.2 Declaration of responsibility

IGD, as the party responsible for preparing this Registration Document, hereby declares that it has undertaken all reasonable diligence for this purpose and that, to the best of its knowledge, the information contained herein is consistent with the facts and contains no omissions that could alter its interpretation.

The Registration Document complies with the form filed with CONSOB on [●] 2014 following notice of approval dated [●] 2014, reference no [●].

* * *

CHAPTER II – EXTERNAL AUDITORS

2.1 The Issuer's External Auditors

On 16 September 2004, the Ordinary Shareholders' Meeting of the Company assigned the task of auditing the financial statements to Reconta Ernst & Young S.p.A., with registered office at Via Po 32, Rome, entered in the special register of statutory auditors pursuant to Legislative Decree 39 of 27 January 2010. This mandate was subsequently extended by the Ordinary Shareholders' Meeting of 23 April 2007, for the period 2007-2012.

In view of the natural expiry of the mandate given to Reconta Ernst & Young S.p.A., on 18 April 2013 the Ordinary Shareholders' Meeting of the Issuer, on the basis of a reasoned proposal by the Board of Statutory Auditors, entrusted the task of auditing the financial statements to PricewaterhouseCoopers S.p.A. (PWC), with registered office at Via Monte Rosa 91, Rome, entered in the special register of statutory auditors pursuant to Legislative Decree 39 of 27 January 2010.

This task covers, *inter alia*:

i) the audit of the Issuer's consolidated and separate financial statements;

ii) the limited audit of the consolidated and separate half-year financial statements;

iii) verification that the Company's accounts are properly kept and that operations are accurately reflected in the accounting records.

The financial information relating to financial years 2011 and 2012 has been audited by Reconta Ernst & Young S.p.A., which expressed no reservations nor refused to certify any of this information.

The financial information relating to financial year 2013 has been audited by the External Auditors, which expressed no reservations nor refused to certify any of this information.

2.2 Information on the relationship with the External Auditors

At the Date of the Registration Document, the Issuer has not revoked the mandate given to the External Auditors, nor have the External Auditors withdrawn.

CHAPTER III – SELECTED FINANCIAL INFORMATION

Introduction

Selected information on the income statement, financial position and cash flows of the IGD Group is reported below for the years ended 31 December 2013, 2012 and 2011 as well as for the quarters ended 31 March 2014 and 2013. This information has been taken from the directors' report and consolidated financial statements of the IGD Group for the year ended 31 December 2013 (the "**2013 Financial Statements**"), the directors' report and consolidated financial statements of the IGD Group for the year ended 31 December 2012 (the "**2012 Financial Statements**"), the directors' report and consolidated financial statements of the IGD Group for the year ended 31 December 2011 (the "**2011 Financial Statements**" and, jointly with the 2013 Financial Statements and the 2012 Financial Statements, the "**Financial Statements**"), as well as the interim financial report as at 31 March 2014 which is not subject to auditing by the External Auditors. The 2012 Financial Statements and the 2011 Financial Statements have been audited by Reconta Ernst & Young S.p.A., which issued its reports on 25 March 2013 and 23 March 2012, respectively. The 2013 Financial Statements have been audited by the External Auditors, who issued their report on 20 March 2014.

The Issuer opts for incorporation by reference of the documents specified above, pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) No 809/2004, with reference to Chapter IX – Operating and financial review, Chapter X – Capital resources, and Chapter XX – Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses of the Registration Document. These documents have been published and filed with CONSOB and are available to the public on the Issuer's website (www.gruppoigd.it) or from the registered offices of the Issuer and Borsa Italiana.

3.1 Information on income statement, financial position and cash flows

The table below gives the main consolidated income statement data of the IGD Group for the quarters ended 31 March 2014 and 2013, as well as for the financial years ended 31 December 2013, 2012 and 2011.

Consolidated income statement	**31/03/2014**	**31/03/2013**	**31/12/2013**	**31/12/2012**	**31/12/2011**
(in €/000)					
Revenue	**28,486**	**29,181**	**115,529**	**117,979**	**115,800**
Other income	**1,267**	**1,259**	**5,303**	**5,278**	**5,447**
Revenue from property sales	**1,278**	**0**	**6,163**	**0**	**1,726**
Total revenue and EBIT	**31,031**	**30,440**	**126,995**	**123,257**	**122,973**
Changes in work-in-progress inventories	(664)	1,629	754	7,976	7,356
Total revenue and changes in inventories	**30,367**	**32,069**	**127,749**	**131,233**	**130,329**
Total operating costs	**9,885**	**10,382**	**42,985**	**43,492**	**39,950**
Total depreciation, amortisation, provisions, impairments and change in fair value	**(1,249)**	**(1,148)**	**(37,018)**	**(34,458)**	**(17,015)**
EBIT	**19,233**	**20,539**	**47,746**	**53,283**	**73,364**
Capital gains/(losses) on disposals	**120**	**(413)**	**(498)**	**(746)**	**(887)**
Net financial income (expense)	**(11,602)**	**(11,229)**	**(46,328)**	**(47,570)**	**(43,335)**
PRE-TAX PROFIT	**7,751**	**8,897**	**920**	**4,967**	**29,142**
Income tax for the period	1,377	700	(3,244)	(6,185)	(876)
NET PROFIT FOR THE PERIOD	**6,374**	**8,197**	**4,164**	**11,152**	**30,018**
Profit (loss) for the period attributable to non-controlling interests	(180)	40	834	136	39

Profit (loss) for the period attributable to the parent company	6,194	8,237	4,998	11,288	30,057
- basic earnings per share	n/a	n/a	0.015	0.036	0.101
- diluted earnings per share	n/a	n/a	0.015	0.062	0.112

It should be noted that, as of the year ended 31 December 2012, for the sake of greater clarity, the provision made in relation to the "Darsena City" Shopping Centre was reclassified as a deduction from revenue.

With regard to 2013, this provision was €1,156 thousand (equal to 100% of the related revenue accrued up to 29 July 2013 vis-à-vis the company Magazzini Darsena S.p.A., which became bankrupt on that date), a decrease with respect to the provision made for 2012, amounting to €1,857 thousand (corresponding to 95% of the related revenue).

In addition, in order to allow a consistent comparison with the figures reported for the year ended 31 December 2011 in the Registration Document, €1,741 thousand of the "provision for doubtful accounts" item has been reclassified, resulting in a reduction in the "revenue" item, while costs and revenue from reinvoicing, previously recognised under "costs for services" and "other income", have been offset by €5,539 thousand.

The table below gives the key figures from the consolidated statement of financial position of the IGD Group as at 31 March 2014 and as at 31 December 2013, 2012 and 2011.

Consolidated statement of financial position	31/03/2014	31/12/2013	31/12/2012	31/12/2011
(in €/000)				
TOTAL NON-CURRENT ASSETS (A)	1,843,964	1,880,361	1,890,154	1,897,999
TOTAL CURRENT ASSETS (B)	108,478	101,027	104,475	112,773
TOTAL ASSETS (A + B)	**1,952,442**	**1,981,388**	**1,994,629**	**2,010,772**
NET EQUITY:				
Total Group net equity	767,882	752,850	741,890	755,241
Capital and reserves attributable to non-controlling interests	11,022	10,842	11,676	11,812
TOTAL NET EQUITY (C)	778,904	763,692	753,566	767,053
TOTAL NON-CURRENT LIABILITIES (D)	938,160	919,609	697,004	981,076
TOTAL CURRENT LIABILITIES (E)	235,378	298,087	544,059	262,643
TOTAL LIABILITIES (F = D + E)	1,173,538	1,217,696	1,241,063	1,243,719
TOTAL NET EQUITY AND LIABILITIES (C + F)	**1,952,442**	**1,981,388**	**1,994,629**	**2,010,772**

The table below summarises the consolidated statement of cash flows of the IGD Group for the quarters ended 31 March 2014 and 2013, as well as the financial years ended 31 December 2013, 2012 and 2011.

CONSOLIDATED STATEMENT OF CASH FLOWS – summary data	**31 March 2014**	**31 March 2013**	**31 December 2013**	**31 December 2012**	**31 December 2011**
(in €/000)					
CASH FLOW FROM OPERATING ACTIVITIES	16,417	10,058	44,083	34,841	61,320
CASH FLOW USED IN INVESTMENT ACTIVITIES	36,727	(2,233)	(25,814)	(13,883)	(127,520)
CASH FLOW FROM FINANCING ACTIVITIES	(45,809)	(10,406)	(17,343)	(27,803)	48,382

Exchange gains (losses) on cash and cash equivalents	10	6	(25)	(43)	(13)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,345**	**(2,575)**	**901**	**(6,888)**	**(17,831)**

The table below shows the net financial debt as at 31 March 2014 and as at 31 December 2013, 2012 and 2011.

Net financial debt				
	31/03/2014	**31/12/2013**	**31/12/2012**	**31/12/2011**
Cash and cash equivalents	(15,791)	(8,446)	(7,545)	(14,433)
Related-party financial receivables and other current financial assets	(354)	(353)	(734)	(1,426)
Financial receivables and other current financial assets	(20)	(20)	(41)	(278)
CASH	**(16,165)**	**(8,819)**	**(8,320)**	**(16,137)**
Related-party current financial liabilities	11,976	13,856	21,783	50,469
Current financial liabilities	132,295	176,633	160,038	146,841
Mortgage loans – current portion	59,354	82,281	116,836	35,398
Finance leases – current portion	286	284	275	2,142
Convertible bond loan – current portion	5,645	4,096	224,685	66
CURRENT FINANCIAL DEBT	**209,556**	**277,150**	**523,617**	**234,916**
NET CURRENT FINANCIAL DEBT	**193,391**	**268,331**	**515,297**	**218,778**
Non-current financial assets	(916)	(850)	(25)	(41)
Non-current financial liabilities due to other lenders	1,688	1,875	8,081	25,170
Finance leases – non-current portion	5,087	5,160	5,444	5,719
Non-current financial liabilities	665,982	653,368	545,834	610,304
Related-party non-current financial liabilities	15,000	15,000	15,000	15,000
Convertible bond loan	142,198	142,003	0	219,466
NET NON-CURRENT FINANCIAL DEBT	**829,039**	**816,556**	**574,334**	**875,618**
NET FINANCIAL DEBT	**1,022,430**	**1,084,887**	**1,089,631**	**1,094,397**
Net financial debt – ESMA/2013/319*	**1,023,346**	**1,085,737**	**1,089,656**	**1,094,438**

* ESMA net financial debt does not include non-current financial assets.

As of the year ended 31 December 2012, net financial debt does not include the valuation of hedging derivatives. In order to provide a consistent comparison, the figures for 2011 have been reclassified.

3.2 Alternative performance indicators

The tables below give some alternative performance indicators for the Group as at 31 March 2014 and 2013 and as at 31 December 2013, 2012 and 2011. These alternative performance indicators stem from financial statements prepared in compliance with IAS/IFRS, but have also been calculated using other sources or alternative methods. These methods may not comply with the accounting standards applied to financial statements subject to audit and may not take into account the accounting, recognition and presentation requirements associated with those standards.

EBITDA, or Earnings Before Interest, Taxes, Depreciation and Amortisation, is the most significant measure of the Company's operating performance. It also takes into account provisions for risks and charges and change in fair value.

The table below demonstrates the method used by the IGD Group for calculating EBITDA:

Total EBITDA	31/03/2014	31/03/2013	31/12/2013	31/12/2012	31/12/2011
(in €/000)					
EBIT	**19,233**	**20,539**	**47,746**	**53,283**	**73,364**
Depreciation and amortisation	341	327	1,323	1,326	1,109
Provisions for other risks and charges	31	31	125	374	(238)
(Impairment)/reversals on work in progress and inventories	0	0	(1,015)	1,211	(28)
Change in fair value	453	275	34,502	29,383	14,150
Bank fees and charges	73	44	222	155	152
TOTAL EBITDA	**20,131**	**21,216**	**82,903**	**85,732**	**88,509**

In order to monitor core business activities, the Company has also calculated EBITDA without including the operations of the "Porta a Mare" project in Livorno. This project involves the construction and partial sale of a multipurpose centre for retail, tertiary, residential and hospitality within the 70,616 m^2 "Porta a Mare" site in Livorno (see Chapter V, paragraphs 5.1.5 and 5.2.2 of the Registration Document). This is a complex project that falls outside the IGD Group's core business. It involves the management and rental of commercial properties and the provision of related services (see Chapter VI of the Registration Document).

	Q1 2014	Q1 2013	FY 2013	FY 2012	FY 2011
EBITDA – core business	**20,140**	**21,310**	**82,793**	**85,781**	**88,119**
EBITDA margin – core business	**67.84%**	**70.05%**	**68.57%**	**69.59%**	**72.71%**

Funds from operations (FFO), a key index used in the real estate industry, defines cash flow on the basis of profit, adjusted according to non-monetary items such as deferred taxes, impairment, fair value adjustments and depreciation and amortisation, as well as according to the impact of extraordinary income and earnings relating to property sales, and therefore provides a more adequate representation of the Group's typical and recurring operations.

In order to monitor the core business accurately, as of the year ended 31 December 2013, the Company has excluded operations associated with the "Porta a Mare" project from the calculation of FFO. Consequently, the figures for financial years 2012 and 2011 and for 31 March 2014 have been restated in order to facilitate a comparative analysis.

	Q1 2014	Q1 2013	FY 2013	FY 2012	FY 2011
FFO – core business	8,723	9,800	35,464	37,266	43,810

The trend in FFO is a direct consequence of the results achieved by the Group. In financial year 2013, FFO showed a fall of 4.84% compared with the previous year.

As at 31 March 2014, the FFO had recorded a decline of 11% compared with the same period of the previous year.

NAV per share, reported in IGD's financial statements for the years ended 31 December 2013, 2012 and 2011, is calculated as the sum of net equity and the potential capital gain or loss on freehold properties and on treasury shares held, with respect to their carrying amounts. This sum is then adjusted to take into account the tax impact. The Net NAV (NNAV) thus obtained is then divided by the total number of shares issued.

The table below shows the calculation of NNAV per share.

		Financial year 2013	Financial year 2012	Financial year 2011
Market value of freehold properties, land and direct development projects, and properties held for trading	a	1,891.28	1,906.56	1,924.65
Investment properties, land and development properties, and properties held for trading	b	1,890.86	1,905.78	1,916.79
Potential capital gain	**c=a-b**	**0.42**	**0.78**	**7.86**
Net equity (including non-controlling interests)		763.69	753.57	767.05
Value of treasury shares (including fees)		22.25	22.25	22.25
Adjusted net equity	**h**	**785.94**	**775.82**	**789.31**
Current IGD share price	30/12/	**0.87**	**0.82**	**0.74**
Potential capital gain/(capital loss) on treasury shares	**d**	**(12.59)**	**(13.14)**	**(14.02)**
Total capital gain/(capital loss)	**e=c+d**	**(12.17)**	**(12.36)**	**(6.16)**
NAV	**f=e+h**	**773.78**	**763.45**	**783.15**
Number of shares	g	348.00	330.03	309.25
NAV per share	**f/g**	**2.22**	**2.31**	**2.53**
Tax rate on capital gain/(capital loss) from properties		27.6%	27.6%	27.6%
Total net capital gain/(capital loss)	**i**	**(12.29)**	**(12.58)**	**(8.33)**
NNAV	**l=h+i**	**773.66**	**763.24**	**780.98**
NNAV per share	**m=l/g**	**2.22**	**2.31**	**2.53**

The trend in NNAV per share was affected on the one hand by the increase in net equity and in the potential capital gain on investment properties over the three-year period, and on the other hand by the capital loss from the valuation of treasury shares at their current stock market value.

Furthermore, the Dividend Reinvestment Option operation (capital increase excluding pre-emption rights reserved for shareholders entitled to receive the 2012 dividend approved by the Extraordinary Shareholders’ Meeting of 18 April 2013) carried out in 2013 had a dilutive effect as a result of the issue of 17,976,432 new ordinary shares. This effect is added to the dilution that occurred in 2012 as a result of the issue of 20,776,022 ordinary shares in the context of the similar capital increase excluding pre-emption rights reserved for shareholders entitled to receive the 2011 dividend.

CHAPTER IV – RISK FACTORS

This Chapter of the Registration Document describes the risk factors relating to the Issuer, Group companies, and the business sector in which it operates.

The risk factors described in this Chapter must be read in conjunction with the information contained in the Registration Document.

References to sections, chapters and paragraphs refer to the sections, chapters and paragraphs of the Registration Document.

1 RISK FACTORS RELATING TO THE ISSUER AND THE GROUP

1.1 Risks associated with transactions with the shareholders Coop Adriatica and Unicoop Tirreno and with other related parties

1.1.1 Risks associated with related-party transactions

The Group has had and continues to have commercial, financial and economic transactions with related parties. The most significant of these transactions are with Coop Adriatica and Unicoop Tirreno. In the period ended 31 March 2014, related-party transactions generated revenue of €9.78 million (31.50% of Group revenue), costs of €0.84 million (8.49% of Group costs) and financial expenses of €0.26 million (2.20% of Group financial expenses). During the year ended 31 December 2013, related-party transactions generated revenue of €38.62 million (30.41% of the Group's revenue), financial income of €0.001 million (0.31% of the Group's financial income), costs of €3.35 million (7.79% of the Group's costs) and financial expenses of €1.43 million (3.07% of the Group's financial expenses).

During the period for which the financial information included in the Registration Document refers, IGD's main transactions with related parties and, in particular, with the controlling entity Coop Adriatica, concerned, among others: (*i*) rental income earned by IGD from Hypermarkets forming part of the Real Estate Assets (as at 31 March 2014 and 31 December 2013, total revenue from lease and rental contracts with related parties, including the letting of retail space, was approximately €9.41 million and €37.13 million, respectively); (*ii*) rights of usufruct on Shopping Arcade properties owned by Coop Adriatica (for which costs, as at 31 March 2014 and 31 December 2013, amounted to approximately €0.46 million and €1.82 million, respectively); (*iii*) acquisition of a number of Shopping Arcades, Hypermarkets and Shopping Centres (such as the acquisition in 2011 and 2010 of the Hypermarket and Shopping Arcade in the "Conè" Shopping Centre in Conegliano); (*iv*) Coop Adriatica's provision of electronic data processing and data entry services; (*v*) construction services relating to site expansions or new buildings; (*vi*) acceptance of security deposits on leases; and (*vii*) the opening of current account overdraft facilities.

In addition to the above, on 18 April 2013, the Issuer's Board of Directors approved the promotion of the Exchange Offer. While the Exchange Offer was presented to a variety of qualifying investors, it can be construed as a "related-party transaction", namely with Coop Adriatica and Unicoop Tirreno, which, as far as the Company is aware, subscribed a portion of the convertible bond "*€230,000,000 3.50 per cent. Convertible Bonds due 2013*" for a total of approximately €182 million. Therefore, the above-mentioned decision of the Board of Directors was taken subject to the favourable opinion of the Company's Committee for Related-Party Transactions, issued on 17 April 2013 pursuant to Article 8 of CONSOB Regulation 17221 of 12 March 2010, as amended. As far as the Company is aware, Coop Adriatica and Unicoop Tirreno participated in the Exchange Offer for a total nominal amount of €120 million.

In particular, the impact of transactions with Coop Adriatica on the Group's statement of financial position and income statement as at 31 December 2013 was as follows:

(in €/000)	**Receivables and other current assets**	**Financial receivables**	**Payables and other current liabilities**	**Payables and other non-current liabilities(*)**	**Financial liabilities(**)**	**Other non-current assets**	**Increases in fixed assets**	**Decreases in fixed assets**
Coop Adriatica	48	0	2,262	9,322	28,856	1,869	24	0
Reported total	**92,208**	**1,223**	**19,636**	**20,475**	**1,094,556**	**31,307**		
Total increase/decrease in period							**25,866**	**57**
% share Coop Adriatica	**0.05%**	**0.00%**	**11.52%**	**45.53%**	**2.64%**	**5.97%**	**0.09%**	**0.00%**
% share of related-party transactions	**0.96%**	**98.39%**	**12.67%**	**63.06%**	**2.64%**	**5.97%**	**0.28%**	**0.00%**

(in €/000)	**Revenue from leasing, rentals and retail space concessions**	**Other income**	**Financial income**	**Costs**	**Financial expenses**
Coop Adriatica	23,165	70	0	2,105	1,363
Reported total	**126,995**	**126,995**	**338**	**42,985**	**46,667**
% share Coop Adriatica	**18.24%**	**0.06%**	**0.00%**	**4.90%**	**2.92%**
% share of related-party transactions	**30.41%**	**30.41%**	**0.31%**	**7.79%**	**3.07%**

(*) Liabilities for security deposits paid by Coop Adriatica as a tenant under lease agreements with the Group.

(**) Current account credit facility and long- and short-term loans granted by Coop Adriatica.

The impact of transactions with Coop Adriatica on the Group's statement of financial position and income statement as at 31 March 2014 was as follows:

(in €/000)	**Receivables and other current assets**	**Financial receivables**	**Payables and other current liabilities**	**Payables and other non-current liabilities(*)**	**Financial liabilities(**)**	**Other non-current assets**	**Increases in fixed assets**	**Decreases in fixed assets**
Coop Adriatica	19	0	1,671	9,322	26,976	1,408	4	0
Reported total	**850**	**1,270**	**22,573**	**20,540**	**1,039,511**	**32,335**		
Total increase/decrease in period							**10,041**	**46,703**
% share Coop Adriatica	**2.20%**	**0.00%**	**7.40%**	**45.39%**	**2.60%**	**4.36%**	**0.04%**	**0.00%**
% share of related-party transactions	**0.92%**	**98.46%**	**11.75%**	**62.88%**	**2.60%**	**4.36%**	**7.27%**	**0.01%**

(in €/000)	**Revenue from leasing, rentals and retail space concessions**	**Other income**	**Financial income**	**Costs**	**Financial expenses**
Coop Adriatica	5,817	13	0	541	249
Reported total	**31,031**	**31,031**	**20**	**9,885**	**11,622**
% share Coop Adriatica	**18.75%**	**0.04%**	**0.00%**	**5.47%**	**2.14%**
% share of related-party transactions	**31.50%**	**31.50%**	**7.10%**	**8.49%**	**2.20%**

In the Company's opinion, the related-party transactions are conducted under normal market conditions. However, there is no certainty that if these transactions had been concluded with third parties, the same contractual conditions would have been negotiated and applied.

It should be noted that on 11 November 2010, the Company adopted, effective from 1 January 2011, a procedure for related-party transactions in implementation of the provisions of the Related-Party Regulations.

(See Chapter XIX of the Registration Document, as well as the Group's consolidated financial statements as at 31 December 2013, incorporated by reference in the Registration Document and publicly available at the registered office of IGD and on its website www.gruppoigd.it.)

1.1.2 Risks associated with the termination or possible non-renewal of leases with the shareholders Coop Adriatica and Unicoop Tirreno

At the Date of the Registration Document, the IGD Group's Real Estate Assets in Italy consist of: (*i*) 19 Hypermarkets and Supermarkets; (*ii*) 18 Shopping Arcades and Retail Parks (including a Shopping Arcade co-owned with Beni Stabili); (*iii*) 1 City Centre property; (*iv*) 4 plots of land for direct development; (*v*) a property complex known as "Progetto Porta a Mare"; and (*vi*) 7 other property units (offices, one shop, one wholesale area and one fitness area, belonging to freehold Shopping Centres).

At the Date of the Registration Document, of the properties forming part of the Real Estate Assets, 12 Hypermarkets and 1 Supermarket are leased to Coop Adriatica, while 8 Shops are leased to its subsidiaries, and 4 Hypermarkets are leased to Unicoop Tirreno and its subsidiaries. The related leases were concluded under market conditions.

As at 31 March 2014, approximately 30.32% of the Group's consolidated revenue came from commercial leases, business rental agreements and retail space concessions to related parties (as at 31 December 2013, this percentage was approximately 29.24%). In particular, (*i*) approximately 18.95% of the Group's revenue (around 18.44% as at 31 December 2013) came from Hypermarket or Shop leases to Coop Adriatica and with the subsidiaries controlled by Robintur S.p.A. and Viaggia con noi S.r.l. and (*ii*) approximately 6.50% from Hypermarket leasing and business rentals to Unicoop Tirreno and its subsidiaries (as at 31 December 2013, this percentage was approximately 6.36%). The average term of the Hypermarket and Supermarket leases in existence with the shareholders Coop Adriatica and Unicoop Tirreno at the Date of the Registration Document is approximately 7 years. Any termination, non-renewal or conclusion of leases under conditions other than those of the existing leases with Coop Adriatica, Unicoop Tirreno or companies within their respective groups could have adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

However, the Issuer believes that – given the location and technical characteristics of the properties and the particular nature of the retail trade conducted therein – the properties in question could be leased to other operators in the sector that hold the necessary commercial licences.

(See Chapter VI, paragraph 6.1.2.2 of the Registration Document).

1.1.3 Purchase and sale transactions and future leases between IGD and the shareholders Coop Adriatica and Unicoop Tirreno: the framework agreement

On 27 October 2004, IGD, Coop Adriatica and Unicoop Tirreno entered into a framework agreement (the "**Framework Agreement**"), designed to regulate future sale and lease transactions between these parties under market conditions.

In particular, under the Framework Agreement (for which the initial term was set at 5 years, automatically renewable for a further 5 years), Coop Adriatica and Unicoop Tirreno agreed to offer IGD an exclusive option to purchase properties due to be built or already built, and that, in the case of sales involving Shopping Arcades, all licences and permits required to conduct commercial activities therein would be transferred to IGD.

The Framework Agreement requires IGD, upon the signature of the final sale contract, to lease the portion of the property used as a Hypermarket or Supermarket to Coop Adriatica and/or Unicoop Tirreno, for a term that may vary from a minimum of 12 to a maximum of 18 years, under an agreement in which the rent allows the company to earn an average income defined, at the date of entering into the Framework Agreement, as 7% of the purchase price, which the Parties will review annually, or at the time of specific transactions, in line with market conditions. In particular, the rent is in line with the average yield of IGD's Portfolio and of the real estate portfolios of companies operating in the large-scale retail sector.

In the event that IGD launches independent investment projects on land that it owns, the Company has undertaken to inform the shareholder cooperatives of such projects and to lease to them any properties that they might require. If the property is built by IGD at the request of the shareholder cooperatives, the latter will be required to rent the property upon completion of the works.

It should be noted that the weighted Gross Initial Yield for the Hypermarkets/Supermarkets leased to Coop Adriatica and Unicoop Tirreno was 6.65% as at 31 December 2013. This figure includes independent investment initiatives.

Although the Framework Agreement applies market conditions to purchase, sale and lease transactions between IGD, Coop Adriatica and Unicoop Tirreno, if the agreement were to cease to be effective or if it were not renewed on its expiry, any sale and lease contracts governed by the Agreement and concluded with third parties might not be concluded under the same conditions and in the same manner, with possible adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

The Issuer does not have any other master agreements in place with Coop Adriatica governing relations other than those covered by the Framework Agreement.

(See Chapter XIX of the Registration Document).

1.1.4 Risks associated with the control of Coop Adriatica

At the Date of the Registration Document, IGD is controlled, in accordance with Article 93 of the TUF, by Coop Adriatica, which owns 43.568% of IGD's share capital and exercises management and coordination activities with respect to IGD in accordance with Article 2497 of the Italian Civil Code.

Furthermore, at the Date of the Registration Document, Coop Adriatica and Unicoop Tirreno are party to a shareholders' agreement for the exercise of blocking and voting rights over IGD shares, pursuant to Article 122, paragraphs 1 and 5(a) and (b) of the TUF, with the aim of pursuing a common policy to decide on the Company's strategy and management. This shareholder's agreement will expire on 31 December 2014.

Under the terms of the above shareholders' agreement, Coop Adriatica, as the controlling shareholder, is entitled to appoint the majority of the members of IGD's Board of Directors and can influence, *inter alia*, the Issuer's investment policy and more generally its management. Consequently, the minority shareholders will have a limited ability to influence the decisions mentioned above. In this regard, it is noted that at the Date of the Registration Document, independent directors form the majority on the Company's Board of Directors.

(See Chapter VII, paragraph 7.1 of the Registration Document).

1.2 Risk factors relating to the financial position of the Group

Pursuant to Regulation (EC) No 809/2004 and the definition of working capital – as "*an Issuer's ability to access cash and other available liquid resources in order to meet its liabilities as they fall due*" – contained in the ESMA/2013/319 Recommendations, the Issuer considers that on the Date of the Registration Document, the Group does not have sufficient working capital to fully meet its net financial requirement for the 12 months following the Date of the Registration Document.

The Group's working capital as at 31 March 2014, taken to mean the difference between current assets and current liabilities, estimates a deficit of €126.90 million, a decrease compared to approximately €197.06 million as at 31 December 2013, partly related to payables to banks for short-term revocable lines of credit. This reduction is due mainly to: (i) the sale, on 26 February 2014, of real estate pertaining to the Shopping Arcade of the “Fonti del Corallo” Shopping Centre in Livorno, for €47 million; (ii) the sale, on 28 February 2014, of all 10,976,592 treasury shares held, corresponding to 3.154% of the share capital, for €12.07 million.

On 10 April 2014, the Company's Board of Directors approved the issuance of unsecured senior bonds for a total amount of €150,000,000, maturing in January 2019 and with a fixed annual coupon of 3.875%. These bonds were placed in the context of a private placement aimed exclusively at qualified investors in Italy and abroad. The issuance and settlement of the bonds took place on 7 May 2014.

Therefore, following the collection of the net proceeds of the above-mentioned bond issue, amounting to approximately €148.39 million, at the Date of the Registration Document the Group has positive working capital of approximately €21.49 million.

Notwithstanding the above, between 31 March 2014 and the Date of the Registration Document, there were no significant changes with regard to the Group's working capital.

Furthermore, the Company estimates its total net financial Group requirements for the 12 months following the Date of the Registration Document to be approximately €41.90 million. Net of the Group's working capital, the Company estimates that the above-mentioned financial requirement for the 12 months following the Date of the Registration Document is approximately €20.41 million.

This amount will not be subject to changes as a result of the planned early repayment of the loan granted on 30 November 2007 by Banca Monte dei Paschi di Siena S.p.A. in relation to the “Darsena City” Shopping Centre, scheduled for 15 May 2014 for an amount equal to €16.7 million.

In order to cover the afore-mentioned amount, the Issuer intends primarily to use the net proceeds of the Capital Increase which, if fully subscribed, are estimated at approximately €17.7 million, and for the remainder and/or if the Capital Increase is not fully subscribed, through (*i*) the use the short-term revocable lines of credit already granted to the Company for a total of €273.5 million, of which, as at 31 March 2014, €132.53 million is available; or (*ii*) since the Group has real estate free of encumbrances worth a total of approximately €349.35 million (of which 50.36% refers to Italian Real Estate Assets and 49.64% to Romanian Real Estate Assets), the entry into secured financial transactions which, at the Date of the Registration Document, have not yet been resolved upon by the Issuer’s Board of Directors.

Finally, if necessary to reduce the current financial requirement, the Company could also take further measures by rescheduling the timing of investments planned in the 12 months following the Date of the Registration Document but not yet contracted, thus reducing the financial requirement by around €10.87 million (see Chapter V, paragraphs 5.2.2 and 5.2.3 of the Registration Document).

Without prejudice to the above matters, if the Capital Increase is not fully subscribed and if the Company were unable to complete successfully, in a short time period, the currently planned additional initiatives to cover the Group’s net financial requirement for the 12 months following the Date of the Registration Document, the Company might not have sufficient cash flows available for the immediate needs of its activities which might therefore be affected by this, with the resulting adverse effects on the Group’s economic results and financial and capital position.

For further information on the financial resources of the IGD Group, see Chapter X, paragraph 10.1 of the Registration Document, the Interim financial report as at 31 March 2014 and the consolidated financial statements as at 31 December 2013, which are available on the Issuer's website, www.gruppoigd.it.

1.3 Risks associated with investment planning

The Group's principal activity consists of the leasing or rental of property units within its Shopping Centres. The decision to invest in the acquisition or construction of a Shopping Centre is therefore linked to the expected profitability of leasing or renting its component Shops.

The Issuer's investment planning is divided into the following phases: (*i*) analysis of the suitability of the geographical location of the Shopping Centres to be developed, with respect to the potential customers in the reference area; (*ii*) identification of the offer and operator mix, with the objective of constructing or acquiring new Shopping Centres that meet the needs of the target customers in the reference area.

In particular, the appropriate offer and operator mix in qualitative terms is identified by (*i*) evaluating the location of the Shopping Centre; (*ii*) analysing the intrinsic characteristics of the Shopping Centre, including with the assistance of specialist professionals; and (*iii*) evaluating the local area.

In addition, all investments are made after conducting performance simulations with respect to the objectives provided for, defined strategies and operational plans for each individual investment.

The Issuer may also revise the timing of any investments, either due to a need to reduce the Group's financial requirements or in order to take account of any changes in the reference economic environment. However, where a contract has been entered into for the construction of particular investments, the Issuer, as the contracting authority, may (*i*) revise the schedule for the works and suspend the works at any time; or (*ii*) unilaterally withdraw from the contract at any time, without prejudice to the contractor's right to be compensated for any expenses incurred, works completed and any lost earnings.

Although, in the opinion of the Issuer, investment planning is carried out after detailed analysis and drawing on the Group's solid experience, possible errors in identifying the geographical location of new Shopping Centres or the offer and operator mix, or in the performance simulations, could have a negative impact in terms of finding parties interested in signing lease or rental contracts, as well as leading a decline in the level of sales achieved by operators in the Shopping Centres, with a consequent reduction in their ability to honour their contractual obligations to IGD. Furthermore, the decision to revise the timing of investments could entail increased costs for the Issuer. Such events could have possible adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

(See Chapter VI, paragraphs 6.1.2.1 and 6.1.2.2 of the Registration Document).

1.4 Risks associated with pre-letting

In the context of its activities relating to the construction of Shopping Centres, the Issuer carries out promotional activities prior to their opening and offers incentives to the new potential and existing portfolio of operators in order to optimise occupancy.

This includes activities aimed at concluding leases and rental contracts in relation to Shopping Centres under development ("pre-letting").

Furthermore, during the course of the life and operations of a Shopping Centre, the Issuer constantly monitors occupancy rates in order to weigh up suitable promotional strategies for maximising occupancy, and makes investments aimed at improving the quality and attractiveness of its properties.

In particular, the occupancy levels for the Group's Hypermarkets and Shopping Arcades in Italy were 100% and 95.87% respectively as at 31 March 2014. In Romania, the occupancy level for the Group's Shopping Arcades was 84.33% as at 31 March 2014

Although pre-letting is entrusted to personnel with high experience in this sector, and the activities of promoting and monitoring the occupancy rates of the Shopping Centres are carried out continuously, if pre-letting is unsuccessful, any decline in the occupancy rate or any failure to let all the spaces in a Shopping Centre could result in lower rental income, with possible adverse effects on business, assets and liabilities and/or financial position of the Issuer and of the Group.

(See Chapter VI, paragraph 6.1.3 of the Registration Document).

1.5 Risks associated with sources of funding

The IGD Group obtains the financial resources needed to carry out its activities through the banking system (mainly short-term credit lines and medium-/long-term variable-rate mortgage loans), and adopts a cash flow planning strategy under which each medium-/long-term credit line is used to finance a single project, in order to minimise any risks associated with the need to refinance. Loan agreements for the acquisition of properties are also structured to match the cash flows expected to be generated by the properties concerned, taking account of the management costs for which the owner is contractually liable.

The table below presents the main components of net financial debt at the end of financial years 2013, 2012 and 2011 and the first quarter of 2014:

NET FINANCIAL DEBT				
(*in €/000*)	**31/03/2014**	**31/12/2013**	**31/12/2012**	**31/12/2011**
Cash	(16,165)	**(8,819)**	**(8,320)**	**(16,137)**
Current financial debt	209,556	**277,150**	**523,617**	**234,916**
Current net financial debt	193,391	**268,331**	**515,297**	**218,778**
Non-current net financial debt	829,039	**816,556**	**574,334**	**875,618**
Net financial debt	**1,022,430**	**1,084,887**	**1,089,631**	**1,094,397**
Net financial debt - ESMA/2013/319*	**1,023,346**	**1,085,737**	**1,089,656**	**1,094,438**

*ESMA net financial debt does not include non-current financial assets.

As at 31 December 2013, the Group’s net financial debt amounted to €1,084,887 thousand, compared with a carrying value for Real Estate Assets of €1,890,860 thousand, including land and the properties of the “Porta a Mare” project (the market value of the Real Estate Assets as at 31 December 2013 was €1,891,283 thousand). In particular, in financial year 2013 the IGD Group obtained medium- and long-term financial resources from credit institutions and other lenders for a total amount of approximately €280 million, representing around 26% of the net financial debt.

As at 31 March 2014, the main changes compared with 31 December 2013 are connected with: (i) the sale of portions of property relating to the Shopping Arcade in the “Fonti del Corallo” Shopping Centre in Livorno for a total amount of €47 million; (*ii*) the sale of all 10,976,592 treasury shares held, corresponding to 3.154% of the share capital, for a total amount of €12.07 million; and (*iii*) the signature of the addendum to the loan agreement with Cassa di Risparmio del Veneto (maturing on 1 May 2014), amending the maturity to 1 November 2024, at the 6-month Euribor rate plus a spread of 3.60%. The amount relating to this loan has been classed under non-current financial liabilities as at 31 March 2014.

There is no guarantee that the Group will be able in the future to negotiate and obtain the necessary financing to develop its business or to refinance loans at maturity under the same terms and conditions obtained up to the Date of the Registration Document.

The financial covenants associated with the Group’s medium-/long-term loans are typical of the sector in which the Group operates.

In particular, the main commitments involve not exceeding certain indicators such as the ratio between net financial debt and net equity (Gearing Ratio), the ratio between net financial debt and the overall value of the properties held (Loan to Value Ratio) and the ratio between EBITDA and financial expenses (Interest Cover Ratio).

Other obligations arising from the loan agreements entered into by the Issuer concern (*i*) change of control clauses; (*ii*) cross default clauses, for debts in excess of given amounts, should events occur that could negatively impact the Issuer's income statement, financial position and cash flow; (*iii*) clauses under which the lending bank is entitled to receive as security the income generated by a financed property; and (*iv*) negative pledge clauses.

The loan agreement signed with Centrobanca S.p.A. on 30 June 2011 provides the obligation for IGD not to distribute profits or reserves, issue bonds or take on new debt if this would result in a breach of the stipulated financial covenants.

The loan agreement signed with BNP Paribas (Italian Branch) on 26 November 2013 provides (*i*) the obligation for IGD Property SIINQ S.p.A. ("**IGD Property SIINQ**") not to distribute profits, reserves or dividends if certain breaches of financial covenants are taking place; and (*ii*) grounds for termination and withdrawal in the event of delisting or loss of the status of SIIQ (and/or SIINQ (not listed) for IGD Property SIINQ).

Furthermore, all the above loan agreements provide partial and/or total acceleration clauses if the Issuer becomes the subject of insolvency proceedings or a declaration of bankruptcy, or in the event of a loss of value for the assets in use as collateral.

Any non-compliance with the covenants, the contractual obligations and the clauses of the loan agreements could give rise to an obligation for the Issuer to repay the loans early, with consequent adverse effects on the income statement, financial capital position and cash flow of the Issuer and the Group. In addition, any breach of the contractual obligation not to distribute profits, as provided in the above-mentioned loan agreement with Centrobanca S.p.A., where such distribution results in breaches of the covenants stipulated in that agreement, could have an impact on compliance with the profit distribution obligations provided for by the SIIQ rules.

For more information on these obligations, clauses and covenants provided by the current loan agreements, please see Chapter X, paragraph 10.1 of the Registration Document.

Checks for breaches of the above-mentioned financial covenants are carried out annually.

There were no breaches of the listed covenants in 2011, 2012, 2013 or as at 31 March 2014.

In addition to the above, as a result of the Issuer's obligation, based on its SIIQ status, to distribute the profits generated by exempt leasing activities, the Issuer's ability to allocate earnings to operations and development could be limited.

Lastly, if in the future the Company ceases to meet all the requirements for application of the rules applicable to SIIQs, it could lose the associated tax benefits and consequently the Company's tax burden could increase, since the profits generated by leasing activities would be subject to ordinary taxation. In addition, any loss of SIIQ status would constitute grounds for withdrawal under the terms of the loan agreement concluded on 26 November 2013 with BNP Paribas (Italian Branch).

(See Chapter V, paragraph 5.1.5 and Chapter X of the Registration Document, as well as the Group's consolidated financial statements as at 31 December 2013, incorporated by reference in the Registration Document and available to the public at IGD's registered office and on its website at www.gruppoigd.it).

1.6 Risks associated with interest rates

As at 31 March 2014, approximately 73% of the Group's debt was at variable rates, for a total of approximately €755.59 million (of which approximately €555.81 million in medium-/long-term debt and approximately €199.78 million in short-term debt).

As at 31 December 2013, approximately 86% of the Group's debt was conveyed at variable rates, for a total of approximately €943.68 million (of which approximately €673.53 million in medium-/long-term debt and €270.15 million in short-term debt).

The Group has implemented a policy aimed at minimising the cost of debt in general and in particular the effects of interest rate fluctuations, for which purpose it enters into interest rate swaps. As at 31 March 2014, 75.52% of the medium-/long-term variable-rate loans were covered by such interest rate swaps. In the first quarter of 2014, the costs incurred by IGD Group to minimise the impact of interest-rate fluctuations amounted to approximately €3.25 million. As at 31 December 2013, 75.32% of the medium-/long-term variable-rate loans were covered by such interest rate swaps. During the year ended 31 December 2013, the costs incurred by IGD Group to minimise the impact of interest-rate fluctuations amounted to approximately €14.0 million.

Although the Group has an active risk management policy, in the event of rising interest rates and insufficient hedges taken out by the Group, the increase in the financial expenses on its variable-rate debt could have adverse effects on the income statement, financial position and cash flow of the Issuer and of the Group.

(See Chapter X of the Registration Document, as well as the Group's consolidated financial statements as at 31 December 2013, incorporated by reference in the Registration Document and available to the public at IGD's registered office and on its website at www.gruppoigd.it).

1.7 Risks associated with credit management for sale and leasing activities

The Group's activities are exposed to credit risk, i.e. the risk that operators in the Shopping Centres or purchasers of properties forming part of the Real Estate Assets may not honour their payment obligations or that difficulties may be encountered in recovering the sums owed by them.

In order to minimise credit risk, the Group selects potential customers, sometimes with external professional support, according to their financial reliability and solidity and the economic prospects of their business, and adopts internal credit management procedures. In addition, the Group requires all tenants to give guarantees and/or security deposits against the contractual commitments assumed, and monitors their creditworthiness and compliance with these commitments.

Nevertheless, any deterioration in the creditworthiness of the Group's debtors could adversely affect their ability to honour their commitments arising from lease or purchase contracts, resulting in possible adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

As at 31 March 2014, trade receivables amounted to approximately €16.3 million, of which approximately 9% were overdue by 30 days, 5% by 31 to 60 days, and 38% by 61 days to 1 year. Receivables overdue by more than 1 year account for approximately 1% of the total, while non-overdue trade receivables amount to approximately 17%. The remaining amount relates to receivables forming the subject of insolvency/bankruptcy proceedings, which, excluding the receivables relating to Magazzini Darsena S.p.A. (written down by approximately 94%, specifically: (*i*) €1,156 thousand in 2013, equivalent to 100% of the receivables matured as at 29 July 2013, (*ii*) €1,857 thousand in 2012, equivalent to 95% of the receivables matured during 2012, and (*iii*) €1,741 thousand in 2011, equivalent to approximately 90% of the receivables matured during 2011), are written down by around 79%, and to disputed receivables, which are written down by around 51%.

(See Chapter VI, paragraphs 6.1.2.2 and 6.1.2.4, and Chapter XX, paragraph 20.5, of the Registration Document).

1.8 Risks associated with geographical concentration and intended use of the Group's Real Estate Portfolio

The Group mainly carries out its activities in Italy. As at 31 December 2013, approximately 92.09% of the Group's consolidated revenue was earned in Italy, while around 7.91% was earned in Romania (90.86% and 9.14% respectively as at 31 December 2012). As at 31 March 2014, approximately 93.35% of the Group's consolidated revenue was earned in Italy, while around 6.65% was earned in Romania.

Thus, although the Group's activities are geographically distributed throughout Italy and Romania, they are nonetheless exposed to changes in the macroeconomic situation in these two countries.

In particular, a stagnation or reduction in Italy's gross domestic product and a rise in unemployment could lead to a fall in the level of consumption and consequently cause a reduction in demand for the services provided by the Group, resulting in adverse effects on its business, assets and liabilities and/or financial position.

Furthermore, during the years ended 31 December 2011, 2012 and 2013 and at the Date of the Registration Document, approximately 99% of the GLA of the Group's Real Estate Portfolio is intended primarily for use in the commercial/retail segment, with reference to both the Real Estate Portfolio in Italy and to the entire Real Estate Portfolio (including the properties in Romania).

This concentration in terms of the intended use of the properties means that any economic downturn in this specific market segment could have adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

(See Chapter VI, paragraph 6.1 of the Registration Document).

1.9 Risks associated with possible withdrawal from or non-renewal of leases by tenants

The Group's activities consist primarily of the leasing and renting of businesses relating to property units in Shopping Centres. In particular, rental income represents 91% of the Group's revenue as at 31 December 2013. Of the Group's total rental income, 92% relates to properties owned by the Group, while 8% relates to properties owned by third parties.

As at 31 December 2013, 38.8% of the Group's total rental revenue came from lease and rental agreements with its top ten customers.

In accordance with Italian legislation governing commercial leases, any tenant may unilaterally withdraw from such contracts where there are "serious reasons". The concept of "serious reasons" has been interpreted broadly by case law, and applies both to events relating to the tenant's business and to other kinds of event. If this right of withdrawal were to be exercised, any protraction of the time required to find a new tenant to whom to lease the property could affect the business, assets and liabilities and/or financial position of the Issuer and of the Group.

With reference to the Group's leasing of property units within Shopping Centres, the existing leases are for a specified term, at the end of which the tenant can exercise the right to give notice in accordance with the law. In particular, at the Date of the Registration Document, the total value of leases due to expire in the year 2014 in Italy and Romania is €11.42 million, amounting to around 10% of the total rental income of the Group. In such an event, any protraction of the time required to find a new tenant to whom to lease the property could affect the business, assets and liabilities and/or financial position of the Issuer and of the Group.

Furthermore, if the activity carried out in the leased property involves direct contact with the public, users and consumers, and if the non-renewal is for reasons other than notice given by the tenant, then if the lease is not renewed the tenant will be entitled to receive compensation equal to 18 months' rent, or 36 months if the property is subsequently used for activities similar to those of the tenant.

(See Chapter VI, paragraph 6.1.2.2 of the Registration Document).

1.10 Risks associated with exchange rates

The Group's activities in relation to the Shopping Centres in Romania are conducted in lei, the Romanian currency. This exposes the IGD Group to risks associated with fluctuations in the euro exchange rate against the lei.

Although rents relating to leases with operators in the Romanian Shopping Centres are denominated in lei, they are tied to the trend in the euro, so any change in the euro exchange rate against the lei could affect their amount, making it difficult for the operators to fulfil their contractual obligations and resulting in possible adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

Furthermore, the euro is the currency of the Group's consolidated financial statements, so any negative changes in the lei could have adverse effects when converting the financial statements of the subsidiary WinMagazine into euro and could, in particular, result in impairments of properties forming part of the Romanian Real Estate Assets, with possible adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

(See Chapter VI of the Registration Document, as well as the Group's consolidated financial statements as at 31 December 2013, incorporated by reference in the Registration Document and publicly available at the IGD's registered office and on its website at www.gruppoigd.it).

1.11 Risks associated with the option to use the taxation applicable to SIIQs

The special rules applicable to SIIQs were introduced by Article 1, paragraphs 119-141 of Law 296 of 27 December 2006 (the 2007 Finance Act).

The regulatory framework was supplemented by Implementing Regulation 174/2007 of the Ministry of Economy and Finance and interpreted by the Revenue Agency in Circular 8/E of 31 January 2008.

Subsequently, Article 12 of Legislative Decree 135 of 25 September 2009 introduced a new paragraph 141-*bis* into Article 1 of Law 296 of 27 December 2006, removing the original Italian residency requirement for companies intending to opt for treatment under the SIIQ rules. Further clarifications in this regard were supplied in the Revenue Agency's Resolution 136 of 27 December 2010.

Therefore, on the basis of the regulatory framework described above, at the date of the Registration Document, the eligibility requirements for treatment under the special SIIQ rules are as follows:

Subjective requirements

- the Company must be incorporated in the form of a joint-stock company;
- the Company must be resident in Italy for tax purposes or – for companies with permanent establishments in Italy that engage primarily in real estate business – in a Member State of the European Union or a signatory country to the Agreement on the European Economic Area, included in the list contained in the Decree of the Ministry of Economy and Finance, adopted pursuant to Article 168-*bis*, paragraph 1 of the TUIR approved by Presidential Decree 917 of 22 December 1986;
- the Company's shares must be traded on regulated markets.

Requirements concerning Bylaws

The Company's Bylaws must specify:

- the rules adopted with regard to investments;
- limits on the concentration of investment and counterparty risks;
- limits on the maximum financial leverage permitted.

Ownership requirements

- limited concentration of controlling interest ("Control requirement"): no shareholder may hold more than 51% of voting rights exercisable at Ordinary Shareholders' Meetings or more than 51% of dividend rights;
- sufficient distribution and division of share capital ("Free float requirement"): at the time of exercising the option, at least 35% of the free float must be held by shareholders who own no more than 2% of the voting rights exercisable at Ordinary Shareholders' Meetings and no more than 2% of dividend rights (Article 1, paragraph 119 of Law 296/2006, as amended by Article 1, paragraph 374 of Law 244/2007).

Objective requirements

- at least 80% of the assets must be freehold properties ("Asset Test");
- at least 80% of the positive components on the income statement must represent rental revenue ("Profit Test").

The main feature of the special SIIQ rules is the possibility to adopt, subject to the satisfaction of certain legal requirements, a specific tax regime whereby profits are taxed only when they are distributed to shareholders, essentially reversing the principle of taxing profits when they are generated by the Company rather than when they are distributed.

Since the profits are subject to income tax only at the time of their distribution to shareholders, the law establishing the special SIIQ rules requires the distribution of at least 85% of the profits from rental activities.

With regard to verification of the above-mentioned eligibility requirements, the law expressly demands that the subjective, statutory and ownership requirements be met before the option is exercised, while verification of the objective requirements is deferred until after the close of the financial statements for the year in which the option is chosen. Further verifications are made at the end of each financial year to ensure that the requirements continue to be met.

As mentioned, in April 2008, once it was clear that all the subjective, statutory and ownership requirements had been satisfied, IGD opted for treatment under the special SIIQ rules as of 1 January 2008.

Under the special rules, the total capital gains, net of any capital losses, resulting from the difference between the normal value of the rental properties, the real property rights on the same and the plots of land, and the relevant value for tax purposes at the end of the last financial year under the normal rules, are subject to a substitute tax taking the place of IRES and IRAP (regional income tax) at a rate of 20% (the "Entry Tax").

As mentioned above, under the special SIIQ rules, the income generated by property rental activities is exempt from IRES and IRAP as long as the Company distributes at least 85% of the parent company's profits from those activities. With regard specifically to 2013, on 15 April 2014, the IGD Ordinary Shareholders' Meeting resolved to distribute a total sum of €22,620,112 as a dividend. This amount included (*i*) approximately €13,118,467 representing 100% of the profits generated by exempt operations that were available for distribution after making the provisions required by law; (*ii*) €3,777,180 in income from exempt operations, available for distribution due to negative changes in the fair value of the investment properties, which resulted in a corresponding reduction of the Fair Value Reserve pursuant to Article 6, paragraph 3 of Legislative Decree 38 of 28 February 2005; and (*iii*) €5,724,465 from the reserve for retained earnings from exempt operations.

As at 31 December 2013 and at the Date of the Registration Document, IGD satisfies all the legal requirements for the maintenance of its SIIQ status.

In particular, based on IGD's financial position and cash flows as at 31 December 2013, the requirements of both the asset test and the profit test were satisfied, as they had been at the end of the previous financial year. With regard to the asset test, the value of the properties owned and intended for rental is more than 80% of the total value of the assets, and with regard to the profit test, the total revenue and dividends obtained from the leasing of properties owned outright or by virtue of some other real property right is more than 80% of the positive components of the income statement.

With regard to the individual requirements concerning Bylaws, the following should be noted.

With regard to investments, it is expressly provided in Article 4.3(i) of the Company's Bylaws that:

- "*The Company shall not, either directly or through its subsidiaries, invest more than 30% of its assets in a single property with unitary town-planning and functional characteristics, on the understanding that in the case of development plans covered by a single town-planning scheme, unitary town-planning characteristics shall cease to be held by those portions of the property that are covered by individual, functionally independent building permits or are equipped with sufficient town-planning works to provide the connection to public services*".

In this regard, the Company has not invested, either directly or through its subsidiaries, more than 30% of its assets in a single property with unitary town-planning and functional characteristics.

With regard to limits on the concentration of investment and counterparty risk, it is expressly provided in Article 4.3(ii) of the Company's Bylaws that:

- "*revenue from a single tenant or from tenants belonging to a single group may not exceed 60% of total rental income*".

In this regard, the income from a single tenant or from tenants belonging to a single group does not exceed 60% of total rental income. In particular, as at 31 March 2014, approximately 39.6% of total lease and rental income came from the Group's top ten customers, while the Group's main customer accounted for approximately 20.64% of total lease and rental income (the Group's top ten customers and main customer accounted for approximately 38.6% and 19.5% respectively of total lease and rental income as at 31 December 2013, compared with approximately 38.8% and 20.27% respectively as at 31 December 2012 and approximately 37.2% and 18.5% as at 31 December 2011).

With regard to limits on the maximum financial leverage permitted, it is expressly provided in Article 4.3(iii) of the Company's Bylaws that:

- "*the maximum permitted financial leverage, at company or group level, is 85% of the assets*".

In this regard, the financial leverage, at both company and group level, does not exceed 85% of the assets. In particular, as at 31 December 2013, the percentage of financial leverage was around 68% at individual level and around 57% at Group level.

As a consequence of the Issuer's requirement to distribute the profits generated by exempt leasing activities, the Issuer's ability to allocate earnings to operations or development could be limited.

If in the future the Company ceases to meet all the requirements for application of the rules applicable to SIIQs, it could lose the associated tax benefits and consequently the Company's tax burden could increase, since the income generated by leasing activities would be subject to ordinary taxation.

1.12 Risks associated with failure to implement the 2014-2016 Plan

On 19 December 2013, IGD's Board of Directors approved the Group's 2014-2016 Business Plan.

This Plan contains operational, economic and financial targets to 2016 based on a macroeconomic scenario of moderate growth and including clearly defined managerial actions.

The 2014-2016 Business Plan is based on a set of estimates and projections relating to future events and actions to be undertaken by the Issuer's directors. Some of the main assumptions underlying the Business Plan relate to the macroeconomic scenario, over which the Issuer's directors have no control, and to the effects of specific actions or future events over which the Issuer's directors have only partial control and which might not be carried out or not take place according to the planned timescales. Results could therefore differ, even significantly, with respect to the projections.

Lastly, it should be noted that in addition to rescheduling the timing of investments for which no binding commitment has been made in order to meet any need to reduce the Group's financial requirement, the Issuer may also do the same in order to take account of any changes in the reference macroeconomic scenario. This could also cause the results to differ from the projections contained in the 2014-2016 Plan.

(See Chapter XIII of the Registration Document).

1.13 Risks associated with statements of key information and with information about the evolution of the reference market

The Registration Document contains certain statements of key information and estimates regarding the Group's competitive positioning, prepared by the Group itself on the basis of its specific knowledge of its sector, the available data and its own experience. Such information is contained, for example, in the description of the Group's business, markets and competitive positioning (see Chapter VI, paragraphs 6.1 and 6.3 of the Registration Document). This information has not been audited by independent third parties. The results, competitive positioning and performance of the Group in its business segments could experience significant divergences in the future with respect to those contemplated in the above-mentioned statements due to known and unknown risks, uncertainties and other factors described in the this Chapter on "Risk Factors".

1.14 Risks associated with uncertainties in determining the value of the Real Estate Assets

The Issuer commissions appraisals to determine the fair value of its Real Estate Assets as at 30 June and 31 December every year.

With reference to financial years 2012 and 2013, the valuation of the Italian Real Estate Assets was split between two independent experts, CB Richard Ellis ("**CBRE**") and Reag, both leading firms offering specialist investment property valuation services. The Real Estate Assets in Romania were appraised solely by CBRE as at 31 December 2013, 2012 and 2011.

With reference to the next financial periods, the Issuer intends to proceed with the appointment of an additional independent expert to assess the Real Estate Assets in Italy and to rotate part of the portfolio under valuation between CBRE and Reag. The valuation of the Real Estate Assets in Romania will also be divided between two independent experts.

The valuations are conducted on the basis of standard valuation criteria. In particular, a Discounted Cash Flow model is used to assess properties that have already been completed, while the development method – based on the discounting of the future revenue streams from the rental of the property, net of construction costs and other expenses for which the owner is responsible, and of the cost of sales – is used to assess projects under development. However, these valuations do not take account of certain factors, such as the environmental impact of the buildings (i.e. possible presence of hazardous substances) or their compliance with applicable regulatory requirements (i.e. presence of the required building permits, or compliance with zoning schemes and intended uses). Consequently, when these factors exist and are deemed relevant by the Company, they are pointed out to the evaluator during appropriate due diligence activities carried out by third-party experts either at the time of the purchase of the property or subsequently during the course of ordinary operations.

Although the Company believes that the valuations take account of all relevant factors for determining the fair value of the Real Estate Assets, the consideration of other factors additional to those used, the lack of real comparison data due to the current slump in market transactions involving comparable assets, as well as any negative growth trend in the real estate sector, could lead to a different determination of fair value, with consequent adverse effects on the business, assets and liabilities and/or financial position of the Issuer and the Group.

In this regard, it should be noted that in 2013 the write-down of the Real Estate Assets amounted to approximately €33.5 million.

In particular, a significant write-down of the Romanian assets and of the "Millennium Center Rovereto" property could have an impact on the recoverability of recognised goodwill amounting to €5,409 thousand and €3,952 thousand, respectively, as at 31 December 2013.

Furthermore, a significant write-down of the Real Estate Assets could have an impact on the honouring of the Loan to Value covenants provided in the loan agreements.

(See Chapter VI, paragraph 6.1.4 and Chapter X, paragraph 10.1 of the Registration Document, as well as the Group's consolidated financial statements as at 31 December 2013, incorporated by reference in the Registration Document and available to the public at IGD's registered office and on its website at www.gruppoigd.it).

1.15 Risks associated with legal proceedings in progress

In a measure dated 14 October 2009, the Bank of Italy imposed financial penalties, totalling €24,000 each, on Mr Robert Chiusoli in his capacity as Chairman of the Board of Statutory Auditors of Unipol Banca S.p.A. and on Mr Gilberto Coffari in his capacity as a member of the Board of Directors of Unipol Banca S.p.A. These penalties were also imposed on other officers of Unipol S.p.A. – including all the members of the Board of Directors and the Board of Statutory Auditors – as part of an action against irregularities concerning deficiencies in the organisation and internal controls of certain divisions of Unipol Banca S.p.A. and failures to report to the supervisory authorities.

The director Gilberto Coffari, as legal representative of Coop Adriatica, is involved in the following criminal trials relating to work-related accidents: (*a*) a trial before the Court of Ancona for an alleged violation of Article 40, paragraph 2, Article 590 and Article 583, paragraph 1(1) of the Criminal Code relating to personal injury, as well as work safety regulations, in which a criminal conviction has been issued ordering the guilty party to pay a fine of €2,400, which has been appealed according to standard procedure. At the Date of the Registration Document, the next hearing is scheduled for 12 June 2014; (*b*) two trials before the Court of Ravenna for alleged violations of Article 590 of the Criminal Code relating to personal injury, in which criminal convictions have been issued ordering the guilty party to pay a fine of €1,140, which has been appealed according to standard procedure. At the Date of this Registration Document, the cases were closed on the grounds of expiry of the limitation period, declared on 5 December 2013, and acquittal of the director concerned, declared on 20 December 2013; and (*c*) a trial before the Court of Chieti for the alleged violation of Article 590 of the Criminal Code relating to personal injury, in which a criminal conviction has been issued and which has been appealed according to standard procedure. As of the Date of this Registration Document, the hearing has been set for 5 June 2014. In terms of planning offences, a trial took place before the Court of Bologna for alleged violations of Article 81 of the Criminal Code, Article 44(c) of Presidential Decree 380/2001 and Article 169 of Legislative Decree 42/2004 relating to the offences of unauthorised building development and breach of listed building regulations concerning the "Ambasciatori" property, in which a criminal conviction was issued and the guilty party ordered to pay a fine of €19,800, which was appealed according to standard procedure. As at the Date of the Registration Document, the hearing date has been set for 2 July 2014 (on that date the limitation period relating to the offence will have already expired). (See Chapter XIV, paragraph 14.1.1 of the Registration Document).

In addition, the Group is party to various administrative and judicial proceedings in the normal course of its operations.

As at 31 December 2013, the provisions made during the year for disputes in progress amount to approximately €125 thousand and relate to the estimated probable costs in connection with two IMU disputes. Overall, the related provisions amount to approximately €1,064 thousand.

However, it cannot be ruled out that the Group may in the future be required to pay costs and damages not covered or insufficiently covered by the provisions for legal disputes, with consequent negative impacts on the Group's income statement, financial position and cash flows (see Chapter XX, paragraph 20.5 of the Registration Document).

Lastly, it is noted that the IGD Group is also party to various pending civil, fiscal or administrative judicial proceedings for which the amounts in question are undetermined or not able to be determined.

In any event, the Group does not believe that any liabilities arising from the proceedings in progress would have a significant impact on its income statement, financial position and cash flows.

2. RISK FACTORS RELATING TO THE SECTOR IN WHICH THE ISSUER AND THE GROUP OPERATE

2.1 Risks associated with trends in the real estate market

Both the national and the international real estate markets are subject to cyclical trends and influenced by a number of macroeconomic variables relating, *inter alia*, to general economic conditions, changes in interest rates, inflation, taxation, market liquidity and the presence of profitable alternative investments.

Since 2008, the real estate market has experienced a slowdown across every segment (residential, commercial and tertiary), albeit with differing manifestations according to region and sector, showing a decline in demand, falling prices and a lengthening of the time taken to conclude sale and leasing operations. In operational terms, this has resulted in a decrease in trading transactions and an increase in vacant properties, as well as a reduction in rental payments.

The banking system has also experienced a general liquidity crisis, leading to a decrease in the total amount of loans granted by lenders, partly because of the amounts previously granted and the rigidity of the banking system, thus making it more difficult to obtain credit and purchase properties.

In 2013 there was a sharp rise in transactions, particularly in relation to the retail segment.

The market value of the Real Estate Assets as at 31 December 2013 was €1,891.28 million, down from €1,906.56 million as at 31 December 2012 (€1,924.65 million as at 31 December 2011).

The table below shows the market value as at 31 December 2013 and 31 December 2012 and the percentage change between those dates, broken down by use and geographical area.

Category (*€ million*)	**Market value at 31/12/2013**	**Market value at 31/12/2012**	**Change 2013 -2012**	**% change**
IGD Group Real Estate Assets				
Hypermarkets and Supermarkets	544.39	538.42	5.97	1.11%
Shopping Centres Italy	971.53	1,003.78	-32.255	-3.21%
City Centre	27.80	27.7	0.1	0.36%
Other	6.58	6.76	-0.182	-2.69%

Total Italy	**1,550.29**	**1,576.65**	**-26.357**	**-1.67%**
Shopping Centres Romania	170.00	173.6	-3.6	-2.07%
Other Romania	3.40	4.3	-0.9	-20.93%
Total Romania	173.40	177.9	-4.5	-2.53%
Total IGD Group	**1,723.69**	**1,754.55**	**-30.857**	**-1.76%**
Category	**Market value at 31/12/2013**	**Market value at 31/12/2012**	**Change 2013 -2012**	**% change**
Direct development projects				
Projects at an advanced stage of construction	14.40			
Land and ancillary costs	39.19	42.91		
Total direct development projects	**53.59**	**42.91**	**10.68**	**24.89%**
Category	**Market value at 31/12/2013**	**Market value at 31/12/2012**	**Change 2013 -2012**	**% change**
“Porta a Mare” real estate project*	**114.00**	**109.10**	**4.9**	**4.49%**
Grand Total Market Value	**1,891.28**	**1,906.56**	**-15.277**	**-0.80%**
*Includes the shopping area under development.				

Any changes in real estate sector growth trends, fluctuations in real estate sector performance or other factors could affect property values, which in turn could have adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

(See Chapter VI, paragraphs 6.1 and 6.3 of the Registration Document).

2.2 Risks associated with real estate activities in the large-scale retail sector

2.2.1 Risks associated with trends in the large-scale retail sector

The large-scale retail sector, which accounted for 42% of the entire Italian domestic retail market in 2012 (source: Nielsen, based on ISTAT data), is influenced by a series of macroeconomic, socio-cultural and institutional variables. Any negative trend in this sector could have significant effects on the business, assets and liabilities and/or financial position of the large-scale retailers present in the Shopping Centres, and in more serious cases could result in their insolvency, with consequent possible effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

In particular, the Issuer continuously monitors the creditworthiness of the operators in the Shopping Centres under its management in order to minimise credit risk. Nevertheless, any deterioration of the creditworthiness of these operators could have adverse effects on their ability to honour their lease commitments, resulting in possible adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

(See Chapter VI, paragraph 6.3 of the Registration Document).

2.2.2 Risks associated with the use of contractors for the performance of works

The IGD Group’s strategies entail enhancing its Real Estate Assets by expanding, renovating and refurbishing the existing properties on the one hand, and by building Shopping Centres on the other. For the performance of these works, the Group not only calls on the services of engineering firms, but also enters into specific agreements with contractors. The contracts entered into by the Issuer contain clauses prohibiting the contractor from subcontracting the works, in accordance with the legislation in force, unless the client grants express authorisation in writing and without prejudice to the principal liability of the contractor. Furthermore, current legislation in Italy provides for the joint and several liability, within the limits of the fee payable for the works, of the client, the contractor and any subcontractors for certain charges relating to compensation, contributions and taxes arising from the contracted works and any subcontracted works. This means that any occurrence of events that affect the timing or construction costs of works performed by contractors, or of events that result in the legal joint and several liability of the Issuer in relation to the obligations of the contractor or any subcontractors, could have an impact on the business, assets and liabilities and/or financial position of the Issuer and of the IGD Group.

(See Chapter VI, paragraph 6.1 of the Registration Document).

2.2.3 Risks associated with competition in the Shopping Centre real estate sector

The Italian real estate market is highly competitive. In this context, the Issuer has to compete not only with small and medium-sized real estate companies, but also with Italian and international groups that have undertaken various development projects in Italy in recent years. These current and potential competitors often have: (*i*) efficiently managed assets; (*ii*) significant financial resources; (*iii*) considerable investment capacity; and (*iv*) networks or brands with a high profile on the national and international markets.

The increase in competition in the Shopping Centre real estate market, or the saturation of the market in some geographical areas, could make it more difficult to conclude leases and business rentals for the properties of the Real Estate Assets and could affect the ability to invest in new projects, resulting in possible adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

(See Chapter VI, paragraph 6.3 of the Registration Document).

2.3 Risks associated with changes in legislation and regulations

The Issuer's activities are subject to national and local Italian laws and regulations, including the special SIIQ rules, as well as to EU legislation and regulations concerning the environment, town planning, enforcement of established safety and maintenance standards in buildings and associated facilities, relations between landlords and tenants and between lessors and lessees, and the taxation of real estate properties and the related income. In particular, the Shopping Centre real estate sector is governed by a particularly detailed regulatory regime with regard to administrative authorisations (the subject of recent legislation based on Decree-Law 201/2011, which introduced a nationwide general principle regarding the liberalisation of shop opening hours, and more recently Decree-Law 1 of 24 January 2012 – converted with Law 27 of 24 March 2012 – which abolished certain limits on the operation and opening hours of new retail businesses), as well as legislation concerning hygiene, sanitation and environmental protection.

The Issuer is also subject to the provisions of Legislative Decree 231/2001 concerning the criminal liability of legal entities, as well as current legislation on health and safety in the workplace.

Any future changes to the existing regulatory and legislative framework, including the tax rules applicable to real estate operators, or the interpretation or implementation of existing rules, could result in changes to operating conditions and require an increase in the Group's investments and entail higher costs, charges or levels of liability, with possible adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

Furthermore, any failure to comply with regulatory standards concerning town planning or environmental aspects of certain properties of the Real Estate Assets could adversely affect the value and/or marketability of the properties owned by the Group, or could lead to higher costs, charges or levels of liability for the Issuer, resulting in possible adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

(See Chapter VI and Chapter VIII, paragraph 8.2 of the Registration Document).

2.4 Risks associated with the current economic situation

The crisis that has hit the banking system and financial markets in recent years, as well as the consequent deterioration of macroeconomic conditions, translating into a decline in worldwide consumer spending and industrial output, has recently resulted in a tightening of access to credit, a low level of liquidity in the financial markets and extreme volatility in the equity and bond markets.

The crisis in the banking system and the financial markets has led, along with other factors, to economic recession in some EU countries, including Italy and Romania. If this economic downturn were to persist over time in the countries where the Group operates, this could have adverse effects on the business, assets and liabilities and/or financial position of the Issuer and of the Group.

(See Chapter VI, paragraph 6.3 of the Registration Document).

CHAPTER V – ISSUER INFORMATION

5.1 History and evolution of the Issuer

5.1.1. Legal and commercial name of the Issuer

The Company's name is Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., or IGD SIIQ S.p.A. in its abbreviated form.

5.1.2. Issuer's place of incorporation and registration number

The Company is registered on the Ravenna Companies Register under the number 00397420399, and in the Economic Administrative Index under number 88573 at the Ravenna Chamber of Commerce, Industry, Crafts and Agriculture (CCIAA).

5.1.3. Date of establishment and duration of the Issuer

The Company was formed on 28 July 1977 with the company name ESP Dettaglianti Associati S.r.l. In 1980, the Company became a joint-stock company named ESP Commercianti Associati S.p.A. On 6 November 2000, the Company changed its name to Immobiliare Grande Distribuzione S.p.A.

Pursuant to Article 3 of the Bylaws, the duration of the Issuer has been established until 31 December 2050 and may be extended by resolution of the Shareholders' Meeting.

5.1.4 Domicile and legal status, legislation governing the Issuer, country of establishment and registered office

IGD was established as a joint-stock company in Italy and operates under Italian law. In April 2008, the Company chose to comply with the SIIQ rules, with effect from 1 January 2008.

The Company's registered office is at Via Agro Pontino 13, Ravenna, and its operational headquarters are at Via Trattati Comunitari Europei 1957-2007 13, Bologna, telephone number +39 051 509111.

5.1.5. Important events in the development of the activities of the Issuer and the Group

Origins

The Company was incorporated on 28 July 1977 with the name of ESP Dettaglianti Associati S.r.l. (ESP Commercianti Associati S.r.l. from 1980, subsequently transformed into a joint-stock company with the name ESP Commercianti Associati S.p.A.).

The main purpose of the Company's activity in its first years was renting furnished business premises and leasing real estate for the sale of non-food products in the Ravenna area.

In 1998, the Company completed the construction of its first Shopping Centre, "ESP", in Ravenna.

The process of merging the real estate assets of Coop Adriatica and Unicoop Tirreno

On 6 November 2000, the Company changed its name to Immobiliare Grande Distribuzione S.p.A. and received, via transfer from Coop Adriatica, two Shopping Centres ("Centro Lame" and "Centro Borgo" in Bologna) and two Hypermarkets (in Lugo and Pesaro).

On 4 September 2001, with effect from 1 November 2001, the deed of merger by absorption into IGD of the companies Did Immobiliare S.r.l., Iper San Benedetto S.r.l. and Centro Leonardo S.p.A. (each of which is a subsidiary of Coop Adriatica and owns a Shopping Centre, except for Centro Leonardo S.p.A., which owns a Hypermarket) was stipulated. This merger, which followed the above transfer operations, was the final phase in the process launched by Coop Adriatica to create a separate legal entity, and to transfer to this entity ownership of most of its real estate assets in the large-scale retail sector.

In 2002, IGD acquired Sageco S.p.A., a subsidiary of Coop Adriatica, a Supermarket and a Shop in Ravenna, and extended the "Porto Grande" Shopping Centre at San Benedetto del Tronto.

By subscribing to a reserved capital increase on 20 December 2002, IGD became the majority shareholder (with an interest of 60%) in Centropiave, which was then a subsidiary of Coop Adriatica. Centropiave, a company that promotes and manages Shopping Centres for Coop Adriatica and other third parties, and also leases real estate and furnished business premises, changed its company name to Gescom on 6 October 2003.

On 26 March 2003, the Company resolved to carry out a capital increase in kind reserved for Ipercoop Tirreno, which is part of the Unicoop Tirreno group, in order to transfer the "Le Porte di Napoli" Shopping Centre owned by Afragola (NA). After this capital increase, the equity investment held by Ipercoop Tirreno in IGD amounted to 24.58% of the Issuer's share capital. The transaction allowed for most of the real estate assets of Coop Adriatica to be merged with some of those owned by the Unicoop Terreno group. Subsequently, on 23 December 2003, Ipercoop Tirreno sold its equity investment in IGD to Unicoop Tirreno.

On 1 July 2003, the Company acquired the "Casilino" Shopping Centre in Rome from Ipercoop Tirreno. On 5 December 2003, IGD sold the Shopping Arcade in the "Centro Lame" Shopping Centre in Bologna to Juma S.r.l., which is part of the Eurocommercial Group.

On 29 March 2004, the Company acquired the "Fonti del Corallo" Shopping Centre in Livorno from Acov S.r.l., part of the Unicoop Tirreno group.

On 7 December 2004, the Company acquired the remaining 40% of the share capital of Gescom S.r.l. from Coop Adriatica.

Stock-market listing and extension of Real Estate Assets

Ordinary shares of the Company were listed in the STAR segment of the MTA in February 2005.

In the years following the listing, IGD acquired other Shopping Arcades and Shopping Centres in Italy and abroad. In particular:

- in 2006, IGD (*i*) acquired the business units of the "Fonti del Corallo" (Livorno), "Casilino" (Rome), "Le Porte di Napoli" (Afragola) and "Centro Borgo" (Bologna) Shopping Arcades from the Unicoop group and Coop Adriatica, for €4.6 million in total; (*ii*) acquired the already operational "Darsena City Shopping Centre" Shopping Centre in Ferrara from Magazzini Darsena S.p.A. for €56 million; (*iii*) acquired the entire share capital of Immobiliare Larice S.r.l. (a company that took the name IGD Management S.r.l. in 2012) from Coop Lombardia for about €129 million, thus taking ownership of the "Centrosarca Shopping Centre" Shopping Arcade at Sesto San Giovanni (Milan); and (*iv*) sold the extension of the "Centro Leonardo" Shopping Centre in Imola to Eurocommercial Properties for €43 million;
- also in 2006, the merger by absorption into IGD of Gescom S.r.l., a company wholly owned by IGD that mainly provides Agency and Facility Management services, was completed with effect from 1 October 2006;
- in 2007, IGD acquired (*i*) the entire share capital of Millennium Gallery S.r.l. from Santoni Costruzioni S.p.A. for approximately €14 million, thus taking ownership of around 37% of the entire surface area of the "Millennium Center" Shopping Centre of Rovereto. This included around 36 Shops (including 3 Medium-sized Shops), 3 warehouses and additional communal spaces inside the property complex such as parking, technical areas, ramps and vertical and horizontal connections – for a real estate value of approximately €21 million; and (*ii*) the entire share capital of M.V.

S.r.l. from Lago S.r.l., Close World S.A. and Tavolera S.r.l., for approximately €18.8 million, as well as a property intended for Retail Park use for approximately €22 million, thus taking ownership of the "Shopping Village Mondovicino" Shopping Centre and Retail Park at Mondovì (Cuneo);

- also in 2007, IGD created, with Beni Stabili, the company "Riqualificazione Grande Distribuzione S.r.l." ("**RGD**"), a 50:50 joint venture with the aim of acquiring and adding value to existing shopping centres. At this date, the Company's real estate assets comprised a Shopping Centre owned by IGD ("Darsena City") and a Shopping Centre owned by Beni Stabili ("Nerviano");

- in 2008, IGD acquired (*i*) WinMagazine, with a Portfolio of 15 Shopping Centres in various Romanian cities, from Ivington Enterprises Ltd and Broadhurst Investment Ltd, which are part of US private equity group NCH Capital, for €191.78 million; (*ii*) the Shopping Arcade in Lungo Savio, Cesena, from Coop Adriatica for approximately €18 million and, for approximately €52 million, the property earmarked for a Shopping Arcade and offices within the "Gran Rondò" Shopping Centre in Crema; (*iii*) a plot of land at Conegliano intended for use as a Retail Park next to the Shopping Centre that was then being constructed by Coop Adriatica, from ICI S.r.l. for approximately €6.5 million; and (*iv*) the NewCo Nikefin Asti S.r.l., which constructed the "I Bricchi" Shopping Centre at Isola D'Asti, from Nikefin Promozioni Commerciali S.r.l. for approximately €8.72 million. The value of the investment, taking account of assumed debt, was approximately €41 million;

- also in 2008, IGD formed the company Porta Medicea S.r.l., which is 80% owned by Immobiliare Larice S.r.l. (at the Date of the Registration Document, this company is called IGD Management S.r.l.) and 20% owned by Azimut-Benetti S.p.A. Porta Medicea S.r.l. acquired the "Porta a Mare" area in Livorno from Società di Trasformazione Urbana Porta a Mare S.p.A. for approximately €68 million. The area, which covers approximately 70,616 m^2, will be used to create a Multipurpose Centre including retail, tertiary, residential and hospitality elements. As part of this project, IGD entered into a preliminary agreement with Porta Medicea S.r.l. to acquire the portion of the Multipurpose Centre reserved for the Shopping Centre, for approximately €77 million;

- in 2009, IGD acquired (*i*) the Tiburtino Shopping Centre in Guidonia from Euromarketing S.r.l. for approximately €106 million; (*ii*) the "Katanè" Shopping Arcade in Gravina (Catania) from Iniziative Immobiliari Siciliane (CMC di Ravenna group) for approximately €98 million; and (*iii*) the "Le Maioliche" Shopping Centre in Faenza from Coop Adriatica. Through this transaction, IGD received the entire share capital of Faenza Sviluppo S.r.l., which owned the relative property, from Coop Adriatica. The consideration for the acquisition of the company was €13.8 million, and the total investment, taking account of assumed debt, was approximately €85.3 million;

- in 2010, IGD acquired (*i*) the remaining 10% of the share capital of WinMagazine from Investitori & Partner Immobiliari S.p.A. for €21 million; as a result of this acquisition, the Group took ownership of the entire WinMagazine share capital; (*ii*) the Shopping Arcade inside the "Torre Ingastone" Shopping Centre in Palermo, from Cogei Costruzioni S.p.A., for approximately €55 million; and (*iii*) the Shopping Arcade in the "Coné" Shopping Centre in Conegliano for approximately €57 million;

- also in 2010, IGD sold (*i*) its equity investment in RGD (amounting to 50% of the share capital) to Beni Stabili, with the resulting disposal of two of the three Shopping Centres owned by RGD. The third Shopping Centre owned by RGD ("Darsena City") remains under 50:50 joint ownership with Beni Stabili. The consideration for the sale of the equity investment in RGD was €59.2 million, while

50% of the Darsena City property was acquired by IGD for €22.3 million; and (*ii*) 20% of the equity investment held, via Immobiliare Larice S.r.l. (IGD Management S.r.l. at the Date of the Registration Document), in Porta Medicea S.r.l. to the CMB group for approximately €13 million. This disposal allowed the entry of an industrial partner into the "Porta a Mare" real estate development project and the consequent spreading of the risk associated with the investment;

- in 2011, IGD acquired (*i*) a business unit to carry out retail activity within the Shopping Arcade at the "Gran Rondò" Shopping Centre in Crema from Immobiliare Gran Rondò S.r.l., for approximately €4.9 million; (*ii*) a complex comprising several adjacent properties that are functionally linked at the Bologna centre, from Leggenda S.r.l. (Stefanel group), for €25 million. The Group thus added to its Real Estate Portfolio a new category of property called "City Centre"; (*iii*) the second and third floors of the Uno building in the Bologna Business Park, which already housed the Group's operational headquarters (thus taking ownership of the whole building) from Città Scambi S.r.l. for approximately €6.8 million; (*iv*) the portion of real estate set aside for a Hypermarket inside the "Conè" Shopping Centre and Retail Park in Conegliano (Treviso) from Coop Adriatica, for approximately €23.5 million; as a result of this last acquisition, IGD took ownership of the entire "Conè" Shopping Centre and Retail Park; and (*v*) the portion of real estate set aside for a Hypermarket within the "La Torre" Shopping Centre in Palermo from Ipercoop Sicilia S.p.A., for approximately €36 million; as a result of this last acquisition, IGD took ownership of the entire "La Torre" Shopping Centre;
- in 2012, IGD Management S.r.l. (previously Immobiliare Larice S.r.l.), exercised the call option provided for in agreements entered into in March 2009 with the company Cooperare S.p.A., thus acquiring 20% of the equity investment in Porta Medicea S.r.l. for approximately €15 million;
- in 2013, RGD Ferrara 2013 S.r.l. ("**RGD Ferrara**") was formed (50:50 owned by the Issuer and Beni Stabili) to manage the business unit of the "Darsena City" Shopping Centre in Ferrara;

  in 2014, IGD sold the portion of real estate set aside for a Shopping Arcade in the "Fonti del Corallo" Shopping Centre in Livorno to a reserved real estate fund managed by BNP Paribas REIM SGR for €47 million, retaining ownership of the business unit, management of the Shopping Arcade and relations with the tenants through a 24-year lease agreement which IGD has the right to withdraw from in the twelfth year. The lease also provides for IGD to pay an annual rent of €3,325 thousand, updated according to the ISTAT index as of the seventh year of the lease, at 100% on an annual basis;
- in 2014, IGD purchased the commercial and tertiary property complex in the Mazzini area, as well as its related facilities, from Porta Medicea S.r.l. for approximately €26.5 million, paid in full at the Date of the Registration Document.

Adoption of the Italian SIIQ rules

In April 2008, the Company elected to adopt the Italian SIIQ rules, with effect from 1 January 2008.

The scheme includes, *inter alia*: (*i*) the option to adopt, subject to certain prerequisites, a specific taxation system in which income is taxed only when it is distributed to shareholders. This substantively reverses the usual taxation principle of levying tax on income when it is generated, from the company that generated it, rather than when it is distributed; (*ii*) a specific set of rules for transferring real estate (and real estate rights), provided that the SIIQ maintains ownership or other rights on the real estate transferred for at least three years. In particular, the scheme stipulates that the total amount of capital gains arising from the transfer to the SIIQ of real estate (and real estate rights) designated for rental by the transferor may be subject, if the transferor so chooses, to a substitute tax for IRES and IRAP at a rate of 20%, rather than the income taxes ordinarily applied; and (*iii*) the requirement that the SIIQ distributes to shareholders at least 85% of the net income generated through tax-exempt management each year.

5.2. Main investments

5.2.1. Investments made in the last three years

The following table provides a detailed breakdown of investments in property, plant and equipment and intangible assets, as well as the progress of the "Porta a Mare" project conducted by the Group during the financial years ended 31 December 2013, 2012 and 2011.

	Q1 2014	2013	2012	2011
(€ million)				
REAL ESTATE INVESTMENTS	0.46	6.99	3.33	104.98
ASSETS UNDER DEVELOPMENT	9.61	18.05	10.03	18.91
INTANGIBLE ASSETS	0	0.02	0.04	0.04
OTHER PROPERTY, PLANT AND EQUIPMENT	0.01	0.79	0.40	3.99
TOTAL INVESTMENTS IN FIXED ASSETS	10.08	25.86	13.80	127.91
Balance on Porta a Mare project	0.43	5.74	6.89	6.86
TOTAL INVESTMENTS	10.51	31.60	20.69	134.77

In the first quarter of 2014 the total investments made in Italy amounted to approximately €9.38 million and related mainly to development projects totalling around €5.95 million, including the expansion of the Shopping Arcade in the "Centro d'Abruzzo" Shopping Centre; the continuation of construction works for the Mazzini sub-area (residential and commercial) and for the core walls of the Officine sub-area; and the continuation of construction works on the Chioggia Retail Park.

Work continued on extraordinary maintenance totalling around €3.43 million, including layout modifications to the La Torre Shopping Centre (Palermo), and the start of fitting-out works on the pre-existing Centro d'Abruzzo Shopping Arcade. Works were also begun to reduce the size of the Hypermarket and to restructure the Shopping Arcade in the "Le Porte di Napoli" Shopping Centre, along with the modernisation works that will affect the Lugo Shopping Centre.

Extraordinary maintenance investments made in Romania as at 31 March 2014 amounted to approximately €1.13 million.

In 2013, the IGD Group continued to develop new real estate, and to extend and restyle its existing Shopping Centres. It also took specific, targeted action to reduce energy consumption. Total investments came to approximately €31.6 million, including €26.92 million in Italy.

The main investments related to: the completion of the restyling and continuing extension works at the Shopping Arcade in the "Centro d'Abruzzo" Shopping Centre; completion of the first lot of urbanisation works and the launch of construction of buildings in the Retail Park at Chioggia; execution of works to create the "Mazzini" sub-area (residential and commercial) and the start of works relating to the core walls for the "Officine" sub-area, a preliminary stage in the creation of car parks for the "Porta a Mare" project.

Works were also launched in 2013 relating to revised layouts for the "Tiburtino" Shopping Centre (Guidonia), the Mondovì Shopping Arcade and the "La Torre" Shopping Centre (Palermo). This involved a reconfiguration of the mix between Medium-sized Shops and neighbourhood shops. The first phase of restyling works inside the "Centrosarca" Shopping Centre also began.

As at 31 December 2013, investments made in Romania amounted to approximately €4.68 million, of which €2.53 million had not yet been completed. The investments relate to the building of a pedestrian walkway between the two Shopping Arcades at the "Grand Center Ploiestri" as well as refurbishments of shop fronts and internal layouts.

Restyling work on the "ESP" Shopping Centre in Ravenna was completed in 2012. Works were also carried out in 2012 relating to the urbanisation of the Chioggia Retail Park and the extension of the "ESP" Shopping Centre. Works relating to the Shopping Arcade of the "Centro d'Abruzzo" Shopping Centre, in the province of Chieti, were also launched. In addition, works to create the "Mazzini" sub-area for residential and commercial use continued in 2012 through subsidiary Porta Medicea. Extraordinary maintenance works were also carried out in 2012 on the portfolio buildings in Italy, i.e. asset management, which included fit-out works to enable the insertion of primary operators into spaces that IGD delivers already finished and complete according to the specifications requested by the business.

In Romania, extraordinary maintenance took place in 2012 to make over the facades of two Shopping Centres and to refurbish their interiors.

The investments made in 2011 related to the acquisition of the Hypermarket inside the Shopping Centre in Conegliano; the acquisition of the portion of real estate set aside for the Hypermarket inside the "La Torre" Shopping Centre in Palermo; the acquisition of the property complex on Via Rizzoli in the centre of Bologna; the acquisition of the offices on the second and third floors of the Business Park building in Bologna of the business unit for retail activities inside the Shopping Arcade of the "Gran Rondò" Shopping Centre in Crema; and the business unit for multiscreen cinema and bar activities inside the "Centro Sarca" Shopping Centre.

In addition, works relating to the extension of the "ESP" Shopping Centre continued; two plots of land were acquired adjacent to those already owned, to be added to the segment set aside for the construction of the future Chioggia Shopping Centre, as well as the progress made with works relating to urbanisation; a plot of land in the municipality of San Giovanni Teatino was acquired; and secondary urbanisation works relating to the extension of the existing Shopping Centre in Abruzzo were monetised. Finally, progress was made with the investment, limited to the retail segment, at the Multipurpose Centre in Livorno.

In the three-year period 2011-2013, the Group made no significant investments in financial fixed assets.

The Group made no significant investments from 31 December 2013 until the Date of the Registration Document.

5.2.2. Investments being developed

Investments being developed, decided upon by the Issuer and scheduled for the months after 31 March 2014, refer mainly to the project to extend the "Centro d'Abruzzo" Shopping Centre inaugurated on 10 April 2014 for €0.65 million, and to the project in Chioggia, where a Retail Park will be built for approximately €13.90 million. Provision has also been made for extraordinary maintenance works on the Italian Real Estate Portfolio, costing around €26.30 million, which include, *inter alia*, the continuation of works to modify the layout of the "Tiburtino" Shopping Centre (Guidonia), the Mondovì Shopping Arcade and the "La Torre" Shopping Centre (Palermo), carried out through a recomposition of the mix between Medium-sized Shops and neighbouring shops, as well as part of the restyling works in the "Centrosarca" Shopping Centre. Provision has also been made for extraordinary maintenance works on the Romanian Real Estate Portfolio, costing around €3.02 million. At the Date of the Registration Document, there are no plans for any additional construction pipeline in Romania.

As well as these investments, a project to transform the Livorno seafront is planned totalling €0.23 million, relating to completion of the Mazzini segment which should be concluded in 2014, and for the completion of the core walls of the Officine sub-area.

The investments described above, amounting to approximately €44.10 million, have been decided on by the Issuer but are subject to subcontracting agreements or formal commitments limited to approximately €33.23 million in relation to Abruzzo, Chioggia and Porta a Mare (Mazzini section and work relating to the core walls of "Officine Storiche") and part of the extraordinary maintenance work in Italy and Romania including the restyling works at the Sarca Shopping Centre for approximately €5 million, while subcontracting arrangements relating to the remaining investments, amounting to approximately €10.87 million, will be finalised during the year, with the option of rescheduling.

In relation to the "Officine Storiche" sub-area, it is specified that the continuation of work in addition to the aforementioned completion of the core walls has not yet been definitively approved, also in consideration of potential optimisations to the project currently underway.

These investments will be financed by the Company using the net proceeds from the issuance of unsecured senior bonds for an amount of €148.39 million, the settlement of which took place on 7 May 2014.

With regard to the "Porta a Mare" project, limited to the completion of the Mazzini area, the company has the necessary liquidity to cover the completion of the planned works. In addition, in relation to the "Porta a Mare" project, the company Porta Medicea has short-term lines of credit not earmarked for financing specific projects, for a total amount of €11,000,000, which at the Date of the Registration Document are not being used.

5.2.3. Future investments

The Company, in line with its 2014-2016 Plan, approved on 19 December 2013 by the Board of Directors, plans to make investments of approximately €195 million within the 2014-2016 Plan period (see Chapter XIII, paragraph 13.1 of the Registration Document).

In particular, the 2014-2016 Plan for years subsequent to 2013 provides for investments of approximately: (*i*) €75 million for 2014, (*ii*) €85 million for 2015 and (*iii*) €35 million for 2016.

The discrepancy between the investments set out in paragraph 5.2.2 above for 2014 compared with the provisions of the 2014-2016 Plan is due to the fact that some of the investments included in the 2014-2016 Plan at the Date of the Registration Document had not been specifically resolved upon by the relevant governance bodies of the Issuer, although they were in the process of being finalised.

Without prejudice to what was done up to 31 March 2014 and the provisions of paragraph 5.2.2., at the Date of the Registration Document future investments definitely committed by the Issuer include the creation of the Chioggia Retail Park, which is scheduled to open in the first half of 2015 with a residual amount of approximately €6.21 million; and the realisation of restyling works at the "Centro Sarca" Shopping Centre, with a residual amount of approximately €3 million.

The above investments will be financed by the Company using the net proceeds from the issuance of unsecured senior bonds for a total amount of €148.39 million, the settlement of which took place on 7 May 2014.

With regard to activity in Romania, the Company has assumed a definite commitment to invest in the restructuring of a point of sale to enable the entry of a new operator at the "Diana" Shopping Centre in Tulcea, for approximately €1.1 million, to be carried out in 2015.

CHAPTER VI – OVERVIEW OF OPERATIONS

6.1 Main activities of the IGD Group

6.1.1. Introduction

The IGD Group is a key player in Italy in ownership and management of Shopping Centres in the organised large-scale retail sector. Since 2008, the Group has operated in Romania, through subsidiary WinMagazine, which owns the country's largest department store chain.

Specifically, the IGD Group's operations are divided into:

- **Property Management and Leasing**, the purpose of which is to add value to the Real Estate Portfolio over a medium-/long-term time horizon, by acquiring and renting property for commercial purposes, both already operational and newly constructed (Shopping Centres, Hypermarkets, Supermarkets and Shopping Arcades), and by optimising the return on property in the Real Estate Portfolio, including by selling Shopping Arcades; and
- **Services**, which comprise Agency Management and Oversight activities and Facility Management activities.

The following table shows the consolidated operating revenue by business area for the quarters ended 31 March 2014 and 2013, as well as for financial years ended 31 December 2013, 2012 and 2011.

Business sector* *(€ million)*	**31/03/2014**	**%**	**31/03/2013**	**%**	**31/12/2013**	**%**	**31/12/2012**	**%**	**31/12/2011**	**%**
Property Management and Leasing	28,486	92%	29,191	96%	115,836	91%	118,140	96%	115,906	95%
Services	1,267	4%	1,250	4%	4,996	4%	5,136	4%	5,284	4%
Revenue from trading	1278	4%	0	0%	6,163	5%		0%	1,726	1%
Total	**31,031**	**100%**	**30,440**	**100%**	**126,995**	**100%**	**123,276**	**100%**	**122,916**	**100%**

*For the purposes of this operating review, some cost and revenue items have been reclassified and/or offset with respect to figures in the financial statements.

The following table shows the consolidated operating revenue by business area and by geographical region for the quarters ended 31 March 2014 and 2013 and the financial years ended 31 December 2013, 2012 and 2011.

Business sector	**Italy**									
(€/000)										
	31/03/2014	**%**	**31/03/2013**	**%**	**2013**	**%**	**2012**	**%**	**2011**	**%**
Property Management and Leasing	26,432	91%	26,521	96%	105,837	91%	107,038	96%	104,184	94%
Services	1,259	4%	1,219	4%	4,948	4%	4,981	4%	5,094	5%
Revenue from trading	1278	4%	0	0%	6,163	5%		0%	1,726	1%
Total	**28,969**	**100%**	**27,740**	**100%**	**116,948**	**100%**	**112,019**	**100%**	**111,004**	**100%**
Business sector	**Romania**									
(€/000)										
	31/03/2014	**%**	**31/03/2013**	**%**	**2013**	**%**	**2012**	**%**	**2011**	**%**
Property Management and Leasing	2,054	100%	2,670	99%	9,999	100%	11,102	99%	11,722	98%
Services	8	0%	31	1%	48	0%	155	1%	190	2%

Revenue from trading	0	0%	0	0%	0	0%		0%		0%
Total	**2,062**	**100%**	**2,701**	**100%**	**10,047**	**100%**	**11,257**	**100%**	**11,912**	**100%**

Revenue from property management and leasing refers to the leases and business rental agreements signed by the operators in the Shopping Arcades, and the leases and business rental agreements signed with Coop Adriatica, Unicoop Tirreno, Ipercoop Tirreno and Ipercoop Sicilia for the Hypermarkets inside the various Shopping Centres.

Revenue from Services mainly comprises revenue from Facility Management and from Oversight.

Revenue from trading in 2013 came from the sale of 18 residential units, 20 boxes and 3 car park spaces relating to the Mazzini sub-area in the "Porta a Mare" project in Livorno, while 2011 revenue was generated by the sale of a portion of the offices relating to the "Porta a Mare" project in Livorno.

6.1.2 Property Management and Leasing

The IGD Group owns Real Estate Assets that mainly comprise Hypermarkets and Shopping Arcades inside mid/large-scale Shopping Centres.

At the Date of the Registration Document, IGD owns Shopping Centres in 11 Italian regions. Specifically, as at 31 December 2013, the IGD Group owns 19 Hypermarkets and Supermarkets, 19 Shopping Arcades and Retail Parks (including a Shopping Arcade jointly owned with Beni Stabili), a City Centre property, 4 plots of land for direct development, a property complex known as the "Porta a Mare" project and 7 real estate units of other kinds.

Since 2008, the Group has also been operating in Romania through its subsidiary WinMagazine, which owns the country's largest department store chain, with shops in 13 cities. At the Date of the Registration Document, the IGD Group owns 15 Shopping Centres and an office building in Romania.

The properties included in the Group's Real Estate Assets, together with leasehold properties, make up the Real Estate Portfolio.

The IGD Group's operations in Property Management and Leasing in respect of the Real Estate Portfolio include:

- the acquisition and construction of commercial property (Shopping Centres, Hypermarkets, Supermarkets and Shopping Arcades);
- the leasing of the property in the Group's Real Estate Portfolio;
- optimising the return on the property in the Portfolio, by means of: (*i*) commercial policies and marketing strategies that maintain the appeal and occupancy rates of Shopping Centres at high levels; (*ii*) policies for adding value to and managing properties through enhancement works such as extensions and restyling, and routine and extraordinary maintenance;
- the sale of freehold properties that are no longer strategic or that have reached an advanced stage in their lifecycle.

6.1.2.1 Acquisition and construction of commercial property

The IGD Group's Real Estate Portfolio was created through acquisitions and through extraordinary corporate transactions, such as mergers by absorption and transfers in kind (for more information see Chapter V, paragraph 5.1.5 of the Registration Document).

When assessing the expedience of each investment, the IGD Group collaborates with specialist companies and carries out market research in the area, mainly aiming to analyse: (*i*) the social and demographic potential of the catchment area in which the Shopping Centre is located or will be built; (*ii*) the presence (actual or potential) of other sector operators in this area; and (*iii*) the spending power of the potential end customers of the Shopping Centre, by studying their purchasing habits and consumption requirements in order to identify the tenant mix, i.e. the ideal combination of businesses to lease the shops in the Shopping Arcade within the Shopping Centre. The market research also includes a prospective analysis of income/financial position to show the profitability of the investment and its financial structure and cost.

When the expedience of the investment has been assessed, the IGD Group commissions specialist companies in the sector to prepare appropriate market assessments and/or carry out due diligence.

If the investment relates to an existing Shopping Centre, the IGD Group usually asks the investment proposer to verify compliance with legal technical requirements and to carry out any improvement works. Conversely, when the investment relates to a Shopping Centre to be constructed, responsibility for the verification process will vary, depending on whether construction will take place on land owned by a third party or on land owned by IGD. If the Shopping Centre is to be constructed on third-party land, the Group intervenes in the planning phase to request any changes to the above-mentioned technical requirements in order to optimise the layout of the retail spaces according to its planned return objectives. If the Shopping Centre is to be constructed on Company land, the Company verifies directly whether the engineering companies and third-party subcontractors are complying with the technical requirements.

6.1.2.2 Leasing/rental of properties in the Real Estate Portfolio

The Group's main activity is stipulating leases and business rental agreements on the property in the Real Estate Portfolio.

The following table shows the revenue from rental payments in the first quarters of 2014 and 2013, as well as for financial years 2013, 2012 and 2011, broken down by type of property leased.

(€/000)	**31/03/2014**	**31/03/2013**	**31/12/2013**	**31/12/2012**	**31/12/2011**
Freehold Hypermarkets	8,811	8,701	34,895	34,152	31,403
Leasehold Hypermarkets	29	29	116	114	111
Freehold Supermarkets	97	96	387	381	373
TOTAL HYPERMARKETS/SUPERMARKETS	**8,937**	**8,826**	**35,398**	**34,647**	**31,887**
Freehold Shopping Arcades in usufruct, offices and city centres	16,555	17,700	69,320	72,634	73,217
Leasehold Shopping Arcades	2,246	1,967	7,842	7,915	7,849
Revenue from other contracts and temporary rentals	748	688	2,969	2,783	2,847
TOTAL SHOPPING ARCADES	**19,549**	**20,355**	**80,131**	**83,332**	**83,913**
GRAND TOTAL	**28,486**	**29,181**	**115,529**	**117,979**	**115,800**

Leasing of Hypermarkets and Supermarkets

The management of Hypermarkets and Supermarkets primarily consists of managing and stipulating lease/rental agreements with mass market operators selling retail goods to the general public.

As at 31 December 2013, the IGD Group owned 19 Hypermarkets and Supermarkets. Hypermarket management also includes one leasehold Hypermarket in addition to the above Hypermarkets and Supermarkets.

The following table shows, for each of the Hypermarkets and Supermarkets managed by the IGD Group, the term of the lease, the date of expiry and the GLA as at 31 December 2013.

Each of the leases may be renewed for a period of six years, with the option of further renewals every six years.

Property	Term of lease	Next expiry	GLA
Freehold Hypermarkets/Supermarkets			
CENTRO ESP	16+6	30/06/2019	16,536
CENTRO BORGO	8+6	30/06/2017	11,480
CENTRO LAME	15+6	30/06/2018	15,681
CENTRO LEONARDO	14+6	30/06/2017	15,862
LUGO	18+6	30/06/2021	7,937
AQUILEIA	6+6	22/07/2014	2,250
I MALATESTA	18+6	22/12/2023	10,232
LE MAIOLICHE	18+6	03/06/2027	9,277
CONE’	18+6	29/06/2029	9,498
CENTRO D’ABRUZZO	9+6	30/06/2018	14,127
PORTOGRANDE	8+6	30/06/2017	15,290
CASILINO	18+6	30/06/2021	11,435
LE PORTE DI NAPOLI	18+6	25/03/2021	17,248
FONTI DEL CORALLO	18+6	28/03/2022	15,371
KATANE’	18+6	28/10/2027	13,663
TIBURTINO	18	01/04/2027	7,124
MIRALFIORE	18+6	30/06/2021	10,356
IL MAESTRALE	6+6	30/06/2015	12,501
LA TORRE	18+6	11/07/2029	11,910
Leasehold Hypermarkets/Supermarkets			
CENTRO PIAVE	9	30/04/2022	15,826

At the Date of the Registration Document, most of the Hypermarkets and Supermarkets in the Group’s Real Estate Portfolio were leased under market conditions, primarily to Coop Adriatica, Unicoop Tirreno and companies belonging to the relative groups.

The main terms and conditions of leases on the Hypermarkets and Supermarkets are set out below.

Term. As shown in the table above, lease terms vary from a minimum of 6 to a maximum of 18 years. For each lease there is tacit renewal on expiry every six years, pursuant to Article 28 of Law 392/78. All of the leases stipulate non-withdrawal by tenants, unless on the serious grounds set out in the final section of Article 27 of Law 392/78. This does not apply to contracts for the “Tiburtino” and “Centro Piave” Shopping Centres, as these are business rental agreements rather than leases.

Rental payments. Payments are set using a profitability parameter calculated on the sale or construction cost of the properties. Rental payments are guaranteed by a security deposit amounting to six months of rent. Rental payments include a minimum guaranteed component and a variable component linked to the Hypermarket’s sales.

Rental payment adjustments. The leases provide for annual increases indexed to 75% of the ISTAT index (“**ISTAT**”) for the prior year, published in the Official Gazette. Only the two business rental agreements mentioned above have a higher ISTAT index (100% for the “Piave” Shopping Centre and 80% for the “Tiburtino” Shopping Centre).

Maintenance. Tenants are responsible for all routine maintenance of property and extraordinary maintenance of all systems and building interiors. IGD is responsible for external extraordinary maintenance.

Insurance. The tenant must stipulate the following insurance policies: (*i*) “fire and accessory guarantee”, covering its merchandise, furniture and fittings, systems, equipment and any other property, with waiver of the insurer's right of recourse to the lessor and any sublessees; (*ii*) “third-party liability” covering the risks relating to the lease of the building and the systems pertaining to the building, and relating to ownership and management of the tenant’s merchandise, furniture and fittings, systems, equipment and any other property. The fire insurance must provide for an insured sum equal to the replacement value of the goods insured. The lessor, meanwhile, must stipulate: (*i*) a “fire and accessory guarantee” policy, covering the building, fixed systems pertaining to the building, and communal areas and spaces; and (*ii*) “third-party liability”, to cover any damage arising from ownership of the building and fixed systems pertaining to the building. However, “all risks” coverage, for which tenants are fully responsible, is provided for in policies stipulated for Hypermarkets/Supermarkets located inside the following Shopping Centres: “Le Porte di Napoli”, “Fonti del Corallo”, “Le Maioliche”, “Coné”, “Casilino”, “La Torre”, “I Malatesta”, “Katanè”, “Tiburtino”, and for the “Aquileia” Supermarket in Ravenna.

Leasing of Shopping Arcades and Retail Parks

Italy

In Italy, the leasing of Shopping Arcades and Retail Parks as at 31 December 2013 involves 19 freehold Shopping Arcades and Retail Parks owned by the Group (including a Shopping Arcade jointly owned with Beni Stabili) and 3 leasehold Shopping Arcades.

With regard to the leasehold Shopping Arcades, IGD has stipulated leases with the owners of two of these Shopping Arcades with a term of six years and the option of tacit renewal every six years, and a usufruct agreement relating to another Shopping Arcade expiring on 31 December 2014. IGD subsequently subleases the Shops (or rents the relative business units) to commercial operators.

The following table shows, for each of the IGD Group’s freehold Shopping Arcades, the GLA and the number of Shops that it comprises, updated as at 31 December 2013, in light of the requalification and optimisation of retail layouts that took place in 2013.

Property	GLA	Number of Shops
CENTRO BORGO	7,074	32
CENTRO ESP	12,038	43
CONE’ (Shopping Arcade and Retail Park)	12,146+5,961	63
KATANE’	14,912	70
LA TORRE	14,412	58
CENTRO D’ABRUZZO	13,276	30
PORTOGRANDE	8,097	37
CASILINO	5,515	25
TIBURTINO	33,419	116
LE PORTE DI NAPOLI	11,383	60
LE MAIOLICHE	22,717	48
FONTI DEL CORALLO(*)	7,313	57
MONDOVICINO (Shopping Arcade and Retail Park)	7,318 + 9,660	59
CENTRO SARCA (Shopping Arcade and multiscreen)	17,146 + 5,491	81
MILLENNIUM GALLERY	6,994	33
GRAN RONDO’ (Shopping Arcade and external structures)	5,812 + 5,657	49
I BRICCHI	16,239	31

LUNGO SAVIO	2,908	24
CENTRO DARSENA	5,896 +6,424	31

(*) Ownership of the Shopping Arcade of the "Fonti del Corallo" Shopping Centre was transferred on 26 February 2014 to a reserved real estate fund managed by BNP Paribas REIM SGR. The Company has retained ownership of the business unit, management of the Shopping Arcade and relations with the tenants.

The following table shows the total of rental payments due, relative to the total leases on the property in the Real Estate Assets, broken down by year, valued in euros and as a percentage of total rental payments.

Total rental payments due in 2014 *(€ million)*	**Total rental payments due in 2015** *(€ million)*	**Total rental payments due in 2016** *(€ million)*	**Total rental payments due after 2016** *(€ million)*
11.83	8.33	9.93	37.36
Percentage of total rental payments due in 2014	**Percentage of total rental payments due in 2015**	**Percentage of total rental payments due in 2016**	**Percentage of total rental payments due after 2016**
17.5%	12.4%	14.7%	55.4%

The following table shows, for each of the leasehold Shopping Arcades and Retail Parks managed by the IGD Group, the relative owners and the number of Shops.

Property	**Owner**	**Number of Shops**	**Next expiry**
CENTRO PIAVE	C.S.I.I. S.P.A.	46	30/06/2016
CENTRO NOVA	C.S.I.I. S.P.A. AND LES COPAIN HOLDING S.P.A.	59	28/02/2015
CITTÀ DELLE STELLE	COOP ADRIATICA SOC COOP A R.L.	48	31/12/2014

In Italy, IGD stipulates one of the following agreements with individual tenants of the Shops in the Shopping Arcades: (*i*) business rental agreements, if the retail licence holder is an IGD Group company; (*ii*) leases (or subleases), if the tenant provides services, or if the retail licence may only be issued *ad personam*; or (*iii*) leasing of temporary spaces.

As at 31 December 2013, the number of business rental agreements in Italy accounted for 82% of total agreements, and 85% of Shopping Arcade sales.

Business rental agreements. These agreements typically last for five years and the rents are determined on the basis of a minimum guaranteed component and a variable component, in proportion with the sales generated by the individual retailer. The rental payments are guaranteed by a surety/security deposit, usually amounting to six months of rent. The annual rent increases are 100% indexed to the ISTAT of the previous year.

Leasing (or subleasing). These agreements, pursuant to Article 27 of Law 392 of 27 July 1978, as amended, generally have a term of six years, with the option of tacit renewal every six years. The rental payments are guaranteed by a surety/security deposit, usually amounting to six months of rent. The annual rent increases are 75% indexed to the ISTAT of the previous year, and published in the Official Gazette.

Determination of the minimum guaranteed component and variable component of rent. The minimum component of rent (in both business rental agreements and subleasing agreements) is determined according to a range of factors: the position of the centre, the surface area of the point of sale and its location within the Shopping Arcade, the goods traded and the type of operator.

The minimum guaranteed component is adjusted by a variable component, calculated on the basis of the sales generated by the individual retail operator in the previous 12 months. Generally speaking, the benchmark parameter for calculating the variable component is, on average, 7% of sales after VAT. At the end of each contractual year, based on the VAT returns of the retail operator, IGD verifies whether applying the above-mentioned parameter to the sales generated by the operator gives a greater amount than the minimum component paid by the operator in the previous four quarters. If the above amount is greater than the minimum component paid in the previous four quarters, the retail operator will have to pay the difference between the two amounts in addition to the fixed component already paid. Conversely, if the amount is less than the minimum component paid by the individual retail operator in the previous four quarters, the operator will not be required to supplement the rent, which will be equal to the fixed component only.

Leasing of temporary spaces. The purpose of these agreements is to lease advertising displays and communal spaces within the Shopping Arcades, for terms that may be limited to only a few weeks. Especially in respect of communal spaces, the agreement very often takes the form of concession of spaces for product promotion (and therefore excludes product sales). The rent is usually correlated to traffic flows in each Shopping Centre.

Romania

The IGD Group also leases Shopping Arcades in Romania, where it operates with a Real Estate Portfolio comprising 15 Shopping Centres and an office building.

In Romania, the Group stipulates leases with Shopping Arcades of various terms, according to whether the tenants are (*i*) local operators, with an average agreement term of two years; (*ii*) national operators, with an average agreement term of five years; or (*iii*) international operators, with an average agreement term of ten years. Rents are usually indexed to trends in the euro.

The following table shows, for each of the IGD Group's freehold Shopping Arcades in Romania, the GLA and the number of Shops therein, updated as at 31 December 2013, in light of the requalification and optimisation of retail layouts that took place in 2013.

Property	GLA	Number of Shops
"OMNIA" SHOPPING CENTRE	7,593	88
"GRAND CENTRE" SHOPPING CENTRE	9,829	49
"BIG" SHOPPING CENTRE	4,109	89
"MODERN" SHOPPING CENTRE	7,640	61
"COZIA" SHOPPING CENTRE	7,862	46
"PETRODOVA" SHOPPING CENTRE	5,838	74
"DUNAREA" SHOPPING CENTRE	6,898	44
"DACIA" SHOPPING CENTRE	5,354	21
"DIANA" SHOPPING CENTRE	3,790	39
"SOMES" SHOPPING CENTRE	6,883	36
"MAGURA" SHOPPING CENTRE	4,838	28
"CRINUL NOU" SHOPPING CENTRE	3,321	32
"OLTUL" SHOPPING CENTRE	4,552	22
"CENTRAL" SHOPPING CENTRE	3,728	17
"BIG-TURDA" SHOPPING CENTRE	2,623	5
"JUNIOR" OFFICE BUILDING	2,646	2

Leasing of City Centre properties

With the acquisition in April 2011 of the complex comprising several adjacent properties that are functionally linked, at Via Rizzoli in the centre of Bologna, the Group's Real Estate Assets also include the "City Centre" category of property.

The complex comprises approximately 2,500 m^2 of GLA distributed over three floors and fully rented out via multi-year contracts with high-profile operators.

For more information on the features of the City Centre property, please see paragraph 6.1.4 of this Chapter of the Registration Document.

6.1.2.3 Optimising the return of the Real Estate Assets held by the IGD Group

The Property Management and Leasing activity also consists of optimising the return on the Group's Real Estate Assets. This is achieved by (*i*) commercial policies and marketing strategies that maintain the appeal and occupancy rates of Shopping Centres at high levels; and (*ii*) policies for adding value and managing properties through enhancement works such as extensions and restyling.

This activity involves routine and extraordinary maintenance operations, extensions, restructuring and restoration of the property in the Real Estate Assets and renegotiation of business rental agreements and leases on Shops, as well as by monitoring and consequently optimising the tenant mix (for further information on the tenant mix, see Chapter VI, paragraph 6.1.3 of the Registration Document). The extension, restructuring and restoration work is carried out by third-party subcontractors.

In 2013, the IGD Group continued to carry out routine maintenance at its Shopping Centres, either directly, or through the consortia that manage the centres. Most resources are directed at bringing systems into compliance with new regulations and maintaining the quality of the property in the Real Estate Assets intact over time.

The extraordinary maintenance of the buildings in the portfolio (asset management), absorbed approximately €11.3 million as at 31 December 2013, of which approximately €2.14 million was set aside for fit-out works, to enable the insertion of primary operators into spaces that IGD delivers already finished and complete according to the specifications requested by the business.

Specifically, in 2013, (*i*) the restyling of the Shopping Arcade in the "Centro d'Abruzzo" Shopping Centre was completed; (*ii*) the first phase of works to restyle and improve the environmental impact of the "Centro Sarca" Shopping Centre began (the project is scheduled for completion in 2015); and (*iii*) works began relating to the revised layouts for the "Tiburtino" Shopping Centre (Guidonia), the Mondovì Shopping Arcade and the "La Torre" Shopping Centre (Palermo), achieved by reconfiguring the mix between Medium-sized Shops and neighbourhood shops. The fit-outs of these Shopping Centres, involving the amalgamation and remodelling of existing points of sale, required major building works (inside the points of sale) and systems works (new construction and sectioning off of existing systems).

The return on the Real Estate Assets was also optimised by improvements in the energy performance of the properties, by installing new systems and using new, more functional materials in the restructuring phase.

In Romania, the walkway connecting the two Shopping Arcades of the "Grand Center Ploiesti" was completed in 2013, and work continued to give the various department stores a more "European" feel, with the ultimate aim of attracting increasing numbers of international retail chains. The facades were a primary focus, with great emphasis given to the Shopping Arcade's biggest brands, alongside the Winmarkt logo, which was redesigned in line with the Company's corporate identity. The new, technology-inspired look for the facades also involves the use of maxi-screens. As well as scrolling advertising messages, they allow the colour of the lights to change during the day, varying the department store's appearance. The internal work on the buildings was done with the aim of making the new structures as flexible as possible, to facilitate the entry of new operators.

6.1.2.4 Disposal of the IGD Group's Shopping Arcades

The IGD Group periodically assesses the possibility of disposing of the Shopping Arcades, assuming that sufficient value has been added to them.

6.1.3 Services

As well as Property Management and Leasing, the Group also provides services. This activity is performed by IGD and comprises the provision of Agency Management and Oversight services and Facility Management services, both of which are intended for the owners and tenants of the Hypermarkets, Supermarket and Shops inside the Shopping Arcades.

At the Date of the Registration Document, the IGD Group provides these services for its shareholders, Coop Adriatica and Unicoop Tirreno (and their subsidiaries), as well as for third parties such as Eurocommercial Properties and CoopLombardia, through ad hoc ownership consortia.

As at 31 December 2013, revenue from services mainly comprised revenue from Facility Management (€4,748 thousand), which accounted for 95.03% of total revenue from services generated in 2013.

Agency Management and Oversight

Agency Management and Oversight comprises:

(i) qualifying the Shopping Arcade, to identify whether its structure should be aimed exclusively at consumers in the surrounding catchment area, or should represent a retail attraction hub involving other consumers (using parameters such as the size of the Shopping Arcade, the relationship with the region and the presence of any competing operators);

(ii) studying the synergies between the Hypermarket and the Shopping Arcade to ensure that the merchandise offered is complementary;

(iii) identifying the tenant mix, i.e. identifying the types of Shops and operators that rent/lease the Shops in the Shopping Arcade, including with regard to the categories of merchandise on offer;

(iv) choosing the most suitable operators within the various merchandise segments, using a selection process that takes account of their reliability;

(v) holding negotiations with operators pursuant to the profit targets identified in the feasibility study;

(vi) identifying guidelines for management of the Shopping Arcades and service quality standards;

(vii) managing current relations with tenants/lessees;

(viii) identifying new tenants/lessees and, more generally, turnover management.

Facility Management

Facility Management comprises:

(i) managing expenditure and general services relating to the Shopping Centres;

(ii) drawing up estimated and final budgets for management, promotional and advertising spending;

(iii) breaking down spending on the basis of ownership thousandths between operators, and calculating advance payments to be requested;

(iv) monitoring and controlling any legal disputes relating to receivables recovery;

(v) finding firms to carry out systems maintenance work and checking and supervising works;

(vi) consulting to continually verify that the Shopping Centre complies with the laws in force;

(vii) preparing the Shopping Centre's marketing plan, in line with its qualification and in agreement with the Hypermarket tenants and the individual Shops in the Shopping Arcade;

(viii) selecting suppliers and advertising agencies to produce graphic designs for campaigns and to ensure that entertainment events are properly run;

(ix) management reporting via monthly checks on the sales performance of operators.

In January 2012, IGD introduced the role of Facility Manager into this operating context. The manager is in direct contact with the network to assist Shopping Arcade managers with routine maintenance activities. The Facility Manager is also responsible for controlling workplace safety and energy consumption by the Shopping Centres.

6.1.4 Description of the IGD Group's Real Estate Assets

The IGD Group owns a Real Estate Portfolio that mainly comprises Hypermarkets and Shopping Arcades inside mid-to-large-scale Shopping Centres.

As at 31 December 2013, the IGD Group's Real Estate Assets comprised: (*i*) 19 Hypermarkets and Supermarkets; (*ii*) 19 Shopping Arcades and Retail Parks (including one Shopping Arcade jointly owned with Beni Stabili); (*iii*) a City Centre property (*iv*) 4 plots of land for direct development; (*v*) a property complex known as the "Porta a Mare" project; and (*vi*) 7 real estate units of other kinds (offices, a shop, a wholesale area and a fitness area belonging to freehold Shopping Centres).

The Group owned freehold properties in 11 regions as at 31 December 2013:

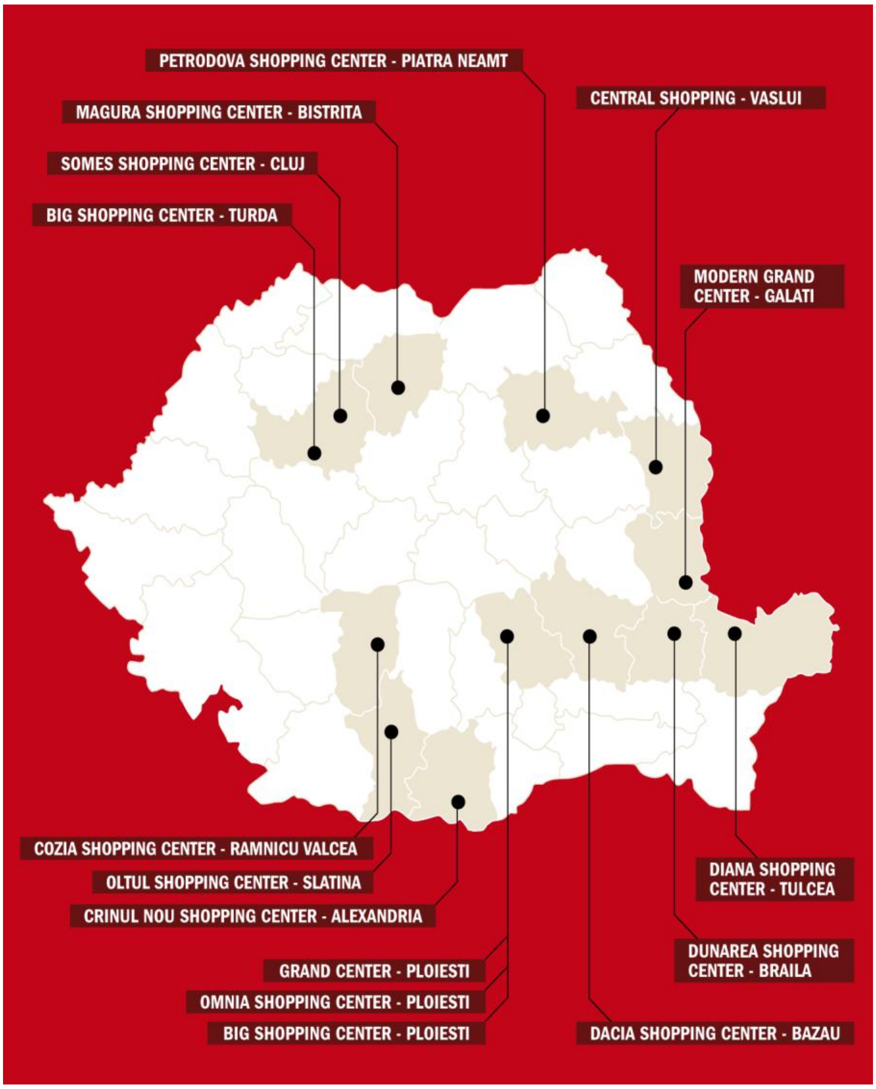
(i) in northern Italy: Emilia-Romagna (five Shopping Arcades, eight Hypermarkets and Supermarkets, a City Centre property, a plot of land and five real estate units of other kinds); Piedmont (a Shopping Arcade and a Retail Park); Lombardy (two Shopping Arcades), Trentino (a Shopping Arcade) and Veneto (a plot of land, a Retail Park and a Hypermarket); and

(ii) in central-southern Italy: Marche (a Shopping Arcade, three Hypermarkets, a plot of land and two real estate units of other kinds); Abruzzo (a Shopping Arcade, a Hypermarket and a plot of land); Lazio (two Shopping Arcades and two Hypermarkets); Tuscany (a Shopping Arcade, a Hypermarket, a property complex known as the "Porta a Mare" project); Campania (a Shopping Arcade and a Hypermarket) and Sicily (two Shopping Arcades and two Hypermarkets).

The graphic representation below shows the Group's presence in Italy at the Date of the Registration Document.

In Romania, the Group's Real Estate Assets comprise (*i*) 15 Shopping Centres and (*ii*) a building for office use. These properties are located in 13 medium-sized Romanian cities.

The graphic representation below shows the Group's presence in Romania at the Date of the Registration Document.



On 26 February 2014, IGD sold the Shopping Arcade in the “Fonti del Corallo” Shopping Centre to a reserved real estate fund managed by BNP Paribas REIM SGR. Except for this disposal, from 31 December 2013 to the Date of the Registration Document there have been no significant changes in the scope of the Real Estate Portfolio.

Breakdown of Real Estate Assets

As at 31 December 2013, the Group’s Real Estate Assets had a total market value of €1,891.28 million.

The following table shows the market value of the freehold Real Estate Assets of the IGD Group, broken down by use, as at 31 December 2013, 2012 and 2011.

Category *(€ million)*	**Market value at 31/12/2013**	**Market value at 31/12/2012**	**Market value at 31/12/2011**
IGD Group’s Real Estate Assets			
Hypermarkets and Supermarkets	544.39	538.42	537.60
Italian Shopping Arcades	971.53	1,003.78	1,029.66
City Centres	27.80	27.70	27.30
Other	6.58	6.76	6.89
Total Italy	**1,550.29**	**1,576.65**	**1,601.45**

Romanian Shopping Arcades	170.00	173.60	173.70
Other Romania	3.40	4.30	4.30
Total Romania	**173.40**	177.90	**178.00**
Total IGD Group	**1,723.69**	**1,754.55**	**1,779.45**
Category	**Market value at 31/12/2013**	**Market value at 31/12/2012**	**Market value at 31/12/2011**
Direct development projects			
Projects in advanced construction phase	14.40		
Plots of land and ancillary costs	39.19	42.91	42.80
Total direct development projects	**53.59**	**42.91**	**42.80**
Category	**Market value at 31/12/2013**	**Market value at 31/12/2012**	**Market value at 31/12/2011**
“Porta Mare” project property	**114.00**	**109.10**	**102.40**
Total comprehensive market value	**1,891.28**	**1,906.56**	**1,924.65**
*Includes the commercial segment under development.			

For financial years 2011, 2012 and 2013, the evaluation of Italian Real Estate Assets was divided between the independent experts CBRE and Reag.

The Romanian Real Estate Assets as at 31 December 2013, 2012 and 2011 were entirely evaluated by CBRE.

Description of the properties included in the IGD Group’s Real Estate Assets

The properties in IGD’s Real Estate Assets, broken down by type and geographical region, are described below.

Italy

Shopping Centres

“LE PORTE DI NAPOLI” SHOPPING CENTRE – Via Santa Maria La Nuova 1 – Marziasepe Area – AFRAGOLA (NA)	
The “Le Porte di Napoli” Shopping Centre, which comprises a Shopping Arcade and a Hypermarket, is located in a peripheral area of the municipal region of Afragola (NA), close to the municipality of Acerra.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	55,200,000
Estimated value as at 31 December 2013 (€)	55,200,000
Shopping Arcade GLA (m^2)	11,383
Shopping Arcade net sales area (m^2)	9,065
Shopping Arcade lessee	Individual operators
Hypermarket	
Book value as at 31 December 2013 (€)	33,700,000
Estimated value as at 31 December 2013 (€)	33,700,000
Hypermarket GLA (m^2)	17,248

Hypermarket net sales area (m^2)	9,800
Hypermarket lessee	Ipercoop Tirreno

"CENTRO BORGO" SHOPPING CENTRE – Via Marco Emilio Lepido, 184-186 – BOLOGNA	
The "Centro Borgo" Shopping Centre, which comprises a Shopping Arcade and a Hypermarket, is located in the Borgo Panigale area, approximately 6 km north-west of the city of Bologna, near Guglielmo Marconi civil airport.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	30,700,000
Estimated value as at 31 December 2013 (€)	30,700,000
Shopping Arcade GLA (m^2)	7,074
Shopping Arcade net sales area (m^2)	3,980
Shopping Arcade lessee	Individual operators
Hypermarket	
Book value as at 31 December 2013 (€)	34,700,000
Estimated value as at 31 December 2013 (€)	34,700,000
Hypermarket GLA (m^2)	11,480
Hypermarket net sales area (m^2)	7,163
Hypermarket lessee	Coop Adriatica

"KATANÈ" SHOPPING CENTRE – Via Salvatore Quasimodo, SNC – GRAVINA DI CATANIA	
The "Katanè" Shopping Centre, which comprises a Shopping Arcade and a Hypermarket, is located in a peripheral part of the city, near the Catania ring road exit.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	70,800,000
Estimated value as at 31 December 2013 (€)	70,800,000
Shopping Arcade GLA (m^2)	14,912
Shopping Arcade net sales area (m^2)	10,626
Shopping Arcade lessee	Individual operators
Hypermarket	
Book value as at 31 December 2013 (€)	38,600,000
Estimated value as at 31 December 2013 (€)	38,600,000
Hypermarket GLA (m^2)	13,663
Hypermarket net sales area (m^2)	7,650
Hypermarket lessee	Ipercoop Sicilia

"CONE'" SHOPPING CENTRE – Via San Giuseppe – CONEGLIANO VENETO	
The "Conè" Shopping Centre, which comprises a Shopping Arcade, Retail Park and Hypermarket, is located in a peripheral position (south), close to the "Conegliano" exit from the A27 Mestre-Belluno motorway, known as "Alemagna".	
Shopping Arcade and Retail Park	
Book value as at 31 December 2013 (€)	71,700,000
Estimated value as at 31 December 2013 (€)	71,700,000
Shopping Arcade GLA (m^2)	12,146
Shopping Arcade net sales area (m^2)	8,574
Retail park GLA (m^2)	5,961
Retail park net sales area (m^2)	4,090
Shopping Arcade lessee	Individual operators
Hypermarket	

Book value as at 31 December 2013 (€)	23,800,000
Estimated value as at 31 December 2013 (€)	23,800,000
Hypermarket GLA (m^2)	9,498
Hypermarket net sales area (m^2)	6,399
Hypermarket lessee	Coop Adriatica

“DARSENA CITY” SHOPPING CENTRE – Via Darsena, 73 – FERRARA	
The “Darsena City" Shopping Centre is located in a semi-central area in relation to the historic centre. The property, 50% of which is owned by IGD, is for commercial use and is part of a larger property complex, “Darsena City Village”, which also includes university housing, traditional housing, offices and private studios.	
Book value as at 31 December 2013 (€)	18,425,000
Estimated value as at 31 December 2013 (€)	18,425,000
Shopping Arcade GLA (m^2)	5,896
Hypermarket GLA (m^2)	3,715
Shopping Arcade net sales area (m^2)	2,679
Hypermarket net sales area (m^2)	2,335
Multiscreen GLA (m^2)	6,424
Shopping Arcade lessee	Individual operators

“LE MAIOLICHE” SHOPPING CENTRES – Via Bisaura, 1/3 – FAENZA	
The “Le Maioliche” Shopping Centre, which comprises a Shopping Arcade and a Hypermarket, is located in a peripheral position in the north-west of the municipality of Faenza, approximately 50 km south of Bologna and approximately 30 km south-west of Ravenna.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	62,600,000
Estimated value as at 31 December 2013 (€)	62,600,000
Shopping Arcade GLA (m^2)	21,717
Shopping Arcade net sales area (m^2)	17,244
Shopping Arcade lessee	Individual operators
Hypermarket	
Book value as at 31 December 2013 (€)	19,800,000
Estimated value as at 31 December 2013 (€)	19,800,000
Hypermarket GLA (m^2)	9,277
Hypermarket net sales area (m^2)	5,875
Hypermarket lessee	Coop Adriatica

“FONTI DEL CORALLO” SHOPPING CENTRE – Via Gino Graziani 6 – LIVORNO	
The “Fonti del Corallo” Shopping Centre, which comprises a Shopping Arcade and a Hypermarket, is located in a “peripheral north-eastern” position in Livorno, near the central railway station.	
Shopping Arcade (*)	
Book value as at 31 December 2013 (€)	48,000,000
Estimated value as at 31 December 2013 (€)	48,000,000
Shopping Arcade GLA (m^2)	7,313
Shopping Arcade net sales area (m^2)	5,917
Shopping Arcade lessee	Individual operators
Hypermarket	
Book value as at 31 December 2013 (€)	36,500,000
Estimated value as at 31 December 2013 (€)	36,500,000

Hypermarket GLA (m^2)	15,371
Hypermarket net sales area (m^2)	8,500
Hypermarket lessee	Unicoop Tirreno
(*) Ownership of the Shopping Arcade of the “Fonti del Corallo” Shopping Centre was transferred on 26 February 2014 to a reserved real estate fund managed by BNP Paribas REIM SGR. The Company has retained ownership of the business unit, management of the Shopping Arcade and relations with the tenants.	

“LA TORRE” SHOPPING CENTRE – Via Torre Ingastone – Borgo Nuovo Area – PALERMO	
The “La Torre” Shopping Centre, which comprises a Shopping Arcade and a Hypermarket, is located in a peripheral position in the city of Palermo, in the area bordering the districts of Borgo Nuovo and Cruillas.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	59,300,000
Estimated value as at 31 December 2013 (€)	59,300,000
Shopping Arcade GLA (m^2)	14,412
Shopping Arcade net sales area (m^2)	9,937
Shopping Arcade lessee	Individual operators
Hypermarket	
Restructuring/extension	
Book value as at 31 December 2013 (€)	38,000,000
Estimated value as at 31 December 2013 (€)	38,000,000
Hypermarket GLA (m^2)	11,217
Hypermarket net sales area (m^2)	6,049
Hypermarket lessee	Ipercoop Sicilia

“ESP” SHOPPING CENTRE – Via Marco Bussato, 7 – RAVENNA	
The “ESP” Shopping Centre, which comprises a Shopping Arcade and a Hypermarket, is located in a south-western peripheral area in the municipality of Ravenna, at the intersection between Via Classicana and Via Vincenzo Randi, which is one of the city’s main access roads.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	61,600,000
Estimated value as at 31 December 2013 (€)	61,600,000
Shopping Arcade GLA (m^2)	12,038
Shopping Arcade net sales area (m^2)	8,032
Shopping Arcade lessee	Individual operators
Hypermarket	
Book value as at 31 December 2013 (€)	38,300,000
Estimated value as at 31 December 2013 (€)	38,300,000
Hypermarket GLA (m^2)	16,536
Hypermarket net sales area (m^2)	9,500
Hypermarket lessee	Coop Adriatica

“CASILINO” SHOPPING CENTRE – Via Casilina 1011 – ROME	
The “Casilino” Shopping Centre, which comprises a Shopping Arcade and a Hypermarket, is located inside the GRA (“great ring road”) in the eastern quadrant of the municipality of Rome, in a semi-peripheral position.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	20,400,000
Estimated value as at 31 December 2013 (€)	20,400,000
Shopping Arcade GLA (m^2)	5,515

Shopping Arcade net sales area (m^2)	4,245
Shopping Arcade lessee	Individual operators
Hypermarket	
Book value as at 31 December 2013 (€)	32,900,000
Estimated value as at 31 December 2013 (€)	32,900,000
Hypermarket GLA (m^2)	11,435
Hypermarket net sales area (m^2)	6,500
Hypermarket lessee	Unicoop Tirreno

"TIBURTINO" SHOPPING CENTRE – Via Tiburtina – Martellona Area – GUIDONIA MONTECELIO	
The "Tiburtino" Shopping Centre, which comprises a Shopping Arcade and a Hypermarket, is located in the south-western quadrant of the municipality of Guidonia Montecelio in the Martellona area.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	109,100,000
Estimated value as at 31 December 2013 (€)	109,100,000
Shopping Arcade GLA (m^2)	33,419
Shopping Arcade net sales area (m^2)	26,167
Shopping Arcade lessee	Individual operators
Hypermarket	
Book value as at 31 December 2013 (€)	17,900,000
Estimated value as at 31 December 2013 (€)	17,900,000
Hypermarket GLA (m^2)	7,125
Hypermarket net sales area (m^2)	4,300
Hypermarket tenant	Unicoop Tirreno

"PORTO GRANDE" SHOPPING CENTRE – Via Pasubio, 114 – SAN BENEDETTO DEL TRONTO (PORTO D'ASCOLI)	
The "Porto Grande" Shopping Centre, which comprises a Shopping Arcade and a Hypermarket, is located near the S. Giovanni shopping area, 1 km from the S. Benedetto del Tronto – Ascoli Piceno exit.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	27,700,000
Estimated value as at 31 December 2013 (€)	27,700,000
Shopping Arcade GLA (m^2)	8,097
Shopping Arcade net sales area (m^2)	6,657
Shopping Arcade lessee	Individual operators
Hypermarket	
Book value as at 31 December 2013 (€)	20,400,000
Estimated value as at 31 December 2013 (€)	20,400,000
Hypermarket GLA (m^2)	15,290
Hypermarket net sales area (m^2)	8,243
Hypermarket lessee	Coop Adriatica

"CENTRO D'ABRUZZO" SHOPPING CENTRE – Via Po, Sambuceto Area – SAN GIOVANNI TEATINO	
The "Centro d'Abruzzo" Shopping Centre is located adjacent to the Pescara-Chieti motorway junction, at the dedicated Asse Attrezzato (Sambuceto) exit.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	40,300,000
Estimated value as at 31 December 2013 (€)	40,300,000

Shopping Arcade GLA (m^2)	13,276
Shopping Arcade net sales area (m^2)	6,705
Shopping Arcade lessee	Individual operators
Hypermarket	
Book value as at 31 December 2013 (€)	21,500,000
Estimated value as at 31 December 2013 (€)	21,500,000
Hypermarket GLA (m^2)	14,127
Hypermarket net sales area (m^2)	7,785
Hypermarket lessee	Coop Adriatica

Shopping Arcades

"MILLENNIUM CENTER" SHOPPING ARCADE AND SHOPPING CENTRE – Via Del Garda 175 – ROVERETO	
The "Millennium Center" Shopping Centre is located to the south of the municipality of Rovereto, less than 3 km from the city centre, and easily accessible from the SS 12 (Trento-Verona), the A22 (Brennero motorway) and from Riva del Garda on the SS 240.	
Book value as at 31 December 2013 (€)	23,700,000
Estimated value as at 31 December 2013 (€)	23,700,000
Shopping Arcade GLA (m^2)	6,994
Shopping Arcade net sales area (m^2)	5,467
Shopping Arcade lessee	Individual operators

"I BRICCHI" SHOPPING ARCADE AND SHOPPING CENTRE – SS 231 Angolo Strada Pratoboschiero – ISOLA D'ASTI	
The "I Bricchi" Shopping Centre is located in the periphery of the city of Asti and near various road connections to Asti city centre and the municipality of Alba.	
Book value as at 31 December 2013 (€)	29,600,000
Estimated value as at 31 December 2013 (€)	29,600,000
Shopping Arcade GLA, external body B and C (m^2)	16,239
Shopping Arcade net sales area, external body B and C (m^2)	10,198
Shopping Arcade lessee	Individual operators

"GRAN RONDÒ" SHOPPING ARCADE AND SHOPPING CENTRE – Via Giorgio La Pira, 12 – CREMA	
The "Gran Rondò" Shopping Centre is located in the western area of the municipality of Crema, immediately next to the city centre.	
Book value as at 31 December 2013 (€)	53,500,000
Estimated value as at 31 December 2013 (€)	53,500,000
Shopping Arcade GLA (m^2)	5,812
Shopping Arcade net sales area (m^2)	4,100
External units and other surface area (GLA m^2)	5,657
Shopping Arcade lessee	Individual operators

"LUNGO SAVIO" SHOPPING ARCADE AND SHOPPING CENTRE – Via Arturo Carlo Jemolo 110 – CESENA	
The "Lungo Savio" Shopping Centre is located in a semi-central position, easily accessible from the historic city centre as well as from SS 9 ("Secante") and from the SS 3*bis*, which is approximately 3 km away.	
Book value as at 31 December 2013 (€)	19,000,000
Estimated value as at 31 December 2013 (€)	19,000,000

Shopping Arcade GLA (m^2)	2,908
Shopping Arcade net sales area (m^2)	2,450
Shopping Arcade lessee	Individual operators

"CENTROSARCA" SHOPPING ARCADE AND SHOPPING CENTRE – Via Milanese SNC – SESTO SAN GIOVANNI	
The "Centrosarca" Shopping Centre is located in the south-western area of the municipality of Sesto San Giovanni, very close to the Milan municipal border, in an urban area between Via Milanese, Via Granelli, Via Aldo Moro and Via Del Parco in the south-western quadrant of the city.	
Book value as at 31 December 2013 (€)	118,500,000
Estimated value as at 31 December 2013 (€)	118,500,000
Shopping Arcade GLA (m^2)	17,146
Shopping Arcade net sales area (m^2)	10,327
Multiscreen GLA (m^2)	5,491
Shopping Arcade lessee	Individual operators

"MONDOVICINO" SHOPPING ARCADE, SHOPPING CENTRE AND RETAIL PARK	
The "Mondovicino" Shopping Centre and Retail Park is located close to the "Turin-Savona" section of the A6, 5 km north-east of the city of Mondovì.	
Shopping Arcade	
Book value as at 31 December 2013 (€)	30,300,000
Estimated value as at 31 December 2013 (€)	30,300,000
Shopping Arcade GLA (m^2)	7,318
Shopping Arcade net sales area (m^2)	4,546
Shopping Arcade lessee	Individual operators
Retail Park	
Built	2007
Book value as at 31 December 2012 (€)	20,900,000
Appraised value as at 31 December 2012 (€)	20,900,000
Total GLA (m^2)	9,660

Hypermarkets and Supermarkets

"AQUILEIA" SUPERMARKET – Via Aquileia 110-112 – RAVENNA	
The "Aquileia" Supermarket is located in the Darsena area, east of the historic city centre, towards Marina di Ravenna and Lidi di Adriano.	
Book value as at 31 December 2013 (€)	5,310,000
Estimated value as at 31 December 2013 (€)	5,310,000
Supermarket GLA (m^2)	2,250
Supermarket net sales area (m^2)	1,226
Hypermarket lessee	Coop Adriatica

"CENTRO LAME" HYPERMARKET – Via Marco Polo, 3 – BOLOGNA	
The Hypermarket is located inside a Shopping Arcade named "Centro Lame", which is located in a semi-central position in the north of Bologna, in the "Lame" district.	
Book value as at 31 December 2013 (€)	45,900,000

Estimated value as at 31 December 2013 (€)	45,900,000
Hypermarket GLA (m^2)	15,681
Hypermarket net sales area (m^2)	7,916
Hypermarket lessee	Coop Adriatica

"CENTRO LEONARDO" HYPERMARKET – Viale Amendola, 129 – IMOLA	
The Hypermarket is located inside the "Leonardo" Shopping Arcade, located in a south-eastern position approximately 40 km from Bologna and approximately 3 km from the A14 motorway exit.	
Book value as at 31 December 2013 (€)	33,100,000
Estimated value as at 31 December 2013 (€)	33,100,000
Hypermarket GLA (m^2)	15,862
Hypermarket net sales area (m^2)	7,754
Hypermarket lessee	Coop Adriatica

"LUGO" HYPERMARKET – Via della Concordia, 36 – LUGO DI ROMAGNA	
The Hypermarket is located inside the "Il Globo" Shopping Arcade, in a western position approximately 30 km from Ravenna and 45 km south-east of Bologna.	
Book value as at 31 December 2013 (€)	14,800,000
Estimated value as at 31 December 2013 (€)	14,800,000
Hypermarket GLA (m^2)	7,937
Hypermarket net sales area (m^2)	4,468
Hypermarket lessee	Coop Adriatica

"MIRALFIORE" HYPERMARKET – Galleria dei Fonditori, 1 – PESARO (PU)	
The Hypermarket is located inside a tertiary business complex, to the west of Pesaro city centre.	
Book value as at 31 December 2013 (€)	32,100,000
Estimated value as at 31 December 2013 (€)	32,100,000
Hypermarket GLA (m^2)	10,356
Hypermarket net sales area (m^2)	5,258
Hypermarket lessee	Coop Adriatica

"I MALATESTA" HYPERMARKET – Via Emilia, 150 – RIMINI	
The Hypermarket is located inside the "I Malatesta" Shopping Centre, in a northern position in the city of Rimini, near the bypass that skirts the residential centre, at the intersection between Via Emilia Vecchia and Via Emilia.	
Book value as at 31 December 2013 (€)	37,200,000
Estimated value as at 31 December 2013 (€)	37,200,000
Hypermarket GLA (m^2)	10,232
Hypermarket net sales area (m^2)	4,667
Hypermarket lessee	Coop Adriatica

"IL MAESTRALE" HYPERMARKET – Strada Statale 16 Adriatica Nord, 91 –CESANO DI SENIGALLIA	
The Hypermarket is located inside the "Il Maestrale" Shopping Centre, in the north of the municipal region, approximately 5 km from Senigallia city centre, overlooking the main artery into the city centre.	
Book value as at 31 December 2013 (€)	19,900,000

Estimated value at 31 December 2013 (€)	19,900,000
Hypermarket GLA (m^2)	12,551
Hypermarket net sales area (m^2)	6,660
Hypermarket lessee	Coop Adriatica

City Centre property

RIZZOLI CITY CENTRE – Via Rizzoli, 16-18 – BOLOGNA	
The City Centre property, which comprises two separate but connected buildings, is located in the historic centre of Bologna, very close to Piazza Maggiore, inside the busiest retail area of the city, and has artistic and architectural value.	
Book value as at 31 December 2013 (€)	27,800,000
Estimated value as at 31 December 2013 (€)	27,800,000
GLA (m^2)	2,350
Number of Shops	2

Plots of land

PLOT OF LAND – Brondolo S. Anna Area – CHIOGGIA	
The plot of land forms part of a level, regularly shaped lot located on the SS Romea, which links Chioggia with Ravenna, approximately 2 km south of Chioggia, in the Brondolo di Chioggia area. The plot will be used to construct a Retail Park with a sales area of 12,023 m^2 (GLA of 18,522 m^2). The Hypermarket will occupy a sales area of 4,490 m^2 for 7,550 m^2 of GLA, and an external area will be used for parking.	
Book value as at 31 December 2013 (€)	17,700,000
Estimated value as at 31 December 2013 (€)	17,700,000
Land area (m^2)	75,192

PLOT OF LAND – Via Marco Bussato – RAVENNA	
The plot of land, which is adjacent to the “ESP” Shopping Centre, will be used to add value to the existing retail hub, with a total area of 23,000 m^2, which is currently used for agriculture.	
Book value as at 31 December 2013 (€)	17,276,943
Estimated value as at 31 December 2013 (€)	17,700,000
Land area (m^2)	98,283

PLOT OF LAND – San Giovanni Area – SAN BENEDETTO DEL TRONTO	
The plot of land, which is located close to the Porto Grand Shopping Centre, contains an almost regularly shaped buildable area and will be used to build two Medium-sized Shops and a connecting Shopping Arcade, with a gross area of 4,991 m^2.	
Book value as at 31 December 2013 (€)	3,790,000
Estimated value as at 31 December 2013 (€)	3,790,000
Land area (m^2)	14,345

PLOT OF LAND – Via Po – SAN GIOVANNI TEATINO	
The plot of land, part of which will be used for municipal parking, will be used to extend the Shopping Arcade of the “Centro D’Abruzzo” Shopping Centre by approximately 4,700 m^2 of GLA.	
Book value as at 31 December 2012 (€)	14,400,000
Estimated value as at 31 December 2012 (€)	14,400,000
Land area (m^2)	4,688

“Porta a Mare” project

DEVELOPMENT PROJECT – “Porta A Mare” – LIVORNO	
A real state complex located on the seafront area surrounding the Mediceo Port in Livorno, which includes historically important buildings and structures of interest. The real estate development entails the construction of property for residential, retail, tertiary and hospitality purposes, divided into the following five sub-areas: (i) MOLO MEDICEO, a sub-area for commercial, tertiary and tourism-hotel use; the related construction works are scheduled for launch after 2015; (ii) LIPS, a sub-area for commercial, tertiary and tourism-hotel use; the related construction works are scheduled for launch after 2015; (iii) ARSENALE, a sub-area for commercial and tourism-hotel use; the related construction works are scheduled for launch after 2015; (iv) PIAZZA MAZZINI, with the Palazzo Orlando annex, with portions for commercial use, scheduled to open in the second half of 2014, and portions for tertiary and residential use, which were completed at the Date of the Registration Document; (v) OFFICINE STORICHE, for commercial, residential and tertiary use, in the construction phase at the Date of the Registration Document and with completion scheduled for 2016. At the Date of the Registration Document all licences for the construction of property had been issued.	
Book value as at 31 December 2013 (€)	114,000,000
Estimated value as at 31 December 2013 (€)	114,000,000
Land area (m^2)	approximately 100,000

Other properties

OFFICE BUILDING – Via dei Trattati Comunitari Europei 1957-2007 13 – BOLOGNA	
The property, which is located in a peripheral area to the north-east of Bologna, comprises a portion of an office building for management purposes within a newly built property complex (“Bologna Business Park”).	
Book value as at 31 December 2013 (€)	4,570,000
Estimated value as at 31 December 2013 (€)	4,570,000
GLA (m^2)	1,539
Car parking spaces (garage)	16
Lessee	Hera Group, Librerie Coop

OFFICE BUILDING – San Giovanni Area – SAN BENEDETTO DEL TRONTO	
A detached office building, developed on floors above ground, and a smaller external building for a garage, located in the San Giovanni Area, approximately 1 km from the A14 “San Benedetto – Ascoli Piceno” motorway exit.	
Book value as at 31 December 2013 (€)	220,000
Estimated value as at 31 December 2013 (€)	220,000
GLA (m^2)	307
Garage area	40
Lessee	Coop Adriatica

“MIRALFIORE” SHOP – Galleria dei Fonditori, 1 – PESARO (PU)	
The Shop is located to the west of Pesaro city centre, inside a complex for tertiary and commercial use.	
Book value as at 31 December 2013 (€)	200,000
Estimated value as at 31 December 2013 (€)	200,000
Shop GLA (m^2)	56
Shop lessee	Individual operator

“I MALATESTA” FITNESS CENTRE – Via Emilia 150 – RIMINI	
The property, which is used as a fitness centre, is located inside the “I Malatesta” Shopping Arcade in the north of the city of Rimini.	
Book value as at 31 December 2013 (€)	780,000
Estimated value as at 31 December 2013 (€)	780,000
Fitness area GLA (m^2)	882
Fitness area lessee	Individual operator

“I MALATESTA” WHOLESALE AREA – Via Emilia 150 – RIMINI	
The property, which is used as a wholesale area, is located inside the “I Malatesta” Shopping Arcade in the north of the city of Rimini.	
Book value as at 31 December 2013 (€)	610,000
Estimated value as at 31 December 2013 (€)	610,000
Wholesale area GLA (m^2)	203
Wholesale area lessee	Vacant

“AQUILEIA” SHOP – Via Aquileia 110-112 – RAVENNA	
The Shop is located in the Darsena area, east of the historic city centre near to the supermarket, towards Marina di Ravenna and Lidi di Adriano.	
Book value as at 31 December 2013 (€)	198,000
Estimated value as at 31 December 2013 (€)	198,000
Shop GLA (m^2)	185
Shop lessee	Individual operator

Romania

Shopping Centres

“OMNIA” SHOPPING CENTRE – 15, Bvd. Republicii – PLOIESTI	
The “Omnia” Shopping Centre is centrally located in the city of Ploiesti – the administrative centre of the Prahova region – approximately 60 km north of Bucharest, 70 km west of Buzau and 50 km east of Targoviste.	
Book value as at 31 December 2013 (€)	25,800,000
Estimated value as at 31 December 2013 (€)	25,800,000
Shopping Centre GLA (m^2)	7,593
Shopping Centre net sales area (m^2)	6,443
Shopping Arcade lessee	Individual operators

“GRAND CENTER” SHOPPING CENTRE – 17-25, Bvd. Republicii – PLOIESTI	
The “Grand Center” Shopping Centre is centrally located in the city of Ploiesti – the administrative centre of the Prahova region – approximately 60 km north of Bucharest, 70 km west of Buzau and 50 km east of Targoviste.	
Book value as at 31 December 2013 (€)	28,800,000
Estimated value as at 31 December 2013 (€)	28,800,000
Shopping Centre GLA (m^2)	9,829
Shopping Centre net sales area (m^2)	9,485
Shopping Arcade lessee	Individual operators

“BIG” SHOPPING CENTRE – 8, Piata 1 Decembrie 1918 – PLOIESTI	
The “Big” Shopping Centre is semi-centrally located in the city of Ploiesti – the administrative centre of the Prahova region – approximately 60 km north of Bucharest, 70 km west of Buzau and 50 km east of Targoviste.	
Book value as at 31 December 2013 (€)	9,000,000
Estimated value as at 31 December 2013 (€)	9,000,000
Shopping Centre GLA (m^2)	4,110
Shopping Centre net sales area (m^2)	2,634
Shopping Arcade lessee	Individual operators

“MODERN” SHOPPING CENTRE – 24, Bvd. Domneasca – GALATI	
The “Modern” Shopping Centre is centrally located in the city of Galati, the administrative centre of the Galati region, which is located approximately 240 km north-west of Bucharest, 350 km south of Pitesti and approximately 190 km from Costanta.	
Book value as at 31 December 2013 (€)	20,100,000
Estimated value as at 31 December 2013 (€)	20,100,000
Shopping Centre GLA (m^2)	7,640
Shopping Centre net sales area (m^2)	6,758
Shopping Arcade lessee	Individual operators

“COZIA” SHOPPING CENTRE – 127, Bvd. Calea lui Traian – RAMNICU VALCEA	
The “Cozia” Shopping Centre is centrally located in the city of Ramnicu Valcea – the administrative centre of the Vâlcea region – approximately 195 km north-west of Bucharest, 120 km north of Craiova, 100 km south of Sibiu, 130 km from Târgu Jiu and 60 km from Pitesti.	
Book value as at 31 December 2013 (€)	14,000,000
Estimated value as at 31 December 2013 (€)	14,000,000
Shopping Centre GLA (m^2)	7,862
Shopping Centre net sales area (m^2)	7,364
Shopping Arcade lessee	Individual operators

“PETRODAVA” SHOPPING CENTRE – 1, Bvd. Decebal – PIATRA NEAMT	
The “Petrodava” Shopping Centre is centrally located in the city of Piatra Neamt – the administrative centre of the Neamt region – approximately 350 km north-east of Bucharest, 131 km west of Iasi, 60 km south of Bacau and 297 km from Cluj-Napoca.	
Book value as at 31 December 2013 (€)	12,800,000
Estimated value as at 31 December 2013 (€)	12,800,000
Shopping Centre GLA (m^2)	5,838
Shopping Centre net sales area (m^2)	4,516
Shopping Arcade lessee	Individual operators

“DUNAREA” SHOPPING CENTRE – 90, Bvd. Mihai Eminescu – BRAILA	
The “Dunarea” Shopping Centre is centrally located in the city of Braila – the administrative centre of the Braila region – approximately 213 km north-east of Bucharest, 178 km north-west of Costanta and 32 km north of Galati.	
Book value as at 31 December 2013 (€)	12,800,000
Estimated value as at 31 December 2013 (€)	12,800,000
Shopping Centre GLA (m^2)	6,898
Shopping Centre net sales area (m^2)	6,197
Shopping Arcade lessee	Individual operators

“DACIA” SHOPPING CENTRE – 1, Piata Daciei – BUZAU

The "Dacia" Shopping Centre is centrally located in the city of Buzau – the administrative centre of the Buzau region – 110 km north-east of Bucharest, approximately 75 km south of Focsani, 136 km north from Galati and 230 km from Constanta.	
Book value as at 31 December 2013 (€)	10,800,000
Estimated value as at 31 December 2013 (€)	10,800,000
Shopping Centre GLA (m^2)	5,354
Shopping Centre net sales area (m^2)	4,837
Shopping Arcade lessee	Individual operators

"DIANA" SHOPPING CENTRE – 1, Piata Civica – TULCEA	
The "Diana" Shopping Centre is centrally located in the city of Tulcea – the administrative centre of the Tulcea region – 280 km north-east of Bucharest and approximately 120 km from Constanta and Galati.	
Book value as at 31 December 2013 (€)	8,000,000
Estimated value as at 31 December 2013 (€)	8,000,000
Shopping Centre GLA (m^2)	3,790
Shopping Centre net sales area (m^2)	3,316
Shopping Arcade lessee	Individual operators

"SOMES" SHOPPING CENTRE – Str. Izlazului – CLUJ NAPOCA	
The "Somes" Shopping Centre is semi-centrally located in the city of Cluj Napoca – the administrative centre of the Cluj region – which is 426 km north of Bucharest, 644 km north-east of Constanta, 390 km from Iasi and 264 km from Brasov.	
Book value as at 31 December 2013 (€)	8,200,000
Estimated value as at 31 December 2013 (€)	8,200,000
Shopping Centre GLA (m^2)	6,883
Shopping Centre net sales area (m^2)	5,292
Shopping Arcade lessee	Individual operators

"MAGURA" SHOPPING CENTRE – 17, Bvd. Garii – BISTRITA	
The "Magura" Shopping Centre is semi-centrally located in the city of Bistrita – the administrative centre of the region of Bistrita Nasaud –approximately 420 km north of Bucharest and 120 km north-east of Cluj-Napoca.	
Book value as at 31 December 2013 (€)	6,400,000
Estimated value as at 31 December 2013 (€)	6,400,000
Shopping Centre GLA (m^2)	4,838
Shopping Centre net sales area (m^2)	4,284
Shopping Arcade lessee	Individual operators

"CRINUL NOU" SHOPPING CENTRE – 242, Str. Libertatii – ALEXANDRIA	
The "Crinul Nou" Shopping Centre is centrally located in the city of Alexandria – the administrative centre of the Teleorman region – 87 km south-west of Bucharest, 114 km south of Pitesti, 40 km from Zimnicea and 48 km from Turnu Magurel.	
Book value as at 31 December 2013 (€)	5,000,000
Estimated value as at 31 December 2013 (€)	5,000,000
Shopping Centre GLA (m^2)	3,321
Shopping Centre net sales area (m^2)	3,096
Shopping Arcade lessee	Individual operators

"OLTUL" SHOPPING CENTRE – 20, Bvd. Al. I. Cuza – SLATINA

The “Oltul” Shopping Centre is centrally located in the city of Slatina – the administrative centre of the Olt region – approximately 200 km west of Bucharest, 50 km east of Craiova and 75 km west of Pitesti.	
Book value as at 31 December 2013 (€)	2,300,000
Estimated value as at 31 December 2013 (€)	2,300,000
Shopping Centre GLA (m^2)	4,522
Shopping Centre net sales area (m^2)	3,454
Shopping Arcade lessee	Individual operators

“CENTRAL” SHOPPING CENTRE – 82, Bvd. Stefan cel Mare – VASLUI	
The “Central” Shopping Centre is centrally located in the city of Vaslui – the administrative centre of the Vaslui region – 332 km north of Bucharest, 170 km from Galati, 81 km from Bacau, 70 km south of Iasi and 362 km from Constanta.	
Book value as at 31 December 2013 (€)	3,400,000
Estimated value as at 31 December 2013 (€)	3,400,000
Shopping Centre GLA (m^2)	3,728
Shopping Centre net sales area (m^2)	3,676
Shopping Arcade lessee	Individual operators

“BIG” SHOPPING CENTRE– 34-36, Piata 1 Decembrie 1918 – TURDA	
The “Big” Shopping Centre, which is centrally located in the city of Turda – in the Cluj region – approximately 300 km north-west of Bucharest, 30 km south of Cluj-Napoca, 70 km from Targu-Mures and 70 km from Alba-Iulia.	
Book value as at 31 December 2013 (€)	2,600,000
Estimated value as at 31 December 2013 (€)	2,600,000
Shopping Centre GLA (m^2)	2,623
Shopping Centre net sales area (m^2)	2,615
Shopping Arcade lessee	Individual operators

Other properties

“JUNIOR” OFFICE BUILDING – 2, Str. Unirii – PLOIESTI	
The property, which will be used for offices, is centrally located in the city of Ploiesti – the administrative centre of the Prahova region – approximately 60 km north of Bucharest, 70 km west of Buzau and 50 km east of Targoviste.	
Book value at 31 December 2013 (€)	3,400,000
Estimated value at 31 December 2013 (€)	3,400,000
GLA (m^2)	2,464
Lessee	Raiffeisen Bank, Sensiblu

6.2 Future plans and strategy

The Issuer aims to direct the Group’s operating strategy towards confirming its leadership of the Shopping Centre retail property sector in Italy.

On 19 December 2013, the Company’s Board of Directors approved the 2014-2016 Plan, pursuing a strategy focused on sustaining revenue and capital cost in the income statement in the medium to long term, and maintaining the market value of its assets over time.

For more information on the 2014-2016 Plan, see Chapter XIII, paragraph 13.1 of the Registration Document.

6.3 Main markets and competitive positioning

Italy

In Italy, GDP reached -1.8%[1], only halting its decline at the end of the year after eight quarters in negative territory. Weak economic activity and internal demand have also been reflected in moderate changes in consumer prices: inflation has fallen steadily in Italy, dropping to 0.7% in December 2013[2]; even the VAT increase in October only had a minor impact on final prices. The figures for unemployment (12.7% in December 2013[3]) and household consumption (-2.5%[4]), which influence IGD's business more directly, remained negative but improved somewhat on the previous year. The decline in consumption was also partly due to low disposable income levels and the critical conditions in the labour market.

<u>Property market</u>

There were hesitant signs of economic recovery in Italy in 2013, particularly due to the resurgence of interest among foreign investors in the southern European markets, including Italy. The key players have been institutional investors and foreign pension funds (chiefly European and North American).

The "retail property" product continues to be favoured by investors, although the polarisation between prime (and good secondary) Shopping Arcades and tertiary assets is increasingly marked. Interest in high street assets remains very strong.

<u>The offering and pipeline</u>

In 2013, completed retail stock in m^2 was approximately 260,000 m^2 of GLA, of which Shopping Centres made up 85%.

At the end of 2013, the stock of Shopping Centres in Italy reached 18 million m^2 of GLA, of which 12.3 million had a surface area greater than 10,000 m^2.

The main retail projects completed in Italy during the year were:

NAME	GLA mq	DATA
PR Parma retail	42,000	2H2013
C.C. Tiare (Villesse)	92,000	2H2013
C.C. Carmagnola (Torino)	15,000	2H2013
C.C. Emisfero (Bassano del Grappa - Vicenza)	21,700	2H2013
Parco Commerciale la Briosa (Messina)	10,000	2H2013

Although we saw a slowdown in developments in 2013 (with a contraction of 33% compared with 2012) in the final months of the year, there have been signs of increased interest on the part of some international developers, such as Ikea (the announcement of a new Ikea centre in Brescia) and Eurocommercial Property (the agreement with Parsitalia to develop a Shopping Centre in Pescaccio, Rome).

In the next two years, approximately 430,000 m^2 of new retail GLA is scheduled for development, from a pipeline of more than 2 million m^2 of GLA under development.

The Refurbishment of existing centres in Italy remains limited to a few centres, in contrast to other European countries.

The key pipeline projects as at 31 December 2013 are shown below:

[1] Source: Bank of Italy – Bollettino Economico 1/2014

[2] Source: ISTAT – Consumer prices, December 2013

[3] Source: ISTAT – Employment and unemployment, December 2013

[4] Source: data developed by IGD based on analysis of various studies by leading research institutes

Project	City	Total GLA (m^2)	Type
Cascina Merlata	Milan	60,000	multipurpose centre
Arese	Milan	77,000	shopping centre
Pescaccio	Rome	139,000	shopping centre
Ponte Parodi	Genoa	39,000	shopping centre
Porta di Mare	Livorno	20,000	retail park
Romea	Marghera	39,000	extension with retail park

Investments

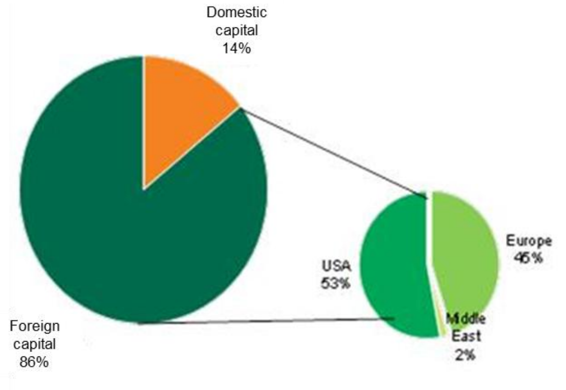
2013 saw increased interest among investors, particularly foreign investors, in the Italian retail property market, boosting the total investment volume (particularly in the second half of 2013) to €2.2 billion, more than eight times the volume recorded in 2012.

The main transactions that took place in Italy in the first half of 2013 related to: the transfer of the property on Corso Vittorio Emanuele in Milan, occupied by Vodafone and H&M, from Passarella S.r.l. to reserved fund Crono for approximately €68 million; and the acquisition by H&M of the property in Via del Corso in Rome from the Benetton group, for €180 million.

In the second half of 2013, the main transactions in Italy related to the acquisition by Morgan Stanley of 60% of the Auchan portfolio; the sale to the Orion fund of the "Meraville" Business Park by Pradera; the acquisition by the Blackstone fund of the "Valle Center" and "Airone" Shopping Centres from Sonae Sierra, and of the "Franciacorta" factory outlet; and the sale by of the "Carrefour" Shopping Arcade in Limbiate by a fund managed by CBRE to ING Insurance.

In addition, in 2013, Simon Property Group Inc. created a joint venture with the McArthurGlenn Group in the ownership of outlets in Marcianise and Noventa di Piave.

These transactions almost exclusively involved foreign investors, mainly from the United States and Europe, and generated net returns of between 6.75% and 8.25%.



The investment pipeline remains robust, with a potential estimated volume of approximately €4.5 billion of assets for sale for 2014.

Retailers and yield

With regard to retailer demand for space, interest in new prime space, both on the high street and in Shopping Centres, emerged in the second half of 2013. Milan and Rome were still the main marketplaces, followed by Verona, Florence and Bologna.

Gross yields again came in at around 7% for prime Shopping Centres and at 8.5% for good secondary Shopping Centres.

High street yields came in at 5.50% for prime and 7.75% for secondary, with yields from prime and secondary Shopping Centres reaching 8% and 9.75% respectively.

Rents were unchanged, sustained by slowing development activity.

Romania

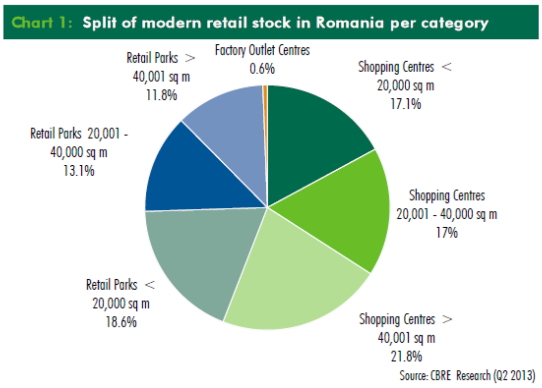
In Romania, although the macroeconomic indicators were more positive than in Italy (excluding agriculture, GDP was +1.8% and unemployment at 7.1%[5]), consumption growth was limited (+0.9%[6]).

Consumption trends and real estate supply

Retail stock in m^2 in Romania reached a GLA of 2.8 million m^2 at the end of 2013, with total new GLA growth of 124,000 m^2 during the year. Of this stock, Shopping Centres represent 57%, Retail Parks 42% and factory outlet centres 1%.

A total of 50% of the stock is concentrated in Romania's five largest cities (including Bucharest), and the remainder is distributed across the rest of the country.

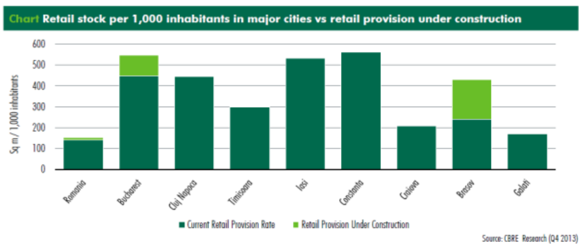
The following launches took place in 2013: the "Uvertura Shopping Arcade" Shopping Centres in Botosani; the "AFI Palace" Shopping Centre in Ploiesti; the "Promenada Mall" Shopping Centre in Bucharest; and the "Shopping City" Shopping Centre in Galati, amounting to total new GLA of 106,000 m^2.



The construction pipeline for launches scheduled to take place by the end of 2014 is approximately 245,000 m^2 of GLA, while the total stock is expected to reach 2.85 million m^2 of GLA by the end of 2014.

The projects under construction are mainly concentrated in the capital, Bucharest, and in the cities of Brasov, Craiova, Timisoara, Sibiu and Arad.

The average density of retail m^2 in Romania is 127 m^2/1,000 inhabitants.



Shopping Centre prime rents grew by 13% year on year in 2013 (reaching €690/m^2 in absolute terms), while prime yields decreased by 0.25% year on year to 8.25%.

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[5] Source: Raiffeisen research – Issue 1/2014

[6] Source: Raiffeisen research – Issue 1/2014

Yields registered growth, but were down by 0.25% compared with 2012 for on-street commercial properties in Bucharest, where prime yields reached 10% and amounts per square metre were in line with €720/m^2.

In 2013, growth and consolidation in a class of local entrepreneur franchisees led to new store launches for brands already present in Romania and the entry of new brands, both in retail and luxury Shopping Arcades and in the high street segment (La Martina, Oliver Weber, Patrizia Pepe, BCBG, Pretty Ballerinas, Lego, Napapijri, Dolce & Gabbana, Anthony Morato, Ladurée and Roberto Bravo).

Demand for space continues to be focused on prime locations in major Shopping Centres and on the high street in Romania's capital and major cities.

Competitive positioning

At the Date of the Registration Document, the IGD Group is one of the largest Italian entities operating in the retail segment of the real estate sector. The primary focus of the Group's business model is property and leasing and services activities. Due to the specific features of its business model, with a majority of revenue generated by rental and leasing, IGD was the first Italian company to obtain SIIQ status in 2008.

IGD has positioned itself in the retail segment, focusing mainly on the Italian market. Its Real Estate Portfolio had a market value of €1.9 billion as at 31 December 2013, and comprises 51 property units in Italy (including 19 Shopping Arcades and 19 Hypermarkets) and 15 Shopping Arcades in Romania.

In Italy, while companies Beni Stabili (the second company to obtain SIIQ status in Italy, in 2011), Risanamento, Brioschi, Aedes and Prelios are the main listed operators in the real estate sector, they do not have portfolios focused on the retail segment of the real estate market; their businesses are therefore not fully comparable with that of the Group[7].

IGD's biggest competitors, insofar as they are focused on the same segment, are foreign-owned companies. Of these, the listed companies are: (*i*) Klepierre S.A., which has a very extensive presence in Europe (11 countries) and owns 35 Shopping Centres in Italy[8]; (*ii*) Corio N.V., a company with a real estate portfolio focused on the foreign market (present in seven European countries), which owns 9 Shopping Centres in Italy; and (*iii*) Eurocommercial Properties (whose portfolio is divided between Italy, Scandinavia and France), which owns 10 Shopping Centres in Italy. Companies present in Italy but unlisted include Immochan (the international real estate branch of the Auchan group), which, through subsidiary Gallerie Commerciali Italia, owns and manages a total of 46 Shopping Centres and Hypermarkets and 6 Retail Parks[9].

6.4 Extraordinary factors

The information reported in paragraphs 6.1, 6.2 and 6.3 above was not influenced by extraordinary events in the years under review.

6.5 Possible Issuer dependence on patents or licences; industrial, commercial or financial contracts; or new manufacturing processes

At the Date of the Registration Document, the Group's activity does not depend, to any significant extent, on trademarks, patents, licences or third-party manufacturing processes, or on industrial, commercial or financial contracts, considered individually.

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[7] Source: figures developed by the Company based on data published by Beni Stabili, Risanamento, Brioschi, Aedes and Prelios (taken from the most recently published financial statements and websites of these companies).

[8] On 24 January 2014, Klepierre S.A. announced that it had signed a binding agreement with Carrefour for the sale of 127 Shopping Arcades, including 7 in Italy.

[9] At 3 October 2013, Gallerie Commerciali Italia announced the transfer to an investment fund managed by Morgan Stanley SGR of an Italian portfolio comprising 15 assets (Shopping Arcades and Retail Parks).

CHAPTER VII – ORGANISATIONAL STRUCTURE

7.1 Description of the Group to which the Issuer belongs

The Company is controlled, pursuant to Article 93 of the TUF, by Coop Adriatica, which manages and coordinates the Company pursuant to Article 2497 of the Italian Civil Code. This activity is carried out through the appointment of the majority of the members of the Company's corporate governance bodies. In this regard, note that, at the Date of the Registration Document, the majority of the Company's Board of Directors comprises independent directors.

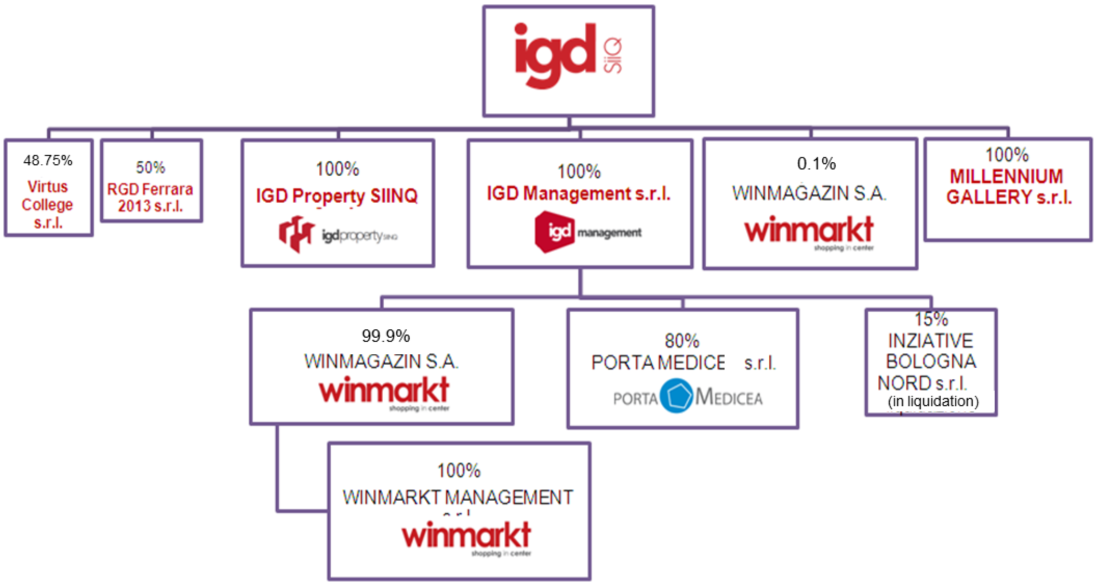
For more information on the relationship between IGD and Coop Adriatica, see Chapter XIX in the Registration Document.

The provisions of Title V, Book V, Chapter IX of the Italian Civil Code (Articles 2497 *et seq*.) stipulate, *inter alia*: (*i*) that the company carrying out management and coordination activity is directly liable in respect of the shareholders and corporate creditors of the companies being managed and coordinated (in the event that the managing and coordinating company – acting in its own business interests or in the business interests of others, in breach of the principles of proper corporate and business management of these companies – undermines profitability and shareholding value or damages the integrity of the company's assets in respect of its corporate creditors); and (*ii*) that directors of a company being managed and coordinated who neglect to comply with the advertising requirements set out in Article 2497-*bis* of the Italian Civil Code are liable for the harm caused to shareholders or third parties by the lack of knowledge of these facts.

The Issuer complies with the requirements set out in Article 37 of the Market Regulations approved by CONSOB in Resolution 16191 of 29 January 2007, as amended, for the listing of subsidiaries managed and coordinated by other, unlisted companies. Specifically, the Issuer (*i*) has fulfilled the advertising requirements set out in Article 2497-*bis* of the Italian Civil Code; (*ii*) negotiates independently with customers and suppliers; (*iii*) as of April 2011, has no cash pooling relationships in place with Coop Adriatica; and (*iv*) has a Control and Risk Committee, an Appointments and Remuneration Committee and a Committee for Related-Party Transactions, comprising independent directors pursuant to Article 37 of the Market Regulations.

7.2 Description of the Group's companies

At the Date of the Registration Document, the Issuer is the parent company of the IGD Group. The following diagram shows the structure of the IGD Group at the Date of the Registration Document.



The following table lists the companies directly and indirectly controlled by IGD at the Date of the Registration Document.

Name	Registered offices	Shareholder	Equity investment
IGD Management S.r.l.	Ravenna	IGD SIIQ S.p.A.	100%
Millennium Gallery S.r.l.	Ravenna	IGD SIIQ S.p.A.	100%
Porta Medicea S.r.l.	Bologna	IGD Management S.r.l.	80%
		F.IM.PAR.CO S.p.A.	20%
Win Magazin S.A.	Bucharest (Romania)	IGD Management S.r.l. 99.9%, IGD 0.1%	100%
Winmarkt management S.r.l.	Bucharest (Romania)	Win Magazin S.A.	100%
IGD Property SIINQ S.p.A.	Ravenna	IGD SIIQ S.p.A.	100%
"I Bricchi" consortium	Isola d'Asti	IGD SIIQ S.p.A.	72.25%
		Tiziano S.r.l.	27.75%
Leonardo Shopping Centre owners' consortium	Imola (Bologna)	IGD SIIQ S.p.A.	52.00%
		Eurocommercial Properties Italia S.r.l.	48.00%

With regard to subsidiary Porta Medicea S.r.l., the following agreements are in place with current shareholder F.IM.PAR.CO. S.p.A.:

i) agreements relating to the composition of the Board of Directors and the Board of Statutory Auditors;

ii) agreements relating to the voting rights of the Board of Directors;

iii) lock-up agreements with the minority shareholder (for a five-year period);

iv) reciprocal right of first refusal on the entire amount of any equity investment disposal;

v) IGD's commitment to maintain control of IGD Management S.r.l.

CHAPTER VIII – PROPERTY, PLANT AND EQUIPMENT

8.1 Existing or planned property, plant and equipment

Freehold properties

The Company has no freehold properties other than the Real Estate Assets. For a description of the properties that make up the Real Estate Assets, see Chapter VI, paragraph 6.1.4 of the Registration Document.

The following table shows mortgages outstanding on the properties making up the Real Estate Assets at the Date of the Registration Document.

Property	**Lender**	**Original amount disbursed**	**Balance due at 31/03/2014**	**Mortgage value**	**Value of mortgaged property**
"Malatesta" Hypermarket, wholesale area, fitness area – Rimini	BANCA NAZIONALE DEL LAVORO	**28,000**	**14,618**	**47,040**	**38,590**
"Mondovicino" Shopping Arcade – Mondovì	BANCA REGIONALE EUROPEA MV	**14,000**	**9,808**	**28,000**	**30,300**
"Mondovicino" Retail Park – Mondovì	CASSA DI RISPARMIO DEL VENETO	**30,000**	**26,141**	**60,000**	20,900
"Centrosarca" Shopping Arcade – Milan	UNIPOL	**100,000**	**79,726**	**200,000**	118,500
"Tiburtino" Shopping Centre – Guidonia	CARISBO	**78,000**	**63,248**	**156,000**	127,000
"Lungo Savio" Shopping Arcade – Cesena	UNIPOL	**12,000**	**9,882**	**24,000**	19,000
"I Bricchi" Shopping Arcade – Isola d'Asti	CARIGE	**30,000**	**25,004**	**60,000**	29,600
"Lugo" Hypermarket	INTERBANCA	**150,000**	**103,603**	**300,000**	14,800
"Il Maestrale" Hypermarket					19,900
"Miralfiore" Hypermarket					32,100
"Centro d'Abruzzo" Hypermarket					21,500
"Leonardo" Hypermarket					33,100
"Portogrande" Shopping Centre					48,100
"Portogrande" office building					220
"Le Porte di Napoli" Shopping Centre					88,900
"Le Maioliche" Shopping Centre – Faenza	MEDIOCREDITO ITALIANO	**55,000**	**43,523**	**96,250**	82,400
"Katanè" Hypermarket – Catania	MEDIOCREVAL	**20,000**	**14,102**	**36,000**	38,600
"La Torre" Shopping Arcade – Palermo	MPS	**36,000**	**30,372**	**72,000**	59,300
"Conè" Shopping Arcade – Conegliano	CENTROBANCA	**49,500**	**40,688**	**99,000**	71,700
"Conè" Hypermarket – Conegliano	CENTROBANCA	**16,000**	**14,031**	**32,000**	23,800
"Porta a Mare" project (Palazzo Orlando and Officine)	CENTROBANCA	**11,000**	**10,980**	**60,000**	45,100
"La Torre" Hypermarket – Palermo	CARIGE	**25,000**	**22,957**	**50,000**	38,000

"Porta a Mare" project ("Piazza Mazzini" residential)	BANCO POPOLARE DI VERONA – SAN GEMINIANO E SAN PROSPERO	**14,487**	**10,208**	**26,400**	20,800
"Darsena" Shopping Arcade (*)	MPS	**16,691**	**16,634**	**33,750**	18,425
"Gran Rondò" Shopping Arcade – Crema + "Fonti del Corallo" Hypermarket (**)	CASSA DI RISPARMIO DI FIRENZE	**40,000**	**39,941**	**80,000**	90,000
City Centre – Rizzoli	MEDIOCREDITO ITALIANO	**18,000**	**12,440**	**31,500**	27,800
Borgo Hypermarket					34,700
Borgo Shopping Arcade					30,700
ESP Hypermarket					38,300
ESP Shopping Arcade	BNP PARIBAS	135,000	**131,406**		61,800
Lame Hypermarket					45,900
Katanè Shopping Arcade					70,800
Casilino Hypermarket					32,900
Casilino Shopping Arcade					20,400

(*) On 12 May 2014, the Issuer, jointly with Beni Stabili S.p.A. SIIQ, submitted a request for extinguishment of the MPS mortgage loan current account, with the settlement scheduled for 15 May 2014.

(**) Ownership of the Shopping Arcade of the "Fonti del Corallo" Shopping Centre was transferred on 26 February 2014 to a reserved real estate fund managed by BNP Paribas REIM SGR. The Company has retained ownership of the business unit, management of the Shopping Arcade and relations with the tenants.

The following table shows the unencumbered property included in the Real Estate Assets at the Date of the Registration Document.

Unencumbered property	**Book value of property** *(in €/000)*
Millennium Center	23,700
Centro d'Abruzzo Shopping Arcade	40,300
Romania	173,400
Aquileia Shop and Miralfiore Shop	398
Bologna headquarters 3rd Floor	850
Bologna headquarters 2nd Floor	3,720
Aquileja Supermarket – Ravenna	5,290
PORTOGRANDE	3,790
CHIOGGIA	17,700
ESP EXTENSION	17,700
ABRUZZO EXTENSION	14,400
"Porta a Mare" project	48,100

Leasehold properties

As at 31 December 2013, the Group had leases in place on Real Estate Assets in Italy and Romania. The following table lists the main properties that the Group has use of under these leases, specifying the location, lessor and date of lease expiry for each.

Location	Address	Lessor	Lease expiry date
Villanova di Castenaso (BO)	Via Villanova 29	C.S.I.I. SPA and LES COPAIN HOLDING S.P.A.	28 February 2015
San Donà Di Piave (VE)	Via Iseo 1	C.S.I.I. SPA	30 June 2016
Ascoli Piceno (AP)(*)	Campolungo Industrial Zone	COOP ADRIATICA	31 December 2014
Bucharest (Romania)	25-29th Decebal bd., 3rd district, 9th floor, Olympia Tower Building	SC Olympia Dezvoltare S.R.L.	14 February 2017

(*) IGD has use of the property under a usufruct agreement with Coop Adriatica.

8.2 Environmental issues

At the Date of the Registration Document, and taking account of activities performed by the Issuer and by the Group in its totality, there are no environmental problems likely to influence the use of property, plant and equipment in any significant way.

Note that on 25 March 2013, DNV Business Assurance (an “Accredia” certifying body) issued ISO 14001 environmental certification to the Company and to IGD Management S.r.l., for property management and leasing and the marketing of Shopping Centres, as well as management of the “Sarca” Shopping Centre, the “Mondovicino” Shopping Centre, the “I Bricchi di Isola d’Asti” Shopping Centre and the “Gran Rondò” Shopping Centre.

The certification represents a guarantee that the Issuer monitors the implementation of the environmental regulations, and that any risk of non-implementation is reduced, for both the Company’s freehold Shopping Centres and those that it manages.

A plan has also been drawn up to extend the scope of the ISO 14001 certification to more than 65% of the Real Estate Portfolio managed by the IGD Group by 2018.

CHAPTER IX – OPERATING AND FINANCIAL REVIEW

Information on the Group's operating and financial review for the first quarters ended 31 March 2014 and 31 March 2013, as well as for financial years ended 31 December 2013, 2012 and 2011 is provided in the Interim financial report of the Group as at 31 March 2014, and in the financial statements for 2013, 2012 and 2011, with notes on:

i) material changes in the financial position;

ii) major factors with significant repercussions on the Group's income from operations;

iii) other factors with significant repercussions on the Group's operations; and

iv) the reasons for any material changes in Group net income.

The Issuer makes use of the system of incorporation by reference to the above-mentioned documents, pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) No 809/2004.

These documents have been published and submitted to CONSOB and are publicly available on the Issuer's website (www.gruppoigd.it) and at the registered offices of the Issuer and Borsa Italiana.

9.1 Financial position

The Group's financial position and relative significant events for the first quarters ended 31 March 2014 and 2013, as well as for the financial years ended 31 December 2013, 2012 and 2011 are analysed in Chapter X of the Registration Document.

9.2 Operating results

The main factors affecting the Group's operating results for the first quarters ended 31 March 2014 and 2013, as well as for the financial years ended 31 December 2013, 2012 and 2011 are described below.

9.2.1 Information on major factors with significant repercussions on the Issuer's income from operations

The three-year period 2011-2013 saw the acquisition in 2011 of two floors of the building that houses the Group's registered office, and the "City Centre" property in Via Rizzoli, both in Bologna, as well as the Hypermarkets inside the "Conè" Shopping Centre in Conegliano and the "La Torre" Shopping Centre in Palermo.

For further information on the acquisition of these Shopping Centres, see Chapter V, paragraph 5.1.5 of the Registration Document.

9.2.2 Income statement for the periods ended 31 December 2013, 2012 and 2011

The following table shows income statement highlights for the years ended 31 December 2013, 2012 and 2011.

Consolidated income statement	**31/03/2014**	**31/03/2013**	**31/12/2013**	**31/12/2012**	**31/12/2011**
(in €/000)					
Revenue	**28,486**	**29,181**	**115,529**	**117,979**	**115,800**
Other income	**1,267**	**1,259**	**5,303**	**5,278**	**5,447**
Revenue from property sales	**1,278**	**0**	**6,163**	**0**	**1,726**
Total revenue and EBIT	**31,031**	**30,440**	**126,995**	**123,257**	**122,973**
Change in work-in-progress inventories	(664)	1,629	754	7,976	7,356

Total revenue and change in inventories	**30,367**	**32,069**	**127,749**	**131,233**	**130,329**
Cost of work in progress	429	1,497	5,743	7,313	8,061
Service costs	5,000	4,620	19,611	19,451	18,305
Staff costs	2,183	2,109	8,432	8,217	7,850
Other operating costs	2,273	2,156	9,199	8,511	5,734
Total operating costs	**9,885**	**10,382**	**42,985**	**43,492**	**39,950**
(Depreciation, amortisation and provisions)	(796)	(873)	(3,531)	(3,864)	(2,893)
(Impairment)/reversals on work in progress and inventories	0	0	1,015	(1,211)	28
Change in fair value – increases/(decreases)	(453)	(275)	(34,502)	(29,383)	(14,150)
Total amortisation, depreciation, provisions, impairment and change in fair value	**(1,249)**	**(1,148)**	**(37,018)**	**(34,458)**	**(17,015)**
EBIT	**19,233**	**20,539**	**47,746**	**53,283**	**73,364**
Capital gain/(losses) from disposals	**120**	**(413)**	**(498)**	**(746)**	**(887)**
Net financial income/(expense)	**(11,602)**	**(11,229)**	**(46,328)**	**(47,570)**	**(43,335)**
PRE-TAX PROFIT	**7,751**	**8,897**	**920**	**4,967**	**29,142**
Income taxes for the period	1,377	700	(3,244)	(6,185)	(876)
NET PROFIT FOR THE PERIOD	**6,374**	**8,197**	**4,164**	**11,152**	**30,018**
Profit/(loss) for the period attributable to non-controlling interests	(180)	40	834	136	39
Profit for the period attributable to the parent company	**6,194**	**8,237**	**4,998**	**11,288**	**30,057**

Note that as of the year ended 31 December 2012, the provision for the “Darsena” Shopping Centre was recognised as a direct adjustment to revenue, for the sake of clarity. For 2013, this provision was €1,156 thousand (amounting to 100% of the revenue accrued until 29 July 2013 relating to Magazzini Darsena S.p.A., which went bankrupt on this date). This was less than the €1,857 thousand provision made for 2012 (amounting to 95% of the relative revenue).

Furthermore, in order to provide a consistent comparison between the figures for financial year 2011 and the financial information to 31 December 2011 reported in the Registration Document, €1,741 thousand from the “provision for doubtful accounts” item was reclassified as a direct reduction to the “revenue” item, and costs and revenue from reinvoicing, previously recognised under “service costs” and “other income” respectively, were offset in the amount of €5,539 thousand.

Notes on the change in the main income statement items in the quarters ended 31 March 2014 and 2013 are provided below.

Revenue

The table below shows the consolidated operating revenue by area of activity for the periods ending 31 March 2014 and 2013.

Sector of activity *	**31/03/2014**	**%**	**31/03/2013**	**%**
(€/000)				
Property Management and Rental	28,486	92%	29,191	96%

Services	1,267	4%	1,250	4%
Revenue from trading	1,278	4%	0	0%
Total	**31,031**	**100%**	**30,440**	**100%**

*It should be noted that, from an operational standpoint, certain items of cost and revenue are reclassified, and sometimes offset, with respect to the entries shown in the financial statements.

Consolidated operating revenue stands at €31,031 thousand, an increase of 1.94% compared with the same period of the previous year. Rental income from core business is supplemented by €64 thousand relating to the Porta a Mare project (leasing of three Palazzo Orlando units) and by €1,278 thousand of income from trading, relating to the sale of 4 residential units and appurtenances.

As at 31 March 2014, rental income from core business was down by 2.41% compared with the same period of the previous year. This decrease is mainly attributable to the fall in like-for-like revenue resulting from planned or strategic vacancy levels in the Italian Shopping Arcades (already leased premises in which new layout works are in progress) and the decline in revenue from the Romanian Shopping Arcades due to planned vacancy levels and downsides on the renewal of leases from 2013, already recognised at the end of the year.

Revenue from services as at 31 March 2014 is up by 1.37% compared with 2013, from €1,250 thousand to €1,267 thousand. The largest component of this revenue consists of €1,162 thousand of revenue from Facility Management, representing around 92% of the total revenue from services.

Trading revenue from the Porta a Mare project amounts to €1,278 thousand and relates to the sale of 4 residential units and appurtenances.

Total operating costs for the first quarter of 2014, net of costs relating to the Porta a Mare project in Livorno, are up compared with the same period of the previous year due to the impact of IMU, produced by the increase – not taken into account in the first quarter of 2013 – in the calculation coefficients for land category D8, which represents around 27% of the total direct costs, and by the increase in leasing and rental costs following the sale of the Le Fonti del Corallo Shopping Arcade in Livorno, which is now managed through a long-term lease with the buyer, and due to higher service charges.

EBITDA

The table below shows the method used by the IGD Group to calculate EBITDA:

Total EBITDA	**31/03/2014**	**31/03/2013**
(€/000)		
EBIT	**19,233**	**20,539**
Depreciation and amortisation	341	327
Provisions/(uses) for risks and charges	31	31
Change in fair value	453	275
Bank fees	73	44
TOTAL EBITDA	**20,131**	**21,216**

Total EBITDA for the first quarter of 2014 is €20,131 thousand, down by 5.12% compared with the same period of the previous year.

The total EBITDA margin was significantly affected by the fall in core business revenue (partly due to strategic vacancy levels) and the increase in costs (partly due to increased leasing of third-party properties).

EBIT

EBIT as at 31 March 2014 was down by 6.21%, due to the fall in gross operating profit (EBITDA) described above and the negative impact on fair value caused by capitalised extraordinary maintenance works. Depreciation and amortisation remained essentially stable.

Capital gains/(losses) on disposals

The result recorded in the first quarter of 2014 (€120 thousand) is attributable to the capital gain, net of ancillary selling costs, on the sale of portions of property relating to the Shopping Arcade in the "Fonti del Corallo" Shopping Centre in Livorno, which took place on 26 February 2014 for a total amount of €47 million.

Net financial income/(expenses)

Net financial income/(expenses) are up, mainly due to:

- higher interest expense on loans due to the contracting, in the previous year, of new financing agreements with Iccrea Banca for a total amount of €6 million, and with BNP Paribas for a total amount of €135 million, partially offset by lower interest expense on the convertible bond loan that matured at the end of 2013;
- the increase in the Euribor rate, which rose from 0.21 (3-month Euribor average for the first quarter of 2013) to 0.29 (3-month Euribor average for the first quarter of 2014). However, the spread applied to the use of short-term credit shows a fall of approximately 30 basis points;
- the recognition in the income statement – following the extinguishment of the mortgage loan taken out in 2012 with the Intesa Sanpaolo bank – of the ancillary costs of the financial transaction, not yet amortised, at around €297 thousand.

Income tax for the period

The tax burden, current and deferred, stands at €1,377 thousand as at 31 March 2014, an increase compared with 31 March 2013. This increase is mainly attributable to the property sales made during the first quarter, not present in the same period of the previous year.

Below is an explanation of the changes recorded in key items of the income statement for financial years ended 31 December 2013, 2012 and 2011.

Revenue

The following table shows consolidated operating revenue by business area for the financial years 2013, 2012 and 2011.

Business sector* *(€ million)*	**31/12/2013**	**%**	**31/12/2012**	**%**	**31/12/2011**	**%**
Property Management and Leasing	115,836	91%	118,140	96%	115,906	95%
Services	4,996	4%	5,136	4%	5,284	4%
Revenue from trading	6,163	5%	-	0%	1,726	1%
Total	**126,995**	**100%**	**123,276**	**100%**	**122,916**	**100%**

*For the purposes of this operating review, some cost and revenue items have been reclassified and at times offset with respect to figures in the financial statements.

<u>2013 vs 2012</u>

Consolidated operating revenue came in at €126,995 thousand, up by 3.02% year on year. In addition to leasing and services activities, €6,163 thousand in trading revenues were also generated from the "Porta a Mare" project, relating to the sale of 18 residential units and appurtenances. Revenue from property leasing activities decreased by 1.95% compared with 2012. This reduction of €2,304 thousand was mainly due to the general crisis situation, which had substantial effects on the Italian Shopping Arcades, leading to an increase in vacancies, particularly in relation to the "I Bricchi", "Città delle Stelle" and "Mondovì" Shopping Centres. In some Shopping Centres ("La Torre" and "Tiburtino"), vacancy levels were an instrumental factor in the works to revise layouts by reconfiguring the mix of Medium-sized Shops and neighbourhood shops. Temporary reductions also increased, to limit further rises in vacancies. There was a contraction in revenue from Shopping Arcades in Romania, due to the continuing effect of downside risks, the upgrades that took place in the second half of 2012 and the vacancy level required for works to be carried out, in order to attract more international brands in the medium term. By contrast, the Hypermarkets continue to perform well, due to both ISTAT indexation and to the continuing stream of rents for recently opened Hypermarkets.

Revenue from services was down slightly (-2.74%) on 2012. The item mainly comprises revenue generated by Facility Management (95.03% of the total, amounting to €4,748 thousand), which was down compared with 2012 (-2.80%), the non-renewal of the management mandate for the Centro Sesto and the revenue decrease registered in Romania. Agency revenue also decreased, due to a lower level of marketing for third parties than in 2012.

In addition, 18 residential units, 20 boxes and 3 car parking spaces were sold in the final quarter of 2013, relating to the Mazzini sub-area of the "Porta a Mare" project in Livorno, for a total amount of approximately €6,163 thousand.

Change in work-in-progress inventories

Change in work-in-progress inventories	**31/12/2013**	**31/12/2012**	***Change***
Construction costs for the year	5,743	7,313	(1,570)
Capitalised interest	0	663	(663)
Disposal of inventories due to sale	(4,989)		(4,989)
Change in work-in-progress inventories	**754**	**7,976**	**(7,222)**

The change in the work-in-progress inventories, relating to the areas, buildings and urbanisation works under construction at the multipurpose complex in the municipality of Livorno, amounting to €754 thousand for 2013, relates to the progress of works on the Piazza Mazzini sub-areas, partly offset by disposal of inventory due to sale, as described in the previous paragraph. In 2013, financial expenses were not capitalised, so that the project was not assigned a value greater than the fair value set out in the expert report.

Service costs

The item chiefly comprises (*i*) rental/usufruct costs for property managed by the Company; (*ii*) expenditure for Shopping Centre management (which increased, mainly due to works to revise layouts and to the increase in the average vacancy rate, which led to higher costs for vacant premises sustained by the Group); (*iii*) maintenance costs (which decreased, due to the larger-scale maintenance interventions required in the previous year); and (*iv*) ancillary costs relating to the sale of the residential units.

Staff costs

The staff costs increased year on year, mainly reflecting the hiring of new resources and contractual and performance-related salary increases.

Other operating costs

This item mainly comprises IMU, the property tax that replaced ICI. The relative increase is mainly due to the increase in the calculating coefficients on land category D8 (large retail premises).

Depreciation, amortisation and provisions; impairment/reversals of assets under development and inventory; change in fair value – increases/(decreases)

Depreciation, amortisation and provisions	**31/12/2013**	**31/12/2012**	***Change***
Amortisation	(27)	(23)	(4)
Depreciation	(1,296)	(1,303)	7
Provision for doubtful accounts	(2,083)	(2,164)	81
Provision for other risks and charges	(125)	(374)	249

Total depreciation, amortisation and provisions	**(3,531)**	**(3,864)**	**333**
(Impairment)/reversals on work in progress and inventory	**1,015**	**(1,211)**	**2,226**
Change in fair value	**(34,502)**	**(29,383)**	**(5,119)**
Total amortisation, depreciation, provisions, impairment and change in fair value	**(37,018)**	**(34,458)**	**(2,560)**

Depreciation and amortisation were unchanged year on year.

The provision for doubtful accounts for financial year 2013 was €2,083 thousand, down slightly compared with 2012. These provisions were made in a difficult economic context, by assessing individual customer positions analytically to adjust their value to the presumed realisable value.

The other provisions reflect the estimate of the probable cost of two IMU disputes relating to the “Le Maioliche” Shopping Centre (Faenza) and the “La Torre” Shopping Centre (Palermo).

Net impairment to adjust the value of the real estate investments to the fair value as at 31 December 2013 amounted to €34,502 thousand.

The item “(Impairment)/reversals of assets under development and inventory” contains:

- a reversal of impairment in previous years for direct development initiatives relating to the ESP extension and the Porto Grande and Chioggia Retail Park extension, which were recognised under assets under development, in order to adjust the cost to the fair value, amounting to €1,040 thousand;
- a positive change in fair value of €2,289 thousand, relating to the “Centro d’Abruzzo Extension” project, recognised under assets under development, due to the significant progress in construction;
- a positive change in fair value of approximately €2,706 thousand, relating to the “Porta a Mare” project in Livorno, limited to the retail segment recognised under assets under development, due to the significant progress in construction achieved;
- an impairment of €5,020 thousand on work-in-progress inventories relating to the “Porta a Mare” project, in order to bring the book value into line with the lesser of the cost and the fair value set out in the expert report at 31 December 2013.

EBITDA

The following table shows the methods used by the IGD Group to calculate EBITDA:

Total EBITDA	**31/12/2013**	**31/12/2012**
(in €/000)		
EBIT	**47,746**	**53,283**
Depreciation and amortisation	1,323	1,326
Provision/(uses) for other risks and charges	125	374
(Impairment)/reversals on work in progress and inventory	(1,015)	1,211
Change in fair value	34,502	29,383
Bank fees	222	155
TOTAL EBITDA	**82,903**	**85,732**

Total EBITDA amounted to €82,903 thousand and decreased by 3.3% year on year.

The decline in core business revenue had a substantial impact on EBITDA performance, as did the increase in costs relating to vacant units and the IMU, as previously mentioned.

EBIT

EBIT was down by 10.24%. As well as the decline in EBITDA described above, the decrease in EBIT mainly reflects impairment and adjustments to the fair value of real estate totalling €33,487 thousand (compared with €30,594 thousand in 2012).

In 2013 the inflation phenomenon was less pronounced, which was reflected in the inflation estimates used in discounted cash flow calculations for the real estate in both the Italian and Romanian portfolios.

The discount rate was unchanged for the Italian portfolio, and decreased slightly for the Romanian portfolio.

Meanwhile, there was a slight but generalised increase in capitalisation rates. The exception to this was the category of real estate for Hypermarkets and Supermarkets, for which the gross exit cap rate decreased slightly, as it is regarded as an asset category with a more stable and reliable return.

There was another hike in the IMU rate for land category D8 in 2013, which had a major effect on the Hypermarket and Supermarket real estate classes.

Note that the properties are assessed in the expert report issued by independent experts from CBRE and Reag as at 31 December 2013.

Profit/(loss) from equity investments

The loss from equity investments registered for the year was due to the setting of the price adjustment related to the sale in 2010 of the equity investment in RGD S.r.l. (now Beni Stabili).

Net financial income/(expense)

Net financial income was down year on year, due to: (*i*) the decrease in the Euribor, which dropped markedly from 0.57 (monthly average) in 2012 to 0.22 (monthly average) in 2013, partly offset by a slight increase in spreads on short-term borrowings and renegotiated loans; (*ii*) less use of credit granted by controlling entity Coop Adriatica; and (*iii*) the disappearance of charges relating to the call option on a 20% equity investment in Porta Medicea, exercised in April 2012.

The average cost of debt decreased from 4.29% as at 31 December 2012 to 4.22% as at 31 December 2013. Stripping out the imputed costs of the convertible bond loan, it increased from 3.91% as at 31 December 2012 to 3.94% as at 31 December 2013.

Income taxes

The tax burden, both current and deferred, was €3,244 thousand as at 31 December 2013; this positive result was mainly due to the effect of deferred tax in respect of impairment relating to fair value adjustments on properties. This resulted in the recognition of prepaid tax assets and the reversal of deferred tax liabilities, which had a positive impact on the total tax rate. Note that, after further research into the interpretation of Romanian regulations on taxation of the revaluation reserve, deferred tax liabilities were recalculated on reserves previously in tax suspension. Stripping out these effects, the tax rate on pre-tax profit is 8.77%, higher than the 6.77% registered a year earlier.

<u>2012 vs 2011</u>

Consolidated operating revenue came in at €123,276 thousand, up by 0.28% year on year. This figure was affected by the lack of the revenue from trading from the “Porta a Mare” project recorded in 2011. Revenue from property leasing increased by 1.91% compared with 2011. This growth was due to higher turnover on a same-structure basis and to new acquisitions in 2011, which were fully effective during the year; specifically, it reflected the two additional floors acquired at the building that houses the Group's registered office (partly rented to third parties), and the acquisition of the City Centre building in Via Rizzoli (both in Bologna), as well as the acquisition of the Hypermarkets in Conegliano and Palermo.

Revenue from services decreased slightly (-2.79%) compared with 2011. The item mainly comprises revenue from Facility Management (96% of the total, for €4,885 thousand), and was largely unchanged year on year.

Revenue from trading came in at €1,726 thousand in 2011, due to the sale of a portion of a building for office use. No sales were registered in 2012.

Change in work-in-progress inventories

Change in work-in-progress inventories	**31/12/2012**	**31/12/2011**	***Change***
Construction costs for the year	7,313	8,061	(748)
Capitalised interest	663	523	140
Disposal of inventory due to sale		(1,228)	1,228
Change in work-in-progress inventories	**7,976**	**7,356**	**620**

The change in the work-in-progress inventories, relating to the areas, buildings and urbanisation works under construction at the multipurpose complex in the municipality of Livorno, amounting to €7,976 thousand for 2012, mainly relates to the progress of works on the Piazza Mazzini sub-areas.

Note that €663 thousand in financial expenses were capitalised in 2012.

Service costs

This item mainly comprises (*i*) rental/usufruct costs for property managed by the Company; (*ii*) expenditure for Shopping Centre management (which increased, mainly due to Sunday opening and to the increase in the average vacancy rate, which led to higher costs for vacant premises sustained by the Group); and (*iii*) maintenance costs (which increased in 2012 due to the costs incurred for regulatory compliance and for repairing the damage caused by the weather to some Shopping Centres).

Staff costs

Staff costs increased by comparison with 2011, due to organisational adjustments and the renewal of the national collective bargaining agreement in the previous year.

Other operating costs

This item chiefly comprises the IMU, the property tax introduced to replace the ICI, which caused a significant increase in tax compared with the previous year due to a new way of calculating the taxable base and an increase in the rate imposed.

Depreciation, amortisation and provisions; impairment/reversals of assets under development and inventory; change in fair value – increases/(decreases)

Depreciation, amortisation and provisions	**31/12/2012**	**31/12/2011**	***Change***
Amortisation	(23)	(27)	4
Depreciation	(1,303)	(1,082)	(221)
Provision for doubtful accounts	(2,164)	(2,022)	(142)
Provision for other risks and charges	(374)	238	(612)
Total depreciation, amortisation and provisions	**(3,864)**	**(2,893)**	**(971)**
(Impairment)/reversals on assets under development and goodwill	**(1,211)**	**28**	**(1,239)**

Change in fair value	**(29,383)**	**(14,150)**	**(15,233)**
Total amortisation, depreciation, provisions, impairment and change in fair value	**(34,458)**	**(17,015)**	**(17,443)**

The provision for doubtful accounts in 2012 was €2,164 thousand, up slightly on the previous year. These provisions were made in a difficult economic context, by assessing individual customer positions analytically to adjust their value to the presumed realisable value. Note that the provision for 2011 was also reclassified.

The other provisions mainly reflect the estimate of the probable cost of two IMU disputes relating to the "Le Maioliche" Shopping Centre (Faenza) and the "La Torre" Shopping Centre (Palermo).

The item also includes the fair value adjustment of real estate investments and impairment on projects. Net impairment to adjust the value of the real estate investments to the fair value as at 31 December 2012 amounted to €29,383 thousand. The item "(Impairment)/reversals of assets under development" includes impairment from activities on direct development projects, recognised in assets under development, to adjust the fair value cost for an amount of €1,211 thousand.

EBITDA

The following table shows the methods used by the IGD Group to calculate EBITDA:

Total EBITDA	**31/12/2012**	**31/12/2011**
(in €/000)		
EBIT	**53,283**	**73,364**
Depreciation and amortisation	1,326	1,109
Provision/(uses) for other risks and charges	374	(238)
(Impairment)/reversals on assets under development and goodwill	1,211	(28)
Change in fair value	29,383	14,150
Bank fees	155	152
TOTAL EBITDA	**85,732**	**88,509**

Total EBITDA amounted to €85,732 thousand and decreased by 3.14% year on year.

The tax component (introduction of the IMU in Italy to replace the ICI) had a significant influence on EBITDA performance. Among other things, this caused further effects on changes in property fair value in the income statement. More generally, the complex macroeconomic situation had other effects on direct costs, as expenditure on condominium charges (also produced by higher average vacancy rates during the year) and provisions for loans increased.

EBIT

EBIT was down by 27.31%. As well as the decline in EBITDA described above, the decrease in EBIT mainly reflects impairment and adjustments to property fair value totalling €30,594 thousand (compared with €14,122 thousand in the previous year).

This effect was almost entirely attributable to the Italian area (in Romania, the expert reports substantially confirmed the 2011 property values), and resulted from the increase in direct costs (particularly relating to tax, such as the IMU) and a reduction in revenue growth forecasts; there was also a slight increase in the average exit cap rate. Note that the properties are assessed in the expert report issued by independent experts from CBRE and Reag as at 31 December 2012.

Profit/(loss) from equity investments

The loss from equity investments in 2012 can be attributed to: (*i*) the write-down of the book value of the 15%-owned equity investment in Iniziative Bologna Nord S.r.l. for €16 thousand; and (*ii*) the estimated potential price adjustment, to be set in 2013, relating to the disposal of the equity investment in RGD in 2010, for €730 thousand.

Net financial income/(expense)

Net financial expense increased, although net financial debt was largely unchanged. This increase was due to: (*i*) a significant change in spreads on short-term borrowings; (*ii*) derivatives transactions to hedge interest rate risk (IRS), which came into effect as at 1 January 2012; (*iii*) new financial expenses relating to the activation of loan agreements with the Intesa Sanpaolo group in March and November 2012 (to cover the acquisition of the property in Via Rizzoli in Bologna); (*iv*) the extension of two loans with the Intesa Sanpaolo group, with an increase in the applicable conditions, and the extension of the mortgage account with MPS, jointly held with Beni Stabili; and (*v*) the entry into force of new mortgage loans (relating to the real estate investments in Palermo and Conegliano, and the Livorno project) stipulated from the third quarter of 2011.

The increase in financial expenses was partly offset by a decline in the benchmark parameter (3-month Euribor), which decreased from 1.457 (monthly average) in December 2011 to 0.189 (monthly average) in December 2012.

The average cost of debt increased from 4.08% as at 31 December 2011 to 4.29% as at 31 December 2012. Stripping out the imputed costs of the convertible bond loan, it increased from 3.71% as at 31 December 2011 to 3.91% as at 31 December 2012.

Income taxes

The tax burden, both current and deferred, was positive for €6,185 thousand as at 31 December 2012, mainly due to the effect of impairment for property fair value adjustments. This resulted in the recognition of prepaid tax assets and the reversal of deferred tax liabilities, which had a positive impact on the total tax rate of 27.66%. Stripping out the fair value effect, the tax rate on pre-tax profit was 6.77% as at 31 December 2012, compared with 7.46% a year earlier.

9.3 Information regarding any government, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Issuer’s operations

In the period to which the financial information and economic performance contained in the Registration Document refers, the Group’s operations were not influenced by government, economic, fiscal or monetary policies, except for the IMU measures, for which the implementation caused an increase in the direct costs of core business (approximately 27% of total direct costs as at 31 December 2013) and which had a negative impact on the income statement in 2012, on the item “*Change in fair value – increases/(decreases)*” relating to the fair value of the Italian real estate investments.

CHAPTER X – FINANCIAL RESOURCES

Introduction

The Group's financial data and information on the Issuer's financial resources, funding sources, commitments, cash flows, borrowing requirements and financial structure as at 31 December 2013, 2012 and 2011 are shown in the financial statements for 2013, 2012 and 2011.

The Issuer makes use of the system of incorporation by reference to the above-mentioned documents, pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) No 809/2004.

These documents have been published and submitted to CONSOB and are publicly available on the Issuer's website (www.gruppoigd.it) as well as at the registered offices of the Issuer and Borsa Italiana.

10.1. The Issuer's financial resources

The following table shows net financial debt as at 31 March 2014 and 31 December 2013, 2012 and 2011.

Net financial debt				
	31/03/2014	**31/12/2013**	**31/12/2012**	**31/12/2011**
Cash and cash equivalents	(15,791)	(8,446)	(7,545)	(14,433)
Related-party financial receivables and other current assets	(354)	(353)	(734)	(1,426)
Financial receivables and other current assets	(20)	(20)	(41)	(278)
CASH	**(16,165)**	**(8,819)**	**(8,320)**	**(16,137)**
Related-party current financial liabilities	11,976	13,856	21,783	50,469
Current financial liabilities	132,295	176,633	160,038	146,841
Loans – current portion	59,354	82,281	116,836	35,398
Liabilities for finance leases – current portion	286	284	275	2,142
Bond loan – current portion	5,645	4,096	224,685	66
CURRENT FINANCIAL DEBT	**209,556**	**277,150**	**523,617**	**234,916**
CURRENT NET FINANCIAL DEBT	**193,391**	**268,331**	**515,297**	**218,778**
Non-current financial assets	(916)	(850)	(25)	(41)
Non-current financial liabilities due to other lenders	1,688	1,875	8,081	25,170
Liabilities for finance leases – non-current portion	5,087	5,160	5,444	5,719
Non-current liabilities	665,982	653,368	545,834	610,304
Related-party non-current financial liabilities	15,000	15,000	15,000	15,000
Bond loan	142,198	142,003	0	219,466
NON-CURRENT NET FINANCIAL DEBT	**829,039**	**816,556**	**574,334**	**875,618**
NET FINANCIAL DEBT	**1,022,430**	**1,084,887**	**1,089,631**	**1,094,397**
ESMA/2013/319* net financial debt	**1,023,346**	**1,085,737**	**1,089,656**	**1,094,438**

*ESMA net financial debt does not include non-current financial assets.

As at the year ended 31 December 2012, the valuation of derivatives used for hedging is not included in net financial debt. The data for financial year 2011 were recalculated to provide a uniform comparison.

Trends in net financial debt largely depend on the development carried out in the three-year period, while maintaining a balanced situation in terms of funding sources and the cost of debt.

As at 31 March 2014, the main changes compared with 31 December 2013 are connected with: (*i*) the sale of portions of property relating to the Shopping Arcade in the "Fonti del

Corallo" Shopping Centre in Livorno for a total amount of €47 million; (*ii*) the sale of all 10,976,592 treasury shares held, corresponding to 3.154% of the share capital, for a total amount of €12.07 million; and (*iii*) the signature of the addendum to the loan agreement with Cassa di Risparmio del Veneto (maturing on 1 May 2014), amending the maturity to 1 November 2024, at the 6-month Euribor rate plus a spread of 3.60%. The amount relating to this loan was classified under non-current financial liabilities as at 31 March 2014 for an amount equal to €24,119 thousand; and (*iv*) upon the extinguishment of the opening of the mortgage credit line taken out during 2012 with the credit institution Intesa Sanpaolo for a total amount equal to €30 million (the utilisation of which, as at 31 December 2013, was equal to €1,011 thousand).

The item "current mortgage loan amounts", equal to €59,354 thousand as at 31 March 2014, appears to be decreasing mainly as a result of the aforementioned reclassification under non-current financial liabilities of the long-term amount relating to the mortgage loan Cassa di Risparmio del Veneto.

Current financial liabilities vis-à-vis third parties, amounting to €132,295 thousand as at 31 March, mainly refer to the short-term bank debt and, as at 31 March 2014, amount to €129,313 thousand, down from the €173,729 thousand as at 31 December 2013 for approximately €44,416 thousand as a result of the aforementioned extraordinary transactions.

On 10 April 2014, the Company's Board of Directors approved the issuance of unsecured senior bonds for a total amount of €150,000,000. The bonds have a nominal unit value of €100,000 and multiples of €1,000 up to a maximum of €199,000, and mature in January 2019. They carry entitlement to the payment of fixed-rate interest at 3.875%, payable annually in arrears on 7 January of each year. The bonds were placed in the context of a private placement aimed exclusively at qualified investors in Italy and abroad, excluding jurisdictions in which the offer or sale of financial instruments is prohibited under the applicable law. The issuance and settlement of the bonds took place on 7 May 2014. The bonds are quoted on the regulated market of the Irish Stock Exchange. As a result, at the Date of the Registration Document, following the collection of the above-mentioned bond issue, the current financial liabilities are reduced. The net revenues from the aforementioned bond issue, amounting to approximately €148.39 million, will be allocated by the Issuer to repay part of the existing debt as well as to finance the investments provided for by the pipeline in line with the 2014-2016 Business Plan (see. Chapter V, paragraphs 5.2.2 and 5.2.3 of the Registration Document).

As at 31 March 2014, net financial expenses increased (as shown in Chapter IX, paragraph 9.2.2. of the Registration Document), mainly due to:

- higher interest expense on loans due to the contracting, in the previous year, of new financing agreements with Iccrea Banca for a total amount of €6 million, and with BNP Paribas for a total amount of €135 million, partially offset by lower interest expense on the convertible bond that matured at the end of 2013;
- the increase in the Euribor rate, which rose from 0.21 (3-month Euribor average for the first quarter of 2013) to 0.29 (3-month Euribor average for the first quarter of 2014). However, the spread applied to the use of short-term credit shows a fall of approximately 30 basis points;
- the recognition in the income statement – following the extinction of the mortgage loan taken out in 2012 with the Intesa Sanpaolo bank – of the ancillary costs of the financial transaction, not yet amortised, at around €297 thousand.

Net financial debt decreased from €1,084,887 thousand as at 31 December 2013 to €1,022,430 thousand as at 31 March 2014, down €62,457 thousand.

Financial resources for 2013, 2012 and 2011

As at 31 December 2013, the main changes by comparison with 31 December 2012 related to the following transactions.

In March 2013, the loan agreement with Cassa di Risparmio di Bologna was extended for two years, at the 3-month Euribor with a spread of 3.2%. A fee of 20 (twenty) basis points was also paid, calculated on the outstanding debt.

On 7 May 2013, following the Exchange Offer, IGD issued new fixed-rate unsecured senior bonds, named "*€144,900,000 4.335 per cent. Notes due 7 May 2017*", with a nominal unit value of €100,000 for a total nominal value of €122,900,000, maturing on 7 May 2017, and the right to payment of fixed interest of 4.335%, to be paid annually in arrears on 7 May each year. On the same date, the Company also issued new residual bonds placed with third-party investors that meet the requirements for qualified investors in Italy and abroad set out in the applicable legislation, for a total nominal value of €22,000,000. The senior bonds are governed by English law and quoted on the regulated market of the Luxembourg Stock Exchange.

In June, an extension of the loan agreement due in a single payment on 15 June 2013 and awarded by Centrobanca (absorbed by UBI Banca on 6 May 2013) was stipulated until 15 June 2015, at the 3-month Euribor rate plus 300 basis points.

In August, an unsecured syndicated loan agreement was stipulated with Iccrea Banca/Emilbanca Credito Cooperativo as the lead bank, for €6,000,000.00, due in a single payment on 6 February 2015, at the 3-month Euribor rate plus 350 basis points.

On 26 November 2013, the Issuer and IGD Property SIINQ, as borrowers, and the Italian branch of BNP Paribas, as the lender, entered into a mortgage loan agreement on real estate amounting to €135 million, with a term of five years and a spread of 425 basis points on the 3-month Euribor. The loan is accompanied by a package of standard guarantees for this type of transaction, including, *inter alia*: (*i*) a level 1 mortgage on the following Real Estate Assets: "Lame" Hypermarket, "Katanè" Shopping Arcade, "Centro Borgo" Hypermarket and Shopping Arcade, "Casilino" Hypermarket and Shopping Arcade, "ESP" Hypermarket and Shopping Arcade; and (*ii*) a lien on shares in favour of the lending bank, comprising 100% of the share capital of IGD Property SIINQ, owned by the Company.

The entire amount of the loan was issued in a single payment on 3 December 2013. On the same date, the Company transferred certain business units to IGD Property SIINQ, including, *inter alia*, the real estate assets subject to the level 1 mortgage securing the loan and the associated legal contracts, as well as the property containing the "Lame" Hypermarket, subject to subscription and release of newly issued shares arising from the capital increase resolved upon at the Extraordinary Shareholders' Meeting of IGD Property SIINQ on the same date. As part of this operation, IGD Property SIINQ took over, within the meaning and for the purposes of Articles 2560 and 1273, paragraph 3 of the Italian Civil Code, the entire debt assumed by the Issuer pursuant to the loan agreement, without full and final discharge for the Company. The cash assets were used to refinance the debt expiring in 2013.

On 29 January 2014, a deed was entered into amending the agreement relating to the loan issued by BNP Paribas, Italian Branch. The amendment provides for the conversion of the rate from variable (3-month Euribor plus 425 basis points) to fixed (5.162%). The conversion will be effective from 31 January 2014.

Specifically, the following should be noted with regard to 31 December 2013.

Non-current financial debt

Non-current financial liabilities

Bank loans

Medium-/long-term bank loans

As at 31 December 2013, the non-current portion of medium-/long-term bank loans is €653,368 thousand.

The Company stipulates medium-/long-term loan agreements, secured by mortgages on properties, with a range of credit institutions (see Chapter VIII, paragraph 8.1 of the Registration Document).

The following loan contracts were stipulated in financial year 2013:

- in August, an unsecured loan was stipulated with Iccrea Banca/Emilbanca Credito Cooperativo;
- in November 2013, a mortgage loan agreement was contracted with the Italian branch of BNP Paribas, secured with a level 1 mortgage on the following Real Estate Assets: "Lame" Hypermarket, "Katanè" Shopping Arcade, "Centro Borgo" Hypermarket and Shopping Arcade, "Casilino" Hypermarket and Shopping Arcade and "ESP" Hypermarket and Shopping Arcade.

The following loan contracts were stipulated in financial year 2012:

- in March 2012, a current account mortgage loan agreement was contracted with Intesa Sanpaolo S.p.A., secured with a level 2 mortgage on the properties making up the "Fonti del Corallo" Shopping Centre in Livorno and Crema;
- in November 2012, a loan agreement secured with a mortgage on the freehold property in Via Rizzoli, Bologna, was contracted with Mediocredito Italiano S.p.A.

The following loan contracts were stipulated in financial year 2011:

- on 30 June 2011, a mortgage loan agreement related to the acquisition of the Hypermarket in the "Conè" Shopping Centre in Conegliano was contracted with Centrobanca S.p.A.;
- on 12 July 2011, an agreement was stipulated with Banca Carige S.p.A. providing for the assumption of the mortgage loan contracted by Ipercoop Sicilia with Banca Carige S.p.A., after the acquisition of the Hypermarket in the "La Torre" Shopping Centre in Palermo;
- on 25 July 2011, a mortgage loan agreement was contracted with Banco Popolare di Verona – San Geminiano and San Prospero S.p.A., in order to develop the initiative relating to construction of the multipurpose complex in the municipality of Livorno, and stipulated in relation to the building of the "Piazza Mazzini" sub-area ("Porta a Mare" project);
- on 19 December 2011, a current account mortgage loan agreement was contracted with Cassa di Risparmio di Firenze S.p.A., arising from the renegotiation, and consequent extinguishment, of the loans contracted to finance the acquisition of real estate relating to the Casilino and Livorno Shopping Centres.

The following loan contracts were stipulated in financial year 2010:

- on 21 December 2010 and 22 December 2010, mortgage loan agreements were contracted, with Monte dei Paschi di Siena S.p.A. and Centrobanca S.p.A. respectively, relating to the acquisition of the Shopping Arcade in the "La Torre" Shopping Centre in Palermo and the Shopping Arcade in the Conegliano Shopping Centre;
- on 15 December 2009, a loan agreement to develop the initiative relating to construction of the multipurpose complex in the municipality of Livorno ("Porta a Mare" project) was contracted with Centrobanca S.p.A. The loan was issued on 1 February 2010;
- on 30 December 2010, an agreement providing for the assumption of 50% of the current account mortgage relating to the "Darsena City" property – originally held by the company RGD S.r.l. with effect from 30 November 2007 – was stipulated with Monte dei Paschi di Siena S.p.A., after the joint acquisition of the property with RGD. On 29 November 2012, the term of this current account mortgage loan was extended until 30 November 2014. On 12 May 2014, the Issuer, jointly with Beni Stabili S.p.A. SIIQ,

submitted a request for extinguishment of the MPS mortgage loan current account, with settlement scheduled for 15 May 2014.

The following loan contracts were stipulated in financial year 2009:

- on 27 March 2009, a loan agreement was stipulated with Cassa di Risparmio Bologna, relating to the acquisition of the "Tiburtino" Shopping Centre (Guidonia); the loan was recognised under current financial liabilities payable to third parties as at 31 December 2012, as its expiry was 27 September 2013. On 25 March 2013, the term of this loan was extended for two years, and then in March 2014 a further extension was stipulated until 27 March 2024;
- on 5 October 2009, Faenza e Sviluppo – Area Marcucci S.r.l., which later merged with IGD, entered into a loan agreement with Mediocredito Italiano relating to the "Le Maioliche" Shopping Centre (Faenza);
- on 8 October 2009, a loan agreement relating to the property intended for use as a Shopping Centre in Mondovicino and the Retail Park property in Mondovicino was stipulated with Cassa di Risparmio del Veneto. In March 2014, the term of this loan agreement was extended until 1 November 2024;
- on 23 December 2009, a loan agreement relating to the Hypermarket in the "Katanè" Shopping Centre (Catania) was stipulated with Mediocreval.

The following loan contracts were stipulated in financial year 2008:

- on 18 December 2008, a loan agreement relating to the Lungo Savio Cesena property was contracted with Unipol Banca S.p.A. and Coop Adriatica; on the same date, IGD acquired the property from Coop Adriatica, taking on the above-mentioned loan agreement;
- on 17 December 2008, Nikefin Asti S.r.l, which was later merged with IGD, entered into a loan contract with Banca Carige relating to the "I Bricchi" Shopping Centre (Isola d'Asti);

The following loan contracts were stipulated in financial year 2007:

- on 10 April 2007, IGD Management S.r.l., formerly Immobiliare Larice S.r.l., stipulated a loan agreement with Unipol Merchant S.p.A. relating to the "Sarca" Shopping Centre (Milan);

The following loan contracts were stipulated in financial year 2006:

- on 6 September 2006, a loan agreement was stipulated with Banca BNL relating to the "I Malatesta" Shopping Centre (Rimini);
- on 25 September 2006, an agreement was stipulated with Interbanca S.p.A. for the purpose of remortgaging the following properties: the "Lugo" Hypermarket, the "Il Maestrale" Hypermarket, the "Miralfiore" Hypermarket, "Centro d'Abruzzo", "Le Porte di Napoli", "Centro Portogrande", the "Portogrande" office building and the "Leonardo" Hypermarket;
- on 23 November 2006, M.V. S.r.l, which was later merged with IGD, entered into a loan contract with Banca Regionale Europea relating to the "Mondovicino" Shopping Centre (Mondovì).

The following table provides more detail on the characteristics of the loans described above. Note that the weighted average spread was 2.26% as at 31 March 2014.

Nature of product	Security provided	Counterparty	Expiry	Remaining amount – current portion (31/03/2014)	Remaining amount – non-current portion (31/03/2014)	CONDITION	Financial covenants	Calculation of indicator i)	Calculation of indicator ii)	Calculation of indicator iii)	Frequency of calculation of threshold indicators (covenants)
Loan agreement	MALATESTA – Rimini	BNL Banca Nazionale del Lavoro	06/10/2016	1,869	12,749	Euribor 03 M + 0.4	IGD SIIQ S.p.A. financial position: ratio of net financial position (NFP) (including derivative assets and liabilities) to equity no greater than 2 from 31/12/2006 to expiry	1.05			Annual
Land mortgage agreement	MONDOVICINO (Shopping Arcade)	Banca Regionale Europea	10/01/2023	883	8,925	Average Euribor 06M Sole 24 Ore - 365 + 0.9					
Land mortgage agreement	SARCA (Shopping Arcade + Hypermarket)	Unipol Merchant	06/04/2027	3,148	76,578	Average Euribor 03M Sole 24 Ore - 365 + 0.6	Annual certified consolidated financial statements: ratio of NFP (including derivative assets and liabilities) to equity no greater than 2.3	1.46			Annual
Loan	LE MAIOLICHE – Faenza	Coop Adriatica	31/12/2019	125	15,000	Average Euribor 03M Sole 24 Ore - 365 + 3.1					
Land mortgage agreement	LUNGO SAVIO – Cesena	Unipol Merchant	31/12/2023	538	9,344	Average Euribor 06M Sole 24 Ore - 365 + 1					
Mortgage loan agreement	I BRICCHI – Isola D'Asti (Shopping Arcade)	Banca Carige	31/03/2024	1,184	23,820	(Average Euribor 03M Sole 24 Ore - 360 divided by 2, rounded up to the nearest					

						0.05% and multiplied by 2) + 1.5					
Land mortgage agreement	TIBURTINO – Guidonia (Shopping Arcade + Hypermarket)	Cassa di Risparmio di Bologna	27/03/2024	4,151	59,097	Euribor 03 M + 3.6	IGD Group financial position: ratio of NFP (including derivative assets and liabilities) to equity no greater than 1.6 to expiry	1.46			Annual
Loan agreement	LUGO Hypermarket– Ravenna, MAESTRALE Hypermarket– Senigallia, MIRALFIORE Hypermarket– Pesaro, CENTRO D'ABRUZZO – Pescara (Shopping Arcade + Hypermarket), LE PORTE DI NAPOLI – Afragola (Shopping Arcade + Hypermarket), Portogrande (Shopping Arcade + Hypermarket), Imola Leonardo Hypermarket, Portogrande office building	GE Capital	05/10/2021	12,025	91,578	Euribor 03 M + 0.5	Consolidated financial statements: ratio of NFP (including derivative assets and liabilities) to equity no greater than 2 from 31/12/2006 to expiry	1.46			Annual
Loan agreement	LE MAIOLICHE – Faenza	Mediocredito Banca S.p.A.	30/06/2029	2,821	40,702	Euribor 03 M + 1.95	IGD SIIQ S.p.A. financial statements: ratio of external net financial debt to equity + intercompany loans no greater than 2.70	0.99			Annual

Loan agreement	Palazzo Orlando building and Officine	CentroBanca	15/06/2015	14	10,966	Euribor 03 M + 2.25					
Loan agreement	KATANÈ – Catania (Hypermarket)	Credito Valtellinese	31/03/2024	1,429	12,673	(Average Euribor 03M Sole 24 Ore - 360) + 1.5. The interest rate, including the margin, may not be less than 2.25%	Consolidated financial statements at 31/12: i) ratio of NFP to equity no greater than 2.30; ii) loan-to-value ratio on property no greater than 70%	1.38	37.93%		Annual
Mortgage agreement	Palermo (Shopping Arcade)	Monte dei Paschi di Siena	30/11/2025	1,844	28,528	Average Euribor 03M Sole 24 Ore - 365 + 1.65	Consolidated financial statements: i) ratio of NFP (including derivative assets and liabilities) to equity no greater than 1.7; and ii) loan-to-value ratio on individual mortgaged property no greater than 70%	1.46	52.17%		Annual
Loan agreement	Conè (Shopping Arcade)	CentroBanca	31/12/2025	2,640	38,048	Euribor 03 M + 1.4	Consolidated financial statements: ratio of NFP (including derivative assets and liabilities) to equity no greater than 2	1.46			Annual
Credit opening contract with mortgage security	DARSENA (Shopping Arcade + Hypermarket)	Monte dei Paschi di Siena	30/11/2014	16,634	0	Euribor 03 M (in arrears) + 4.875	IGD SIIQ S.p.A. financial statements: ratio of NFP (including derivative assets and liabilities) to equity no greater than 5	1.05			Annual
Mortgage agreement	MONDOVICINO (Retail Park)	Cassa di Risparmio del Veneto	01/11/2024	2,022	24,119	Euribor 06 M + 3.6	Annual certified consolidated financial statements: ratio of NFP (including derivative assets and liabilities) to equity no greater than 1.6	1.46			Annual

Loan agreement	Conè (Hypermarket)	CentroBanca	30/06/2016	877	13,154	Euribor 06 M + 1.8	Consolidated financial statements: i) ratio of NFP (including derivative assets and liabilities) to equity no greater than 2; and ii) loan-to-value ratio no greater than 66.40%	1.46	58.82%		Annual
Mortgage agreement	Palermo (Hypermarket)	Banca Carige	30/06/2027	1,575	21,382	Average Euribor 03M Sole 24 Ore - 360 + 1.6					
Land mortgage agreement	Porta Medicea – Property for residential use in Piazza Mazzini	Banca Popolare di Verona	25/07/2026	925	9,283	Average Euribor 06M Sole 24 Ore - 365 + 1.85	Porta Medicea S.r.l. financial statements: i) maintain the ratio of NET DEBT to EQUITY at ≤ 1.0; ii) equity at ≥ €55 million; and iii) loan-to-value less than or equal to 65%	0.44	€57,651,462	52%	Annual
Credit opening contract with mortgage security	Level I Crema, Level I Le Fonti del Corallo	Cassa di Risparmio di Firenze	19/12/2016	0	39,941	Average Euribor 03M Sole 24 Ore - 365 (in arrears) + 0.45	IGD Group financial position: i) ratio of NFP (including derivative assets and liabilities) to equity less than or equal to 1.6 to expiry; ii) ratio of EBITDA to financial expenses greater than 1.5; and iii) ratio of NFP to market value less than or equal to 0.65.	1.46	1.78	59.12%	Annual
Loan agreement	Via Rizzoli, Bologna property	Mediocredito Banca S.p.A.	30/09/2017	3,600	8,840	Euribor 06 M + 3.65	Annual consolidated financial statements: i) ratio of NFP to equity no greater than 1.60; and ii) loan-to-value ratio no greater than 0.65.	1.46	59.12%		Annual
Loan agreement	Casilino Shopping Centre – Lame Hypermarket – Catania Shopping Centre – ESP Shopping Centre – Borgo Shopping	BNP Paribas	26/11/2018	1,142	130,264	5.162% (from 31 January 2014)	As of 2014 financial statements i) LTV ratio less than 45%; ii) interest cover ratio greater than 190%; iii) LTV individual asset less than 70%; and iv) single-asset interest cover ratio				

	Centre						greater than 100%				
Loan agreement		ICCREA Banca Impresa – Emilbanca pool	06/02/2015	33	5,991	Euribor 03 M + 3.50					

At the Date of the Registration Document, in the Company's view, the existing loan agreements do not represent a significant level of concentration in relation to the various lending institutions.

Furthermore, to the best of the Issuer's knowledge, the loan agreements stipulated by Coop Adriatica and Unicoop Tirreno that existed at the Date of the Registration Document do not provide for cross default clauses with regard to the IGD Group's net financial debt.

Bond loan – non-current portion

As at 31 December 2013, this item referred to the bond loan issued on 7 May 2013 "*€144,900,000 4.335 per cent. Notes due 7 May 2017*".

Non-current financial liabilities due to other lenders

As at 31 December 2013, this item refers to the potential price adjustment payment relating to a business unit at the Sarca Centre, acquired in 2011, amounting to €1,875 thousand, of which €1,375 thousand is already due and payable in quarterly instalments and €500 thousand is subject to a condition precedent to be verified on 15 December 2015.

Liabilities for finance leases – non-current portion

As at 31 December 2013, this item referred to payables falling due after the following year, relating to the lease for the acquisition of IGD's operational headquarters in Bologna, stipulated in April 2009.

Related-party non-current financial liabilities

As at 31 December 2013, this item related to the payable contracted for assumption of the loan issued by Coop Adriatica for the "Le Maioliche" Shopping Centre in Faenza, amounting to €15 million, expiring as at 31 December 2019. The interest rate on the loan as at 31 December 2013 was 3.31%.

Current financial debt

Loans – current portion

The item consists of the short-term portion of medium-/long-term loans. For more information, see the section on loans and the relative table.

Current financial liabilities

The item consists of payables to banks and other lenders, as shown below:

Short-term bank loans

Financial liabilities payable to third parties

Financial liabilities payable to third parties refer to (*i*) short-term bank debt arising from new "hot money" agreements, amounting to €173,729 thousand; (*ii*) the short-term portion, €750 thousand, of liabilities assumed for acquisition of the business unit at the Sarca Centre, as previously mentioned; and (*iii*) the potential consideration for the balance owing for a Shopping Arcade acquired in 2009 for €2,154 thousand, and to be settled in 2014.

The following table shows the characteristics of the short-term bank loans as at 31 March 2014 in more detail, showing a weighted average spread of 2.50%. At the same date, outstanding short-term lines of credit amounted to €273,500,000.

Current financial liabilities	Term	31/03/2014	Economic conditions
Banca Pop. Emilia Romagna - Hot Money	10/03/2014 - 10/04/2014	25,500	Euribor 01 M + spread
Unicredit - Hot Money	24/03/2014 - 24/04/2014	10,005	Euribor 01 M + spread

Carisbo - Hot Money	21/03/2014 -22/04 /2014	5,004	Euribor 01 M + spread
Cassa Risparmio PD RO	11/03/201 - 11/04/2014	10,013	Euribor 01 M + spread
Unipol Banca - Hot Money	20/03/2014 - 22/04/2014	5,032	Euribor 01 M + spread
Bnl - Bologna	19/03/2014- 19/04/2014	3,000	Media Euribor 03 M + spread
Bnl - Bologna	27/03/2014 - 28/04/2014	10,000	Media Euribor 03 M + spread
Cassa risp. Firenze hot money	10/03/2014 -10/04/2014	15,023	Euribor 01 M + spread
Banca Popolare di Verona- Hot Money	on demand	2,000	Euribor 01 M + spread
Bre Banca account overdraft	on demand	6,962	Euribor 01 M + spread
Mps c.a. 195923	on demand	36,757	Euribor 01 M + spread
BNP annual subscription fee	05/05/2014	17	Annual amount €66 thousand
Total payables to banks		**129,313**	

(*) On 12 May 2014, the Issuer, jointly with Beni Stabili S.p.A. SIIQ, submitted a request for extinguishment of the MPS mortgage loan current account, with settlement scheduled for 15 May 2014.

Liabilities for finance leases – current portion

As at 31 December 2013, this item referred to the current portion of payables relating to the lease for the acquisition of IGD's operational headquarters in Bologna, stipulated in April 2009.

Bond loan – current portion

As at 31 December 2013, this item referred to the current portion of the bond loan issued on 7 May 2013, and, in previous years, to the convertible bond loan "*€230,000,000 3.50 per cent. Convertible Bonds due 2013*" originally issued on 28 June 2007 for €230,000,000, with an expiry of 28 December 2013.

When the Exchange Offer was completed on 7 May 2013, 1,229 "*€230,000,000 3.50 per cent. Convertible Bonds due 2013*" convertible bonds that contributed to the Exchange Offer, totalling €122,900,000, were cancelled. However, 1,071 "*€230,000,000 3.50 per cent. Convertible Bonds due 2013*" convertible bonds, totalling €107,100,000, remained in issue and were fully redeemed on 28 December 2013.

Related-party current financial liabilities

As at 31 December 2013, this item related to the interest accrued on the loan granted by Coop Adriatica for the "Le Maioliche" Shopping Centre in Faenza, and the balance of the irregular current account held with controlling entity Coop Adriatica. This current account was held for the exclusive use of the credit, totalling €50 million, and was settled at a rate equal to the 3-month Euribor plus a spread of 310 basis points.

Covenants and other contractual obligations

The financial covenants relating to loans outstanding at the various closing dates are as follows:

- The loan agreement with Interbanca S.p.A. signed on 1 August 2006 states that the bank can terminate the agreement if, in the consolidated financial statements at 31 December 2006 and until the due date, the net financial position-to-equity ratio exceeds 2.0. As at

31 December 2013 the covenant had not been breached. The contract can also be terminated in other circumstances, such as creditor composition or insolvency proceedings, non-payment or breach of obligations contained in the contract, a change in the Company's legal form, or mergers/demergers, and contains cross-default provisions by which default on any financial debt is considered to be a breach of contract if the default is not remedied within a given period of time. Furthermore, IGD must transfer to the lending bank (with guarantees as to the debtor's solvency) the rental income earned from leases with Coop Adriatica and Ipercoop Tirreno on the properties for which the loan was granted.

- The contract with Banca Nazionale del Lavoro S.p.A. signed on 7 August 2006 states that the bank can terminate the agreement if, from 31 December 2006 through maturity, IGD's net financial position-to-equity ratio exceeds 2.0. As at 31 December 2013 the covenant had not been breached. The agreement may also be terminated or the acceleration clause invoked under certain conditions, including, *inter alia*, non-payment or breach of contract, or insolvency or enforcement proceedings that hinder IGD's ability to pay back the loan. The bank is entitled to a lien on the sums paid by Coop Adriatica to IGD under the rental agreement for the “Malatesta” Hypermarket.

- The loan agreement signed with Unipol Banca S.p.A. and Unipol Merchant Banca per le Imprese S.p.A. signed on 26 March 2007 states that the bank can terminate the agreement if, from 31 December 2007 through maturity, the IGD Group's net financial position-to-equity ratio exceeds 2.3. As at 31 December 2013, the covenant had not been breached. The loan agreement also provides for the agreed spread to be increased on the basis of the following criteria: (*i*) if the ratio between the net financial position and net equity is less than or equal to 1.2, a spread of 0.55 will be applied; (*ii*) if the ratio between the net financial position and net equity is less than or equal to 1.5, a spread of 0.60 will be applied; and (*iii*) if the ratio between the net financial position and net equity is greater than 1.5, a spread of 0.65 will be applied. The bank may also terminate the agreement under certain conditions, such as the Company's dissolution or breach of contract not remedied within a given period of time, and contains termination and acceleration clauses if the Company should become bankrupt or chose to decrease any guarantees formerly granted.

- The agreement with Cassa di Risparmio di Bologna S.p.A., signed on 27 March 2009 and subsequently extended on 25 March 2013 for a further 2 years to commence from the date of extension, states that the bank can terminate the contract if, at any time until maturity, the IGD Group's net financial position-to-equity ratio exceeds 1.6. As at 31 December 2013 the covenant had not been breached. The bank may also terminate the agreement under certain conditions, such as the establishment of assets intended for one specific purpose, and contains termination and acceleration clauses in the event of circumstances such as insolvency or non-payment if not remedied by a given deadline, as well as cross default provisions (in excess of specified amounts).

- The contract with Cassa di Risparmio del Veneto S.p.A. signed on 8 October 2009 states that the bank can terminate the contract if the current or subsequent consolidated financial statements drawn up by the Company, approved and certified by an external auditor for the financial year ended 31 December 2009, show a net financial position-to-equity ratio that exceeds 1.6. As at 31 December 2013 the covenant had not been breached. The bank may also terminate the loan for breach of contract or the establishment of capital earmarked for a specific use, and contains cross-default clauses (for debt in excess of given amounts) if the situation is not remedied by a certain deadline.

- The loan agreement with Banca Regionale Europea for the “Mondovicino” Shopping Arcade may be terminated under circumstances including breach of contract; the loan may be called in early in the event of creditor composition or insolvency proceedings, declaration of bankruptcy, or decrease in assets due to IGD's actions or the outcome of actions by third parties.

- The contract with Mediocreval S.p.A. signed on 23 December 2009 states that the bank may terminate the contract if the net financial position-to-equity ratio exceeds 2.30, according to the consolidated financial statements for current and subsequent years, starting from 31 December 2009. Article 13.1.8 also allows the bank to withdraw if, any time between utilisation and final maturity, the loan-to-value (LTV) ratio of the property exceeds 70%. As at 31 December 2013 these covenants had not been breached. The contract may also be terminated or the acceleration clause invoked under circumstances including insolvency or enforcement proceedings that hinder IGD's ability to pay back the loan, or the sale of assets to creditors. Further grounds for termination are non-payment or breach of contract, if not remedied within a certain amount of time (including the establishment of capital earmarked for a specific use or the placement of encumbrances on IGD's assets other than those permitted by the agreement).
- The contract with Mediocredito Italiano S.p.A. signed on 5 October 2009 by Faenza Sviluppo Area Marcucci (merged into IGD) states that the bank can terminate the contract if the financial statements of IGD for any financial year show a ratio of net external debt to equity plus intercompany financing of more than 2.70. As at 31 December 2013 the covenant had not been breached. The bank may terminate the agreement under circumstances including the impairment of assets that results in the failure to guarantee the repayment of the relative debt, and breach of contract, if not remedied within a certain amount of time.
- The agreement with Monte dei Paschi di Siena S.p.A. signed on 21 December 2010 states that the bank can call in the loan if the net financial position-to-equity ratio exceeds 1.7 and the single-asset loan-to-value ratio exceeds 70%. As at 31 December 2013 the covenants had not been breached. The agreement includes *pari passu* clauses (by which reimbursement of the bank debt may not be deferred until after other lenders have been repaid), and requires early repayment in the event of a change of control, certain equity transactions or partial disposals of the property backing the loan. There are also cross-default provisions, for debt in excess of a certain amount that might have a negative impact on IGD's earnings or financial position. Finally, there are termination and acceleration clauses applying to circumstances such as insolvency proceedings, breach of contract, or the removal of assets constituting collateral.
- The agreement with Centrobanca S.p.A. signed on 22 December 2010 states that the bank can terminate the agreement if the net financial position-to-equity ratio exceeds 2.0. As at 31 December 2013 the covenant had not been breached. IGD is in any case obliged not to distribute profits or reserves, issue bonds, or take on new debt if this will result in a breach of covenant. The agreement includes acceleration clauses for circumstances such as insolvency proceedings or liquidation, the winding up or cessation of business, spin-offs, demergers, mergers, enforcements/protests for amounts exceeding a given sum, change of control, non-payment and breach of contract. Finally, it includes cross-default provisions (for debt in excess of a certain amount) and requires IGD to transfer to the lending bank the income it receives from its principal rental or business lease arrangements concerning the Conè Shopping Arcade.
- Based on the contract with Centrobanca S.p.A. signed on 30 June 2011: (*i*) the bank can call in the loan if the net financial position-to-equity ratio exceeds 2.0; and (*ii*) the bank can curtail the loan by written request, by an amount at its discretion, if the loan-to-value ratio exceeds 66.40%, such that this ratio is restored. As at 31 December 2013 these covenants had not been breached. IGD is in any case obliged not to distribute profits or reserves, issue bonds, or take on new debt if this will result in a breach of covenant. The contract includes acceleration clauses for circumstances such as insolvency proceedings or liquidation, the winding up or cessation of business, spin-offs, demergers, mergers, enforcements/protests for amounts exceeding a given sum, change of control, and breach of contract. Finally, it includes cross-default provisions (for debt in excess of a certain amount) and requires IGD to transfer to the lending bank the income it receives from Coop Adriatica for leasing the Hypermarket.

- The loan agreement with Centrobanca S.p.A. for Palazzo Orlando and Officine (originally €30 million, reduced in 2010 to €11 million) contains acceleration clauses concerning Porta Medicea S.r.l., 80% owned by IGD, for circumstances including, *inter alia*, impairment of assets (linked to a deterioration of the legal, administrative, organisational, commercial, technical, financial and economic situation where such events might cause serious and substantial prejudice to the timely and full payment of the credit obligations of Centrobanca S.p.A.), not remedied by a certain deadline, or Porta Medicea's insolvency or change of control.
- The loan agreement with Banca Popolare di Verona - S. Geminiano e S. Prospero S.p.A. signed on 25 July 2011 requires the borrower to maintain the net financial position-to-equity ratio of its subsidiary Porta Medicea S.r.l. below 1.0, equity of at least €55 million, and a loan-to-value ratio of 65% or less (regarding property for residential use at Piazza Mazzini). As at 31 December 2013 these covenants had not been breached. The agreement includes *pari passu* clauses, a ban on encumbering assets other than as permitted under the agreement, and change of control and cross-default provisions.
- The loan agreement with Cassa di Risparmio di Firenze S.p.A. signed on 19 December 2011 gives the bank the right to terminate the loan unless the borrower maintains the following ratios (*i*) EBITDA/financial expenses exceeding 1.5; (*ii*) net financial position-to-equity of 1.60 or less; and (*iii*) net financial position to total value of Group properties (per certified annual expert reports attached to IGD's consolidated financial statements) of 0.65 or less. As at 31 December 2013 these covenants had not been breached. The contract includes acceleration clauses for circumstances such as insolvency proceedings or liquidation, financial hindrances in excess of a certain amount, non-payment and breach of contract, as well as cross default provisions (for default exceeding a given sum).
- The agreement with Unipol Banca S.p.A. relating to the "Lungo Savio" Shopping Arcade in Cesena includes acceleration clauses for circumstances such as breach of payment obligations, dissolution of the company, mergers, demergers and transfers not authorised by the bank, and breach of financial obligations not remedied within a certain period of time.
- The loan agreement with Cassa di Risparmio di Genova for the "I Bricchi" Shopping Arcade contains termination clauses for certain events such as the impairment of assets, mergers and demergers, insolvency proceedings and change of control.
- The loan agreement with Banca Carige for the "La Torre" Hypermarket in Palermo provides, *inter alia*, for the transfer with recourse of the rental income from the lease on this Hypermarket received from Ipercoop Sicilia.
- The loan agreement with Intesa Sanpaolo signed on 16 March 2012 gives the bank the right to terminate the agreement unless the borrower maintains the following ratios: (*i*) EBITDA/financial expenses exceeding 1.5; (*ii*) net financial position-to-equity of 1.60 or less; and (*iii*) net financial position to total value of Group properties (per certified annual expert reports attached to IGD's consolidated financial statements) of 0.65 or less. As at 31 December 2013 these covenants had not been breached. The contract includes acceleration clauses for circumstances such as insolvency proceedings or liquidation, financial hindrances in excess of a certain amount, non-payment and breach of contract.
- The loan agreement with Mediocredito Italiano S.p.A. signed on 5 November 2012 gives the bank the right to terminate the agreement unless the borrower maintains the following ratios: (*i*) net financial position-to-equity of 1.60 or less; and (*ii*) net financial position to total value of Group properties (per certified annual expert reports attached to IGD's consolidated financial statements) of 0.65 or less. As at 31 December 2013 these covenants had not been breached. The contract includes acceleration clauses for circumstances such as insolvency proceedings or liquidation, financial hindrances in excess of a certain amount, non-payment and breach of contract.

- The extension of the credit line secured by a mortgage signed with Monte dei Paschi di Siena on 29 November 2012 regarding the “Darsena City” Shopping Centre in Ferrara gives the bank to the right to terminate the agreement should the net financial position-to-equity ratio exceed 5. This agreement also contains change of control and cross default clauses.
- The unsecured loan agreement signed with Iccrea Banca/Emil Banca in August 2013. The agreement includes the obligation not to change the Company’s corporate purpose, not to establish separate assets for one specific purpose, pursuant to Article 2447-*bis* of the Italian Civil Code, except for financial transactions carried out in order to pursue the corporate objective; not to take out loans that will be used for a specific business in which some or all of the proceeds from the business are intended to repay the loan, in whole or in part, pursuant to Article 2447-*decies* of the Italian Civil Code; and not to carry out derivatives transactions for speculative purposes;
- The mortgage loan agreement signed with the Italian branch of BNP Paribas on 26 November 2013. The loan agreement provides, *inter alia*, for early redemption in the following circumstances: (a) full redemption, in the event of a change of control at the Company, or if the Company no longer holds the entire share capital of IGD Property SIINQ S.p.A.; and (b) partial redemption, in relation to the portion of the loan allocated to the relative mortgaged property, if this property is sold, or if the Company receives indemnification and/or compensation and/or insurance premiums, or the LTV of this property is greater than 70% and/or the ICR of the property is less than 100%. Pursuant to the loan agreement, the Company is obliged, *inter alia*: *(i)* not to change or cease its corporate operations and to maintain all authorisations, permits, contracts and licences required to perform them, *(ii)* to maintain its SIIQ status (and/or SIINQ status in the case of IGD Property SIINQ); *(iii)* to maintain the shares representing its listed share capital on the Mercato Telematico Azionario, *(iv)* not to make pay-outs, except those provided for by law, in the event of a cash trap (a scenario in which, on a given date, *(i)* the aggregate ICR of the real estate assets used as security is equal to or less than 190%, but in any event greater than 170%, and/or *(ii)* the aggregate LTV of the real estate assets used as security is greater than or equal to 45%, but lower than 50%) or a cash sweep (a scenario in which, on a given date, *(i)* the aggregate ICR of the real estate assets constituting security is less than or equal to 170%, but in any event greater than 100%, and/or *(ii)* the aggregate LTV of the real estate assets constituting security is greater than or equal to 50% but less than 55%). If a Cash Trap event occurs at a verification date, the surplus cash with respect to the payments due (for example, payment of taxes, duties, insurance premiums, fees to the lending bank, etc.) must be credited to the reserve account pledged in favour of the lending bank. These sums may be used again if it is demonstrated that the financial parameters have been restored for two consecutive verification dates. If a Cash Sweep event occurs, the surplus cash with respect to the payments due, together with the amounts credited to the reserve account, must be used for compulsory early repayment of the loan. Under the loan agreement, the bank has the right to terminate the agreement unilaterally, if, *inter alia*: *(i)* the aggregate LTV of the real estate assets is greater than 55%, or *(ii)* the aggregate ICR of the real estate assets is less than 100%. The agreement also contains termination and acceleration clauses in the event of circumstances including insolvency proceedings, breach of contract, cross default on debt of more than €500,000,000, delisting from the MTA and loss of SIIQ status. The agreement also contains *pari passu* clauses (under which reimbursement of the bank debt may not be deferred until after other lenders have been repaid). The loan is supported, *inter alia*, by a level 1 mortgage on some real estate assets, and a lien on shares in favour of the lending bank, comprising 100% of the share capital of IGD Property SIINQ, owned by the Company.

Derivatives

The Company has stipulated derivative contracts for the use of structured products called interest rate swaps. These contracts are part of the Company's interest rate risk management activity and are intended to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads. All interest rate derivatives are accounted for using the cash flow hedge method.

(€/000)	31/03/2014	31/12/2013	31/12/2012	31/12/2011
	notional amount			
IRS	428,116	569,960	463,293	491,072

Below are some financial indicators for the quarter ended 31 March 2014 and financial years ended 31 December 2013, 2012 and 2011.

	Q1 2014	Financial year 2013	Financial year 2012	Financial year 2011
GEARING RATIO	**1.27**	**1.38**	**1.38**	**1.38**
LOAN TO VALUE (%)	**55.47%**	**57.36%**	**57.15%**	**56.86%**
AVERAGE COST OF DEBT (%)	**4.12%**	**4.22%**	**4.29%**	**4.08%**
HEDGING RATIO (%)	**79.50%**	**79.29%**	**76.14%**	**80.80%**

The gearing ratio was unchanged during the three-year period due to the IGD Group's investment policy and the equilibrium in the balance sheet and income statement pursued under the implemented strategies of the 2014-2016 Plan. As at 31 March 2014 the amount showed a decrease, mainly due to transactions made in the quarter (transfer of the "Fonti del Corallo" Shopping Arcade and the sale of treasury shares).

The gearing ratio expresses the relationship between third-party resources and own resources. It is calculated as the ratio of net financial debt to shareholders' equity, which does not include only the accounting and non-monetary effects of the cash flow hedge reserve. During the first quarter of 2014 and financial year 2013, the gearing ratio remained within the ranges established by the Plan.

Loan-to-value expresses the ratio between debt and the value of the freehold properties. During the first quarter of 2014 and financial year 2013, the loan-to-value ratio remained within the ranges established by the Plan. Note that the data for financial year 2011 were adjusted to exclude derivative liabilities from net financial debt.

The reduction in the value of real estate investments and the decrease in net financial debt caused an overall increase in the loan-to-value indicator in the three-year period.

The average cost of debt peaked in financial year 2012 before decreasing in financial year 2013; the total increase registered in the three-year period 2011-2013 was mainly due to higher spreads on short-term debt, and to some extent on long-term debt, which was partially offset in financial year 2013 by the decline of the benchmark (3-month Euribor) from 0.57 (monthly average) in 2012 to 0.22 (monthly average) in 2013. During 2013, the average cost of debt was 4.22%; in the first quarter of 2014, the average cost of debt was 4.12%

The hedging ratio expresses total bank loans hedged by IRS and bonds as a proportion of all bank loans and bonds. In the first quarter of 2014 and financial year 2013, the hedging ratio remained within the ranges established by the 2014-2016 Plan.

The hedging ratio increased in 2011 due to the Company's decision to increase its hedging level for interest rate fluctuations. On 31 December 2012, the ratio decreased slightly due to the stipulation of new mortgage loans, as described in paragraph 10.1, for which there is no hedging for interest rate fluctuations.

10.2 Cash flows of the Issuer.

Below is the IGD Group's consolidated statement of cash flows for the years ended 31 December 2013, 2012 and 2011, taken from the consolidated financial statements at the respective dates, showing:

- cash flow from operating activities;
- cash flow used in investment activities;
- cash flow from financing activities;
- cash and cash equivalents at the beginning and end of the financial year.

Consolidated statement of cash flows – key data	**31/03/2014**	**31/03/2013**	**31/12/2013**	**31/12/2012**	**31/12/2011**
(in €/000)					
Cash flow from operating activities	16,417	10,058	44,083	34,841	61,320
Cash flow used in investment activities	36,727	(2,233)	(25,814)	(13,883)	(127,520)
Cash flow from financing activities	(45,809)	(10,406)	(17,343)	(27,803)	48,382
Exchange gains/(losses) on cash and cash equivalents	10	6	(25)	(43)	(13)
Net increase (decrease) in cash and cash equivalents	**7,345**	**(2,575)**	**901**	**(6,888)**	**(17,831)**
Cash and cash equivalents at the beginning of the financial year	**8,446**	**7,545**	**7,545**	**14,433**	**32,264**
Cash and cash equivalents at the end of the financial year	**15,791**	**4,970**	**8,446**	**7,545**	**14,433**

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>

Cash flow from operating activities for the periods ended 31 March 2014 and 2013 is shown below:

	31/03/2014	**31/03/2013**
(in €/000)		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	**7,751**	**8,897**
Adjustments to reconcile net profit for the year with cash flow generated (absorbed) by operating activities:		
Non-monetary items	2,756	4,080
(Depreciation, amortisation and provisions)	796	873
Change in fair value – increases/(decreases)	453	275
Capital gains(losses) on disposals	(120)	413
CASH FLOW FROM OPERATING ACTIVITIES	**11,636**	**14,538**
Current income tax	(352)	(342)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAXES	**11,284**	**14,196**
Change in inventories	672	(1,471)
Net change in current operating assets and liabilities	3,682	(3,426)
Net change in non-current operating assets and liabilities	779	759
CASH FLOW FROM OPERATING ACTIVITIES	**16,417**	**10,058**

The figures above shows an improvement mainly attributable to the performance of net working capital.

Cash flow from operating activities for the financial years ended 31 December 2011, 2012 and 2013 is shown below:

	31/12/2013	31/12/2012	31/12/2011
(in €/000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	**920**	**4,967**	**29,142**
Adjustments to reconcile net profit for the year with cash flow generated (absorbed) by operating activities:			
Non-monetary items	9,582	8,186	6,343
(Depreciation, amortisation and provisions)	3,531	3,864	2,893
(Impairment)/reversals on assets under development and inventory	(1,015)	1,211	(29)
Change in fair value – increases/(decreases)	34,502	29,383	14,150
Equity investments	0	746	528
CASH FLOW FROM OPERATING ACTIVITIES	**47,520**	**48,357**	**53,027**
Current income tax	(1,588)	(1,270)	(1,049)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAXES	**45,932**	**47,087**	**51,978**
Change in inventories	(322)	(6,880)	(6,863)
Net change in current operating third-party assets and liabilities	(1,642)	(6,115)	22,242
Net change in current operating related-party assets and liabilities	(2,240)	2,164	(2,546)
Net change in non-current operating third-party assets and liabilities	2,285	(1,486)	(4,324)
Net change in non-current operating related-party assets and liabilities	70	71	833
CASH FLOW FROM OPERATING ACTIVITIES	**44,083**	**34,841**	**61,320**

The statement of cash flows was restated for 2011 to show the flows net of deferred tax assets and liabilities.

Financial year 2012 shows a decrease in flows due to the impact of the IMU and financial expenses, while net working capital absorbed cash despite benefiting from the use of VAT credit and the VAT credit refund obtained (approximately €2.8 million). In 2011, cash flow from operating activities was affected by revenue growth and the trend in net working capital, which benefited substantially from the VAT refund obtained (€25 million).

In 2013, the flows generated from operations were down slightly on the previous year, due to reduced revenue from ordinary operations and higher costs relating to vacant units and the IMU, although this was partially offset by the decrease in financial expenses, while net working capital absorbed less cash than in the previous year, partly due to the sale of residential units at the "Porta a Mare" project.

<u>CASH FLOW USED IN INVESTMENT ACTIVITIES</u>

Cash flow used in investment/(disposal) activities for the periods ended 31 March 2014 and 2013 is shown below:

	31/03/2014	31/03/2013
(in €/000)		
(Investments) in fixed assets	(10,041)	(2,233)
Disposals of fixed assets	46,823	0
(Investments) in equity investments	(55)	0
CASH FLOW USED IN INVESTMENT ACTIVITIES	**36,727**	**(2,233)**

In the first quarter of 2014, the cash flow from investment activities was affected by the above-mentioned transaction involving the transfer of the “Fonti del Corallo” Shopping Arcade in Livorno.

Cash flow used in investment/disposal activity for the years ended 31 December 2011, 2012 and 2013 is shown below:

	31/12/2013	31/12/2012	31/12/2011
(in €/000)			
(Investments) in fixed assets	(25,866)	(13,805)	(127,905)
Disposals of fixed assets	57	30	385
Disposals of equity investments in subsidiaries	55	0	
(Investments) in equity investments in subsidiaries	(60)	(108)	
CASH FLOW USED IN INVESTMENT ACTIVITIES	**(25,814)**	**(13,883)**	**(127,520)**

The cash flows absorbed by the investment activity shown above have already been commented on in paragraph 5.2 (“Main investments”). Please see this paragraph for further details.

<u>CASH FLOW FROM FINANCING ACTIVITIES</u>

Cash flow from financing activities for the periods ended 31 March 2014 and 2013 is shown below:

	31/03/2014	31/03/2013
(in €/000)		
Change in non-current financial assets	(66)	(113)
Change in financial receivables and other current financial assets	(1)	43
Dividend reinvestment option	(45)	
	12,050	
Change in current debt	(69,896)	(62,769)
Change in non-current debt	12,149	52,433
CASH FLOW FROM FINANCING ACTIVITIES	**(45,809)**	**(10,406)**

Cash flow from financing activities absorbed the liquidity for the periods 31 March 2014 and 2013.

Cash flow from financing activities for the years ended 31 December 2011, 2012 and 2013 is shown below:

	31/12/2013	31/12/2012	31/12/2011
(in €/000)			
Change in non-current financial assets	(826)	15	(22)
Change in financial receivables and other current financial assets	21	237	5,695
Change in related-party financial receivables and other current financial assets	381	692	(335)
Dividend reinvestment option	13,070	12,712	0
Distribution of dividends	(22,333)	(23,862)	(22,370)
Change in current debt	(127,206)	317,387	(2,889)
Change in related-party current debt	(7,927)	(28,686)	46,342
Change in non-current debt	127,477	(306,298)	21,961
CASH FLOW FROM FINANCING ACTIVITIES	**(17,343)**	**(27,803)**	**48,382**

Cash flow from financing activities absorbed cash in 2012 and 2013, having generated cash in 2011, reflecting the financing requirements of the transactions previously described.

10.3. Financial requirements and financing structure of the Issuer.

The following table shows the data taken from the statements of financial position prepared in accordance with IFRS as at 31 March 2014 and 31 December 2013, 2012 and 2011, showing financing commitments and sources for the invested capital.

SOURCES/USES OF FUNDS	31/03/2014	31/12/2013	31/12/2012	31/12/2011
Real estate investments	1,675,693	1,723,693	1,754,550	1,779,445
Other property, plant and equipment and intangible assets	135,936	125,361	102,017	96,246
Other non-current assets	31,332	30,075	33,412	22,065
Net working capital	66,491	71,271	75,713	68,909
Other non-current liabilities	(70,312)	(68,519)	(68,520)	(70,644)
TOTAL USES	**1,839,140**	**1,881,881**	**1,897,172**	**1,896,021**
Shareholders' equity	778,904	763,692	753,566	767,053
Derivative (assets)/liabilities	37,806	33,302	53,975	34,571
Net financial debt	1,022,430	1,084,887	1,089,631	1,094,397
TOTAL SOURCES	**1,839,140**	**1,881,881**	**1,897,172**	**1,896,021**

10.4. Restrictions on the use of the Issuer's financial resources

At the Date of the Registration Document, there are no restrictions on the use of the financial resources that have, or could have, directly or indirectly, significant consequences on the Issuer's operations.

10.5. Expected sources of funding

The Company believes that the financial resources available and/or prospective financing operations will be sufficient to cover the liquidity requirements arising from its planned investments.

CHAPTER XI – RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Issuer does not carry out research and development activities.

In the course of its business the Group uses various brands, which it owns.

At the Date of the Registration Document, the main brands used by the Group are the IGD brand and, in Romania, the Winmarkt brand.

At the Date of the Registration Document, the Group also owns the brands relating to the following Shopping Centres: "ESP", "Centro Borgo", "Centro Lame" (50:50 owned with Eurocommercial Properties), "Centro Leonardo" (50:50 owned with Eurocommercial Properties), "I Malatesta", "Le Maioliche", "Centro d'Abruzzo", "Centro Porto Grande", "Mondovicino", "Gran Rondò" (50:50 owned with Coop Lombardia), "Centro Sarca" (50:50 owned with Coop Lombardia), "I Bricchi", "Conè", "La Torre", "Katanè", "Millennium Center", "Lungo Savio", "Tiburtino", "Casilino", "Le Porte Di Napoli", "Fonti del Corallo", "Centro Piave", "Centro Nova", "Città delle Stelle Shop & Show", "WiniLand" and "Game Land". Furthermore, in terms of the brands for the "Casilino", "Le Porte Di Napoli" and "Fonti del Corallo" Shopping Centres, IGD has signed an agreement with UniCoop Tirreno – the owner of these brands – for the use of same.

In March 2013 the Company registered the new trademark IGD SIIQ S.p.A. – Spazi da vivere a livello comunitario (Living spaces for the community).

CHAPTER XII – INFORMATION ON EXPECTED TRENDS

12.1 Recent trends in the Group's markets

Although 2013 was characterised by a complex macroeconomic environment, with negative GDP, unemployment and consumption indicators, the Group's operating performance was satisfactory compared with the nationwide trend. In 2013, the IGD Group recorded a net decrease in tenant sales in Italian Shopping Arcades of -1.6% on a like-for-like basis (less than that recorded for the country as a whole, at -2.4%[10]), compared with an increase in the entry of new tenants (+0.9%). In the Issuer's opinion, these results demonstrate both the relevance of the current business model and assets, and the strength of the marketing activity and improvement in the Group's tenant/merchandising mix. The year-end occupancy rate in Italy remained high (97.4% on average for Hypermarkets and Shopping Arcades), although the rise in average vacancy rate during the year and continuation of the commercial policy of providing temporary support for operators in difficulty had a negative impact on core business revenue.

In addition, the volume of investment in Italy began to grow in the first half of 2013, compared with the second half of 2012, gathering pace in the second half of 2013 to reach, at the end of 2013, a total of €2.2 billion, more than eight times higher than that recorded in 2012. The transactions almost exclusively involved foreign investors, mainly from the United States and Europe. The net returns on these transactions are within a range of 6.75% and 8.25%.

The first few months of 2014, up until the Date of the Registration Document, show an improvement in the macroeconomic situation, particularly as regards the trend in consumption, which has direct implications for its business performance. IGD has in any case confirmed its prudent investment plan, which will focus on developing projects already in the portfolio, in an effort to improve the quality and energy efficiency of the Real Estate Portfolio. During the three-year period 2014-2016, the option of selling properties is also provided for with a view to optimising the capital invested and gradually reducing the gearing ratio. To that end, in the first quarter of 2014 the Company completed the sale of the "Fonti del Corallo" Shopping Centre in Livorno.

The increase in investment in the retail real estate sector in Italy reflects a significant renewal of interest on the part of institutional investors, particularly foreign investors, prompted by a general realignment of prices and yields between supply and demand, good asset quality (prime and good secondary) and the likelihood of improved macroeconomic prospects in the coming years.

In the first three months of 2014, transactions worth a total of €720 million were carried out, representing a fall of approximately 7% compared with the same period in the previous year (source: Jones Lang LaSalle). In this period there was a strengthening of interest on the part of international opportunistic or value-added investors, but also a renewal of interest on the part of the core institutional investors, including Italian pension funds, which had been partially on stand-by in 2013. In addition to these players, there are also a number of sovereign wealth funds actively present in the various sectors.

In the near future, numerous transactions are expected to be completed in all sectors, especially the retail and office sectors. In the office sector in particular, there is a good offer of grade A properties in quality locations on the market, consisting of buildings constructed and placed on the market in the last few years, which must now be regarded as sufficiently stabilised and therefore mature to meet the demand of investors. As regards the retail sector, there is an improvement in investors' perception of the economic fundamentals, which – unlike the last 24 months – are no longer detrimental. There is a steady growth for the prime centres and a stable situation for the secondary centres, and improved activity in the tenants

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[10] Source: Calculated by IGD based on an analysis of various studies by leading research institutes

market of the retail sector, with the expectation of further growth for rents in the prime centres and a reduction of incentives in the secondary centres.

12.2 Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer’s prospects for at least the current financial year

At the Date of the Registration Document, with the exception of the Risk Factors described in Chapter IV of this Registration Document and in paragraph 12.1 above, the Issuer is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer’s prospects for at least the current financial year.

In particular, as at 31 March 2014, consolidated operating revenue was up +1.94% on the same period of the previous year: added to the core business revenue from leasing activities is €1.28 million in trading revenue from the “Porta a Mare” project, involving the sale of 4 residential units and appurtenances. Conversely, core business revenue alone is down by -2.41%, mainly due to the like-for-like revenue resulting from planned or strategic vacancy levels in Italian Shopping Arcades (already leased premises in which new layout works are in progress) and the decline in revenue from the Romanian Shopping Arcades due to planned vacancy levels and downsides on the renewal of leases from 2013, already recognised at the end of the year. The direct costs of core business increased by 4.86% compared with the same period in the previous year. This is mainly due to higher costs resulting from the IMU tax (due to an increase in the calculation coefficients for land category D8 – large retail premises) and the increase in leasing and rental costs following the transfer of the Le Fonti del Corallo Shopping Arcade in Livorno, which is now managed through a long-term lease with the buyer.

Core business EBITDA as at 31 March 2014 amounted to €20.14 million, down 5.49% on the same period of the previous year, while the core business operating margin stood at 67.84%, a decrease compared with the same period of the previous year, mainly due to the fall in core business revenue and the increase of the above-mentioned costs.

Financial management increased by 3.55% compared with the same period in the previous year.

Group profit was down -24.8% at €6.2 million.

The consolidated results reported as at 31 March 2014 and 31 December 2013, and the main economic and financial trends recorded up to the Date of the Registration Document, also show a substantial alignment with the operating and financial plans and projections contained in the 2014-2016 Plan (of which the preliminary results for 2013 formed the initial basis), while remaining within the ranges provided for key profitability and financial structure indicators.

CHAPTER XIII – PROFIT FORECASTS OR ESTIMATES

Introduction

On 19 December 2013, the Issuer's Board of Directors approved the 2014-2016 business plan (the "**2014-2016 Plan**") containing the IGD Group's strategic guidelines and its operating, financial and equity objectives.

The 2014-2016 Plan, prepared by the Issuer's directors from the preliminary results as at 31 December 2013, was prepared based on the accounting policies used for the preparation of the 2013 Consolidated Financial Statements, presented in accordance with IAS/IFRS as adopted by the European Union.

The 2014-2016 Plan includes a set of estimates and assumptions relating to future events and actions to be undertaken by the Issuer's directors. These include, *inter alia*, hypothetical assumptions which are exposed to the risks and uncertainties inherent in the current macroeconomic environment, relating to future events and actions taken by the directors which may not necessarily occur, and events and actions over which the directors have little or no influence in terms of the major financial and economic factors or other factors that affect their performance (collectively, the "**Hypothetical Assumptions**").

Given the current highly uncertain economic climate, the preparation of the 2014-2016 Plan is based on the following principal Hypothetical Assumptions, described more fully in paragraphs 13.1 and 13.2 below:

1. the sale of assets (investment property and treasury shares) by 2016 for an estimated value of around €150 million;
2. the sale of property units in the "Porta a Mare" project for around €40 million by 2016;
3. the provision that the majority of extraordinary maintenance expenses forecast over the course of the 2014-2016 Plan will not generate increases in fair value of investment property, taking into account the still uncertain macroeconomic situation (in this respect the IGD Board of Directors has not made specific assumptions on the future performance of the real estate market);
4. successful completion of the refinancing of maturing debt, particularly in view of the additional financing needs arising from the planned investments.

It should however be emphasised that, due to the uncertainty inherent in any future event, both in terms of the materialisation of the event and the extent and timing of its occurrence, the difference between the final and estimated values could be significant, even if the events predicted in the hypothetical assumptions do actually occur.

13.1 Guidelines and objectives of the 2014-2016 Plan

The 2014-2016 Plan, as approved by the Board of Directors on 19 December 2013, is based on the following three guidelines.

1) Consolidation of operating results and profitability

The first course of action for the consolidation of operating results involves maintaining future leasing revenues and reducing the vacancy rate through:

- the capacity for innovation, by using attractive brands, offering personal services and showcasing local excellence;
- increased focus on interpreting changes in consumer demand in order to make swift adjustments to the merchandising mix;
- analysis of the operational and financial equilibrium of retailers, with the implementation of temporary, targeted support policies for retailers in difficulty, the

total amount of which is however expected to decrease over the course of the 2014-2016 Plan.

In addition, the following are expected to have a positive impact on like-for-like core business revenue:

- index-linking of contracts, a gradual increase in the weighting of variable revenues to total revenues and a slight recovery in vacancy rate in 2015 and 2016;
- the gradual reduction in temporary discounts granted in view of the improving macroeconomic situation;
- a rise in rental payments by applying an increase of around 1% in the final year of the plan;
- net revenue growth of Winmarkt in Romania, mainly due to the opportunities created by the redevelopment of the GLA and the positive impact of the most recent contracts, both in terms of step rent and in terms of index-linking mechanisms;
- the continuation of coordinated marketing plans to create a common identity for events and communication at the various centres located throughout Italy, delivering significant synergies;
- growth in service revenues based on an expected increase in management mandates.

In terms of direct costs, it has been assumed that a substantially stable level will be maintained, in absolute terms, for the duration of the 2014-2016 Plan.

The impact of these costs on total core business revenue is expected to fall to around 24% by the end of the 2014-2016 Plan.

Finally, with regard to general expenses, while a slight increase is forecast in absolute terms, their proportion relative to core business revenue is expected to fall to just over 8% in 2016.

2) Valuation of the existing portfolio and development pipeline

The valuation of the IGD Group portfolio is based on the implementation of projects already clearly identified, with a view to pursuing the following objectives:

- maintaining the appeal of the Shopping Centres in the Real Estate Portfolio, if necessary through their expansion and restyling;
- the opening of new Shopping Centres with local potential or the launch of innovative projects such as "Porta a Mare" (a retail development in a historical centre);
- continuing development efforts to allow recently opened Shopping Centres and those with the most potential to become fully profitable;
- keeping a strong focus on energy efficiency in both maintenance and new equipment to reduce general expenses and attract environmentally conscious tenants.

All planning activities are guided by commercial objectives.

The 2014-2016 Plan will require a total investment of around €195 million during the period 2014-2016, of which:

- €110 million will be invested in the existing portfolio, primarily for the expansion and restyling of major local Shopping Centres (such as the "ESP", "Centro d'Abruzzo", "Porto Grande", "Centro Sarca", "Gran Rondò" and "Le Porte di Napoli" Shopping Centres), and other extraordinary maintenance both in Italy and Romania in order to bring the facades and interior of Winmarkt department stores up to international standards, with a positive impact in terms of the possibility of attracting new high-profile retailers and potential investors in the near future; and
- €85 million will be invested in pipeline development projects, i.e. the new Shopping Centre in Chioggia and the Porta Medicea multipurpose development in Livorno.

More specifically, the 2014-2016 Plan involves investments of approximately: (*i*) €75 million for 2014, (*ii*) €85 million for 2015 and (*iii*) €35 million for 2016.

The difference between the investments referred to in paragraph 5.2.2 for 2014 compared with that provided for in the 2014-2016 Plan is due to the fact that certain investments included in the 2014-2016 Plan at the Date of the Registration Document are still awaiting a decision from the Issuer's governing bodies, although in the process of being finalised.

The 2014-2016 Plan also provides for the sale, by 2016, of investment property with a total estimated value of around €140 million, of which approximately €3.5 million relates to sales in Romania. At the Date of the Registration Document, the sale of the Shopping Arcade in the "Le Fonti del Corallo" Shopping Centre in Livorno had already taken place, for a price of €47 million.

IGD may also consider potential opportunities for asset rotation and partnerships with institutional investors.

The aggregation strategy of third-party real estate portfolios is also still valid, again in the retail segment, and more specifically in the cooperative sector.

With regard to the fair value of investment property, the Group's directors have not made specific assumptions about the future performance of the real estate market, so it is presumed that the majority of extraordinary maintenance expenditure over the term of the 2014-2016 Plan will not generate increases in value, taking into account the still uncertain macroeconomic situation.

3) Financial sustainability

The Issuer's financial strategy is aimed at gradual deleveraging; the 2014-2016 Plan effectively forecasts that the gearing ratio will settle at around 1.2x at the end of 2016, partly through the planned disposal of properties.

The Group also intends to start gradually reducing its bank borrowing through direct access to the bond market; at the same time, the Group will investigate the possibility of obtaining a rating from a prime ratings agency during the lifetime of the plan to gain more frequent access to the market.

The 2014-2016 Plan forecasts a long-term debt structure balanced against the high level of asset capitalisation, able to meet the increased financing needs arising from the planned investments through: (*i*) the refinancing of maturing debt; and (*ii*) the dividend reinvestment option in the context of a capital increase, to be proposed for each year of the 2014-2016 Plan when dividends are paid out, based on an estimated 50% of the total amount of dividends to be distributed. This strategic decision was made partly in view of the positive results of the first two dividend reinvestment options arranged in 2012 and 2013 in respect of the profit distribution obligations linked to its SIIQ status.

In addition, the 2014-2016 Plan provides for the sale of treasury shares for a total value of approximately €10 million by 2016. At the Date of the Registration Document, the Company has already sold all 10,976,592 treasury shares held, for a total price of approximately €12 million.

In terms of hedging the risk of interest rate changes on total debt, the intention is to maintain an essentially stable level of around 65% during the term of the 2014-2016 Plan, consistent with the performance of benchmark parameters and spreads.

Finally, in view of its SIIQ status and in the interests of sustainability, which informs all aspects of the 2014-2016 Plan, the Issuer proposes to offer an attractive return to its shareholders.

13.2 Main general assumptions and macroeconomic scenario underlying the 2014-2016 Plan

Below are the principal assumptions concerning the macroeconomic scenario used by the directors to prepare the 2014-2016 Plan.

Unless otherwise indicated, all macroeconomic data in the following paragraph are derived from the directors' calculations based on an analysis of various studies conducted by leading research institutes.

Benchmark assumptions for the Italian economy

In Italy, annual GDP stands at -1.8%[11]. The downward slide was interrupted at the end of the year only after eight quarters of negative data. The sluggish economic activity and domestic demand were also reflected in the modest change in consumer prices: inflation in Italy has continued to fall, down 0.7% in December[12]; the VAT increase in October was reflected only slightly in consumer prices. Unemployment (12.7% in December 2013[13]) and household spending (-2.5%[14]), which have a direct impact on IGD's business, remained in negative territory despite some improvements compared with the previous year's trend; consumption has fallen partly due to a lack of disposable income and as a result of the tough labour market conditions. There are signs that the end of 2013 marked a turning point for the Italian economy, kick-started by foreign demand and steady growth in manufacturing investment, and boosted by the government's commitment to settle commercial debt arrears.

In particular, the assumptions about the performance of Italian GDP used for the preparation of the 2014-2016 Plan were +0.6% in 2014, +1.1% in 2015 and 1.7% in 2016.

Consumer price inflation was estimated at 1.5% for the entire lifetime of the Plan.

In this economic climate, the spending behaviour of Italian households remains prudent, still influenced by disposable income and labour market conditions. In any case, in view of the steady improvement in the economic and employment situation, the estimates used for consumption trends were 0% in 2014, +0.6% in 2015 and +0.4% in 2016.

Baseline assumptions for the Romanian economy

In Romania, despite better macroeconomic indicators than in Italy (GDP excluding agriculture at +1.8%, unemployment at 7.1%[15]), the growth rate of consumption has remained fairly low (+0.9%[16]), evidence that the conditions for a strong recovery are not yet in place. However, a positive trend is expected in subsequent years, which will still largely depend on the dynamics of other European countries. The estimates used for GDP were +2.3% in 2014, +2.5% in 2015 and +2.9% in 2016.

In view of the index-linking of Romanian contracts to the eurozone inflation rate, growth in this rate has been estimated at +1.4% in 2014, +1.4% in 2015 and +1.6% in 2016.

Interest rates

The 3-month Euribor was forecast at 0.26% in 2014, 0.47% in 2015 and 0.91% in 2016.

Regarding the average spread on short-term loans, these are estimated at 2.9% in 2014 and 2.5% in 2015-2016, factoring in a potential new medium- to long-term loan at a fixed rate of 4.2%.

13.3 Results of the 2014-2016 Plan

Based on the estimates and Hypothetical Assumptions described in paragraphs 13.1 and 13.2 above, the projections (the "**Projections**") included in the 2014-2016 Plan, as approved by the Issuer's directors on 19 December 2013, forecast an "EBITDA Margin from the core

[11] Source: Bank of Italy – Economic Bulletin 1/2014

[12] Source: ISTAT – Consumer prices, December 2013

[13] Source: ISTAT – Employment and unemployment, December 2013

[14] Source: data developed by IGD based on analysis of various studies by leading research institutes

[15] Source: Raiffeisen Research – Issue 1/2014

[16] Source: Raiffeisen Research – Issue 1/2014

business relating to the freehold shopping centres (freehold management)", defined as the ratio between the EBITDA from the core business relating to the freehold shopping centres and related revenue of more than 80% in 2016.

In addition, the 2014-2016 Plan forecasts the following results:

- average annual compound growth in revenue from rental activities in Italy on a like-for-like basis (2014-2016): +1.5%;
- average annual compound growth in consolidated revenue from rental activities (2014-2016): +2.6%;
- Funds from Operations (or "FFO")[17] during the Plan: €30/35 million.
- Gearing at the end of 2016 of around 1.2x;
- Loan to Value (or "LTV")[18] at the end of 2016 of around 54%;
- Interest cover ratio[19] at the end of 2016 of around 2x;
- investments (2014-2016) of €195 million and
- disposals (2014-2016) of €150 million.

13.4 Projections contained in the 2014-2016 Plan with respect to the previous 2012-2015 Plan

The Issuer's previous 2012-2015 Plan has not been incorporated in this Registration Document, since it has been superseded by the current 2014-2016 Plan.

Like the previous 2012-2015 Plan, the 2014-2016 Plan confirms the Issuer's intention to steer the Group's operational strategy towards the goal of establishing itself as one of the Italian leaders in the retail real estate sector for Shopping Centres.

There is also fresh confirmation of the strategy focusing on the sustainability of medium- to long-term revenue and of the cost of capital in terms of the income statement, and on maintaining the market value of the assets over time, along with the goal of a gradual reduction in the level of leverage.

In preparing the 2014-2016 Plan, account has been taken of the main trends in the macroeconomic context in which the Group conducts its activities (in Italy and Romania), such as trends in GDP, household consumption, consumer price inflation and interest rates. In particular, the changes seen in interest rates and consumer price inflation have resulted in direct adjustments to the projections, as well as a different dynamic with regard to the investments made and the new opportunities expected.

These changes have resulted in a decrease – albeit a modest one – in the projected profitability levels compared with those assumed in the previous 2012-2015 Plan, particularly with reference to the growth of rental income and Funds from Operations.

13.5 External Auditors' Report on Projections

On 22 April 2014, the External Auditors issued a report on the methods used to prepare the Group's Projections as reported in Chapter XIII. A copy of this report is appended to this Registration Document.

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[17] Funds from Operations (FFO) are calculated by adjusting pre-tax profit for non-monetary items (i.e. deferred taxes, depreciation and amortisation, provisions, impairment/reversals of assets under construction and goodwill, change in fair value), extraordinary items and gains on property disposals.

[18] Loan to Value (LTV) is defined as the ratio of net financial debt to the total value of property assets.

[19] Interest cover ratio is defined as the ratio of EBITDA to interest expense.

CHAPTER XIV – ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND KEY MANAGERS

14.1 Governing bodies and key managers

14.1.1 Board of Directors

At the Date of the Registration Document, the Issuer's Board of Directors (the "**Board of Directors**") in office was composed of 15 members, appointed by the Ordinary Shareholders' Meeting on 19 April 2012. The directors will remain in office until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014.

Particulars on the members of the Board of Directors are given in the table below.

Name	Office	Place and date of birth
Gilberto Coffari (***)	Chairman	Bertinoro (FC), 12 June 1946
Sergio Costalli (**)	Vice Chairman	Rosignano Marittimo (LI), 8 March 1952
Claudio Albertini (***)	Chief Executive Officer	Bologna (BO), 16 April 1958
Roberto Zamboni (**)	Director	Conselice (RA), 7 July 1950
Aristide Canosani (**)	Director	Ravenna (RA), 24 December 1935
Leonardo Caporioni (**)	Director	Livorno (LI), 18 March 1964
Fernando Pellegrini (**)	Director	Cecina (LI), 2 February 1964
Fabio Carpanelli (*) (**)	Director	Crespellano (BO), 27 December 1938
Elisabetta Gualandri (*) (**)	Director	Modena (MO), 12 June 1955
Tamara Magalotti (*) (**)	Director	Civitella di Romagna (FC), 27 July 1948
Livia Salvini (*) (**)	Director	Rome (RM), 27 June 1957
Andrea Parenti (*) (**)	Director	Rome (RM), 22 October 1957
Riccardo Sabadini (*) (**)	Director	Ravenna (RA), 6 August 1957
Giorgio Boldreghini (*) (**)	Director	Goito (MN), 16 September 1944
Massimo Franzoni (*) (**)	Director	Bentivoglio (BO), 1 June 1956

(*) Independent in accordance with Article 148, paragraph 3 of the TUF and the Corporate Governance Code.

(**) Non-executive director.

(***) Executive director.

The members of the Board of Directors are domiciled in a professional capacity at the registered office of the Company situated at Via Agro Pontino 13, Ravenna.

With regard to the directors Fabio Carpanelli, Massimo Franzoni and Riccardo Sabadini, given the high level of professionalism and the activities carried out in recent years by them, although they have held office as directors for more than nine years, the Board of Directors of 27 February 2014 – also in light of the information reported by these directors – felt that these circumstances did not compromise their autonomy of judgement, and therefore it was considered that these directors are independent in accordance with the Corporate Governance Code.

In line with the recommendations of the Corporate Governance Code, on 20 February 2014 the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors for determining the independence of its members. Below is a brief biography for each director, illustrating their business management skills and experience. For a list of offices held by members of the Board of Directors in the administrative, management or supervisory bodies of listed companies or partnerships – as well as an indication of the listed company or partnership in which members of the Board of Directors are shareholders – during the last five years, please see the following table.

Gilberto Coffari – Born in Bertinoro (FC) on 12 June 1946, Mr Coffari holds a diploma in Accountancy from the Ginanni Technical Institute in Ravenna. In 1970 he joined the Tax Assistance and Employment Legislation Office of the Provincial Association (ARCA) as head of the Employment Legislation, Tax Assistance and Contracts Office. In 1974 he became Provincial Manager of Cooperative Ortofruttivinicole. In 1975 he was elected Chairman of the Cooperativa Ala-Frutta (canned vegetable processing industry) and subsequently held the position of Chairman of the Associazione Provinciale Coop Agricole Ravenna (from 1982), Legacoop di Ravenna (1989-1998), Coop Adriatica (2006-2011) and Spring 2 S.r.l. (2009-2011), and Vice Chairman of Coop Adriatica (1998-2006) and Unipol Banca S.p.A. (from 2007). He has served as a member of the administrative and supervisory bodies of various companies, including as a director of Unipol Gruppo Finanziario S.p.A. (2007-2011). He has also been elected for public office as Mayor of Cervia, Municipal Councillor of Cervia and Provincial Councillor of the Province of Ravenna, as well as serving on the board of the Chamber of Commerce of Ravenna.

Sergio Costalli – Born in Rosignano Marittimo (LI) on 8 March 1952, Mr Costalli graduated in 1978 from the University of Pisa, where he gained a degree in Politics. He has written several publications. From 1981 to 1989 he was Coordinator of the Sector for Economic Development and Manufacturing and Head of the Commerce, Food Administration and Markets Department of the town of Cecina. Since 1989 he has held various positions in Unicoop Tirreno, such as Chief Executive Officer, Vice Chairman and Chief Financial Officer. He currently holds the post of President of the Fondazione Memorie Cooperative and of the Chamber of Commerce of Livorno. He is also a member of the Board of Directors and the Chairman's Committee of Unipol Gruppo Finanziario S.p.A. and Director of Finsoe S.p.A. (since 2007).

Claudio Albertini – Born in Bologna on 16 April 1958, in 1977 Mr Albertini graduated in Accountancy from the L. Tanari Technical Institute in Bologna. He is a registered Chartered Accountant and Auditor in Bologna. Between 1978 and 1981 he worked at the Confederazione Nazionale dell'Artigianato in Bologna as an accounting and tax consultant for the Confederation's member companies. Between 1981 and 1985 he was an administrator at Legacoop Bologna, where he advised member companies on tax and administration. He was Head of Administration at Unifinass S.p.A., a financial firm controlled by Unipol Assicurazioni S.p.A. (1985-1989), Head of Administration and Control at Finsoe S.p.A., the holding company of the Unipol group (1989-1994), and at Unisalute S.p.A., a Unipol group company specialising in health insurance (1995). From 1996 to 2010 he held various positions at Unipol Merchant Banca per le Imprese S.p.A. (Vice Chairman, Managing Director and General Manager). During the period 2009-2010, Mr Albertini worked for Unipol Gruppo Finanziario as Head of Equity Investments, and in 2010 became Head of Investor Management. He is a Director of FINPAS S.r.l. (since 1999).

Roberto Zamboni – Born in Conselice (RA) on 7 July 1950, Mr Zamboni obtained a degree in Civil Engineering from the University of Bologna in 1976. From 1977 to 1998 he worked at Cooperativa Ravennate Costruttori and then at ITER (Impresa Generale di Costruzioni), initially as an onsite engineer and then as Area Manager, before becoming Head of Construction Italy in 1985. In 1992 he became Head of Construction International. From 1998 to 1999 he served as Technical Director of the Consorzio Cooperative di Costruzione in Bologna and headed a company formed of several municipal utilities in the Emilia-Romagna region which was set up to build a gas distribution facility in Sardinia. Since 1999 he has been Technical Director as well as Head of Technical Initiatives and Development at Coop Adriatica, where he has been Head of Development and Asset Management since 2006.

Aristide Canosani – Born in Ravenna on 24 December 1935, Mr Canosani is a Statutory Auditor. He has held key positions in the public sector; in 1967 he was a Director at Ravenna's hospital and welfare institution (Ente Ospedaliero Istituzioni Assistenziali

Raggruppate di Ravenna). From 1969 to 1980 he was Mayor of Ravenna, and from 1981 to 1984, he was a member of the National Council for Cultural Affairs and Director of the Regional Institute of Cultural Affairs for Emilia-Romagna. From 1981 to 1986 he was Chairman of Ravenna’s provincial cooperative federation (Federazione delle Cooperative della Provincia di Ravenna) and Director of Unipol Assicurazioni and other associated companies. He was Chairman of the Board of Directors of Banca del Monte di Bologna e Ravenna, Istituto Regionale di Credito Agrario, Carimonte Banca and Rolo Banca 1473 S.p.A. From 2008 to 2010 he was Chairman of the new UniCredit Banca, the regional retail bank in northern Italy formed on 1 November 2008 following the corporate restructuring of the UniCredit group. He has also served – and continues to serve – as a director in various companies.

Leonardo Caporioni – Born in Livorno (LI) on 18 March 1964, Mr Caporioni graduated in Economics and Business from the University of Pisa in 1989. In 1991, he completed a masters in the management of retail businesses at IFOR in Milan. He is a Chartered Accountant and Auditor. Since December 1991, he has gained experience at different companies (commercial, as well as financial and real estate) within the Coop Toscana Lazio group (now the Unicoop Tirreno group), where he held various positions including Group Head of Administration and Group Head of Planning and Control. In 2005 he joined the management team at Unicoop Tirreno, where he was Group Head of Administration and Head of Planning and Control. Today he is Head of Administration and Financial Reporting and Special Representative. At IGD he has been a member of the Board of Directors since 2006 and was a member of its Internal Control Committee from 2006 to 2012. He was also elected for public office in his municipality of residence (municipal councillor from 1999 to 2006 and member of the finance committee).

Fernando Pellegrini – Born in Cecina on 2 February 1964, Mr Pellegrini graduated from the University of Pisa with a degree in Economics and Business in 1992. He has been a manager of Unicoop Tirreno Soc. Coop. since 2006, where he also holds the position of Chief Financial Officer, as well as Special Representative since 2011. He has held various roles within the Unicoop Tirreno group, such as Head of Administration at Vignale Informatica S.r.l. (1996-1997); Head of Administration at Vignale Immobiliare S.p.A. (1997-1998); Head of Administration and Management Control at Ipercoop Tirreno S.p.A. (1998-2000); Head of Treasury (2000-2004) and Head of Finance (2004-2011). Since 2011 he has been Chief Financial Officer of Unicoop Tirreno.

Fabio Carpanelli – Born in Crespellano (BO) on 27 December 1938, Mr Carpanelli has a diploma in Accountancy. He is a statutory auditor. He was Head of Administration (1964-1968) and Chairman (1968-1974) of Cooperativa Terraioli in Bologna; Director of AMNU – Azienda Municipalizzata di Bologna (1967-1972); Chairman of ANCPL-Legacoop in Rome (1976-1981); Chairman of SMAER, a business consultancy firm in Bologna (1982-1983). He has served on the Board of Directors of Finanziaria Fiere S.p.A. in Bologna (1982-1984) and Officine Ortopediche Rizzoli S.p.A. (1983-1988). From 1983 to 1993 he was Chairman of the Bologna cooperative builders’ consortium (Consorzio Cooperative Costruzioni) and, from 1991 to 1995 and 2005 to 2013, he held the position of Chairman of the Board of Directors of Autostazione di Bologna S.r.l.

Elisabetta Gualandri – Born in Modena on 12 June 1955, Ms Gualandri graduated in Economics and Business from the University of Modena in 1979. She is a registered auditor. In 1979 she won a scholarship from Istituto Bancario San Paolo di Torino “Luciano Jona”. In 1982 she obtained a Master’s Degree in Financial Economics from the University of Bangor in Wales. From 2007 to 2012 she worked as a statutory auditor for the Bank of Italy. She teaches Banking and Finance at the University of Modena and Reggio Emilia and has written several publications. At the University of Modena and Reggio Emilia she was also elected as member of the university senate (2000-2003), Dean of the Department of Business Economics (2000-2005) and member of the University’s Board of Directors from 1990 to 1992 and then again from 1997 to 2000. She is also member of (*i*) the European Association of University Teachers in Banking and Finance Wolpertinger; (*ii*) CEFIN

(Centre for Banking and Finance Studies), where she has served on the board since 2006; (*iii*) ADEIMF (Association of Lecturers in Banking and Financial Markets) where she was a member of the steering committee from 2006 to 2010; (*iv*) SUERF (Société Universitaire Européenne de Recherches Financiéres) and (*v*) AIDEA (Italian Academy of Business Economics). She has previously been an active member of the scientific committee of CNA Innovazione in Bologna (2005-2007) and a member of the advisory panel for the report published by PricewaterhouseCoopers entitled "*Study on the financial and macroeconomic consequences of the draft proposed new capital requirements for banks and investment firms in the EU*" (2003-2004).

Tamara Magalotti – Born in Civitella di Romagna (FC) on 27 July 1948, Ms Magalotti graduated in Economics and Business in 1973 from the University of Bologna. Between January 1975 and June 2011, she worked for Cooperativa Muratori & Cementisti (CMC) in a variety of roles, including as assistant in the Business Services, Public Tenders and Corporate Affairs Department, Manager of the Legal and Contractual Affairs Office, Head of Special Initiatives and Head of Contractual Support within the International Construction Division, as well as being a member of the Supervisory Board. She was elected as a (non-executive) member of the Board of Directors of the Cooperativa Muratori & Cementisti (CMC) in Ravenna for three three-year terms from 2002 to 2011. On 1 May 2009 she was honoured with the title "Maestri del Lavoro".

Livia Salvini – Born in Rome on 27 June 1957, Ms Salvini holds a degree in Law and a PhD in Tax Law. She is a professor of Tax Law at LUISS – Guido Carli University in Rome, and is Avvocato Cassazionista (Court of Cassation lawyer, the highest order of lawyers) in Rome. She is the author of two works on assessment procedures and VAT taxation and numerous studies regarding tax law. From 1990 to 1992 she was a research assistant in Tax Law for the Department of Law at the University of Rome Tor Vergata. From 1 November 1992 to 31 October 2001, she was an associate professor in Tax Law at the Department of Law at the University of Molise and then with the Department of Law at the University of Rome Tre. From 1 November 2001 to 30 October 2005, she was a visiting lecturer in tax law for the Law Department at the University of Molise. She has served on several ministerial and government commissions, including the commission for the reform of Book I, Title II of the Italian Civil Code (relating to legal persons and unidentified associations), the unit for regulatory simplification and quality and the Commission for VAT reform. She has in the past served as Chairman of the Taxpayers' Ombudsman for the Molise region. She has taught public accounting as well as finance and financial law at the University of Molise Law Faculty. She was also a lecturer at the "E. Vanoni" Tax Institute, as well as teaching core and advanced courses for tax specialists within the Italian financial police. She has lectured at the specialist school for the public administration, the University of Roma Tre – "Federico Caffè" Department of Economics (a course in the economics of cooperative businesses) and at the Luiss School of Management, as well as for the Master's Degree in Taxation at IPSOA in Milan.

Andrea Parenti – Born in Rome on 22 October 1957, Mr Parenti graduated in Economics and Business from the University of Florence in 1982. He is a Chartered Accountant and Auditor. He serves as a technical consultant for Prato District Court. In 2006 he founded his own corporate tax consultancy firm, after leaving the international company Ernst & Young where he had been a manager since 1988 and after working as a partner of a firm specialising in domestic and international tax law affiliated with Ernst & Young, where he headed the Florence office for over five years. During his professional career, which began in 1983, he has gained experience in auditing and corporate restructuring, and has been a member of the Board of Directors in defence, television and real estate companies, as well as Chairman and member of the Board of Statutory Auditors of various commercial, real estate and industrial companies. He has acted as a corporate consultant (as an advisor during acquisitions/sales of companies, mergers/spin-offs of company divisions; administrative/financial organisation and corporate restructuring). He is a tax consultant for Salvatore Ferragamo S.p.A. He has been involved in the privatisation of public companies and the transformation of municipal consortiums into joint-stock companies, as well an advisor in private equity transactions involving primarily public companies. He also acts as a consultant for various companies, including Consiag S.p.A. and ESTRA S.p.A. He has served on the boards of directors of defence, television, audiovisual distribution and real estate companies, with responsibility for administrative and financial matters.

Riccardo Sabadini – Born in Ravenna on 6 August 1957, Mr Sabadini graduated in Law from the University of Ferrara in 1981. He has been a solicitor since 1984, a lawyer since 1990, a Court of Cassation lawyer since 1998, and Justice of the Peace from 1984 to 1988. He has a law firm in Ravenna specialising in corporate law, corporate criminal liability and administrative law with a special focus on public procurement and planning. He works with the Universities of Ferrara and Forlì. He has served on Ravenna's Tax Appeal Board since 1988. He also acts as a consultant for various cooperatives owned by municipal authorities and other public entities. He has been involved as a consultant in a number of corporate transactions, including transformations, mergers and restructuring. He is the author of several publications on cooperatives and consortiums. He has collaborated on texts relating to corporate law reform for the IPSOA publishing house. He has also acted on several occasions as liquidator in proceedings concerning cooperatives and as trustee in bankruptcy.

Giorgio Boldreghini – Born in Goito (MN) on 16 September 1944, Mr Boldreghini graduated in Civil Engineering from the University of Bologna in 1969. He has been a registered engineer in the province of Bologna since 1969. From 1972 to 1977 he was Chief Executive Officer of Tecnoprogetti S.p.A., where he was Project Manager on a number of projects both in Italy and abroad with special responsibility for administrative management. From 1977 to 1994 he was Chairman of Tecnoprogetti S.c.a.r.l. From 1994 to 1998, he served as Vice Chairman and General Manager of Politecnica S.c.a.r.l, an engineering company which was merged with Tecnoprogetti S.c.a.r.l. In the past he has held several positions at Tecnopolis società cooperativa, including Chairman of the Board of Directors and Technical Director.

Massimo Franzoni – Born in Bentivoglio (BO) on 1 June 1956, Mr Franzoni graduated in Law from the University of Bologna in 1979. He was awarded scholarships and acted as a research assistant for the Department of Law at the University of Bologna. Since October 1990, he has served as tenured Professor of Civil Law and teaching Professor of Private Insurance Law at the same University department. He is also head of the graduate school for legal professions in Bologna. He is a member of the Scientific Committee of the Forensic Foundation in Bologna. He is also a member of the scientific committees of a number of legal journals, including *Contratto e impresa*, *Responsabilità civile e previdenza*, *Diritto dell'economia e dell'assicurazione* and *Danno e Responsabilità.* He argues cases before the highest courts (Court of Cassation lawyer) in Bologna and has a law firm in Bologna. In 2011, he was appointed as Honorary Member of the Cuban Association of Civil and Family Law. He is also joint representative of shareholders holding preference shares of Unipol Gruppo Finanziario S.p.A. He has been involved with the Commission for control of contractual abuse and consumer protection at the CCIAA in Bologna for several years. He has acted as both Vice Chairman and Chairman of two municipally owned companies in Bologna and was Director of the public utilities company created following the merger of these two municipally owned companies (Seabo S.p.A., which was subsequently named Hera S.p.A.).

Powers of the Board of Directors

Pursuant to Article 22.1 of the Bylaws, the Company's management is the exclusive province of the Board of Directors, which is vested with the broadest powers of the Company's ordinary and extraordinary administration and may take all actions it deems necessary for implementing and achieving the corporate purpose, excluding only those that are reserved for the Shareholders' Meeting by law or by the Bylaws.

More specifically, within the scope of its corporate powers and in compliance with the Corporate Governance Code, the Board of Directors:

- examines and approves the strategic, industrial and financial plans of the Company, the Company's corporate governance system, as well as that of its strategically important subsidiaries, periodically monitoring the implementation thereof; it also defines the corporate governance system of the Company and Group structure;
- defines the nature and the level of compatible risk in relation to the Company's strategic objectives;
- evaluates the adequacy of the organisational, administrative and accounting structure of the Company and its strategic subsidiaries, with particular reference to the internal control and risk management system;
- in order to encourage the maximum participation of directors and maintain the collegiate nature of the administrative body, institutes board committees and commissions deemed appropriate and necessary for the proper functioning of the Company, while also defining their proactive and advisory duties and functions;
- establishes the frequency, no less than quarterly, with which the delegated bodies must report to the Board of Directors on the activities delegated to them and on key management events for the period;
- evaluates general business performance, taking into account the information received from the delegated bodies, and periodically comparing actual results with forecasts;
- deliberates on the operations of the Company and its subsidiaries when said operations are of strategic, operational, economic or financial importance to the Company; for this purpose, it establishes the general criteria for defining material transactions and adopts measures to ensure that strategically important subsidiaries submit any such transactions to the Board of Directors of the Company for examination;
- evaluates, at least once a year, the size, composition and practices of the Board of Directors and its committees, taking into account the level of professionalism, management and other experience of its members and their length of time in office;
- in view of the considerations set forth in the previous point, prior to the appointment of the new Board of Directors, provides guidelines to shareholders on professionals whose presence on the Board is deemed appropriate;
- provides information in the corporate governance report on: (*i*) its composition, specifying the status of each member (executive, non-executive, independent), his or her role within the Board (e.g. Chairman or Chief Executive Officer), key professional skills as well as the length of time in office since first being appointed; (*ii*) the procedures for implementing the above and, in particular, the number and average duration of meetings of the Board and Executive Committee, if any, held during the financial year, as well as the level of attendance by each director; (*iii*) the procedures for evaluating the above; (*iv*) the timeliness and completeness of pre-meeting information, with an indication, *inter alia*, of the notice period generally considered appropriate – in accordance with the specific procedures adopted by the Company – for sending the documentation and indicating whether that period was normally observed;
- after the appointment of a director qualifying as independent, and thereafter on occurrence of events that could be material for the purposes of his/her independence, and at least once a year – based on the information received from the interested party or, at any rate, available to the Company – evaluates the independent status of its non-executive members: this independence is evaluated on the basis of the application criteria contained in the Corporate Governance Code and any other facts which could influence the decision in each case; the Board of Directors will advise the market of the results of its evaluations (upon appointment, in a press release and, subsequently, in the Corporate Governance Report). In these documents, the Board of Directors: (*i*) discloses whether evaluation parameters other than those specified in the Corporate Governance Code have been adopted and, if so, for what reason, particularly with reference to

individual directors; and (*ii*) illustrates the quantitative and/or qualitative criteria that might be used to assess the significance of the relationships being assessed;

- based on information received from directors, discloses the directorships and auditorships held by each director in financial, banking or insurance companies or other major companies listed on Italian and foreign regulated markets in the annual corporate governance report;
- issues guidelines on the criteria to be applied when assessing the positions of director or statutory auditor in the companies referred to in the preceding paragraph, in order to determine whether they, by number and content, can be considered compatible with the effective performance of the role of director of the Company, taking into account the participation of the directors in committees established within the Board. To that end, using a special procedure, it identifies various general criteria, based on the commitment involved in each role (executive, non-executive or independent director), in relation to the nature and size of the companies in which the positions are held, and whether they belong to the same corporate group as the Company;
- after obtaining the opinion of the Appointments and Remuneration Committee, selects the Company's senior management, as well as members of the Boards of Directors, Statutory Auditors, Chief Executive Officers and General Managers of strategically important subsidiaries; having obtained the opinion of the Appointments and Remuneration Committee, sets their remuneration;
- promotes initiatives to encourage the widest possible informed participation by shareholders and to facilitate the exercise of their rights, ensuring the timeliness and completeness of the information sent to them;
- updates the Organisation, Management and Control Model required by Legislative Decree 231/2001, overseeing its effective compliance and mapping the risks of crime, in close connection with the activities of the Supervisory Board;
- appoints, subject to the opinion of the Board of Statutory Auditors, a Chief Financial Officer in accordance with the provisions of Law 262/2005;
- may appoint an independent director as lead independent director, who acts as a point of contact and coordination for the petitions and contributions of non-executive directors, particularly those who are independent;
- if the Shareholders' Meeting, in view of particular organisational requirements, gives its prior approval for general exceptions to the non-competition provisions of Article 2390 of the Italian Civil Code, assesses the merits of each case, reporting any critical issues at the next Shareholders' Meeting. To that end, each director shall inform the Board, upon accepting his/her appointment, of any activities carried out in competition with the Issuer and of any significant change thereafter;
- in order to ensure the proper management of corporate information, updates, on the proposal of the Chief Executive Officer or the Chairman of the Board of Directors, the procedure for the internal management and external communication of documents and information concerning the Issuer, with particular reference to confidential information;
- considers whether to adopt a succession plan for executive directors after examination by the Appointments and Remuneration Committee.

Powers granted to the Chief Executive Officer

Article 23.1 of the Bylaws states that the Board of Directors may delegate its powers, within the confines of Article 2381 of the Italian Civil Code and determining the limits of such authority, to an executive committee composed of some of its members and/or one or more members with the title of Chief Executive Officer(s).

On 19 April 2012, the Board of Directors appointed Claudio Albertini as Chief Executive Officer, granting him the following powers, subsequently integrated by resolution of 8 November 2012:

- to develop and propose – as agreed with the Chairman – the policies and programmes relating to the Company's real estate investments in accordance with the long-term strategic development plans approved by the Board of Directors;
- to develop and propose the strategies and financial policies of the Company and the Group in relation to the growth, profitability and risk objectives set by the Board of Directors, with responsibility for their implementation; to ensure that objectives are pursued in accordance with the guidelines set by the Board of Directors;
- to optimise the instruments and procedures of financial management and manage relations with the financial system;
- to develop and propose strategies for organisational development and policies for hiring, managing and training human resources;
- to recommend Group accounting standards and operating principles to the Board of Directors and ensure that the financial statements (separate, administrative and consolidated) are properly prepared; to ensure compliance with Group directives and with administrative, legal and tax regulations and laws;
- to coordinate the drafting of the business plans, long-term plans, annual budget and related reporting;
- to monitor and coordinate any activities pertaining to the Company's general services, legal and tax issues;
- to assume responsibility for the prompt and correct implementation of work on property carried out directly by the Company, in accordance with the plans, budgets and timeframes approved by the Board of Directors;
- to assume responsibility for operational supervision of the progress of turnkey contracts acquired from third parties;
- to assume responsibility for the proper maintenance of Real Estate Assets under the rental agreements and leases signed by IGD and third parties and the budgets approved by the Board of Directors, in compliance with the applicable provisions of law;
- to assume responsibility for preparing the annual schedule of works and the respective budget forecasts, with regard to both new construction and maintenance, subject to the approval of the Board of Directors;
- to interface, jointly with the Chairman, with the shareholder cooperatives on integration of the respective investment plans;
- to identify, jointly with the Chairman, the ideal size of the Board and candidates for the positions of director and auditor, as well as Chairman, Vice Chairman and/or Chief Executive Officer, of subsidiaries and associated companies, so that the Chairman may present them to the Appointments and Remuneration Committee;
- to oversee the management of the nomination process to cover the main managerial positions within the Group;
- to draw up, jointly with the Chairman, proposals for compensation of senior management of the Company and of the entire Group, to be submitted to the Appointments and Remuneration Committee for the relevant purposes;
- to ensure that the organisation, administrative and accounting structure of the Company is commensurate with the type and size of the business.

By resolution of 8 November 2012, the Board of Directors of the Company revoked the powers of the Chief Executive Officer as executive officer in charge of overseeing the internal control system, simultaneously appointing the Chairman of the Board of Directors as Director in charge of the internal control and risk management system.

The Chief Executive Officer of the Company can be considered primarily responsible for management of the business pursuant to the Corporate Governance Code. In this regard, please note that the Chief Executive Officer has not been appointed as director of another issuer outside the group in which a director of the Company is the Chief Executive Officer.

Chairman and Vice Chairman of the Board of Directors

Article 24 of the Bylaws states that the Chairman has signing authority for the Company and shall represent it as its legal representative before any legal or administrative authority and before third parties; if the Chairman is absent or unavailable, this authority is held by the Vice Chairman (if appointed), or by the most senior director in terms of age, if the Vice Chairman is also absent or unavailable. Unless otherwise provided in the resolution delegating authority, the Chief Executive Officer may also act as legal representative of the Company.

During the meeting held on 19 April 2012, the Board of Directors appointed Gilberto Coffari as Chairman and assigned him the following functions, subsequently integrated by resolution of 8 November 2012:

- to develop and propose – jointly with the Chief Executive Officer and on the latter's proposal – the policies and programmes relating to the company's real estate investments in accordance with the long-term strategic development plans approved by the Board of Directors;
- to coordinate the Company's programmed investments with the real estate projects undertaken by shareholder cooperatives;
- to interface with shareholder cooperatives on any integration of the respective investment plans;
- to maintain and develop – together with the Chief Executive Officer – relationships with consumer sector cooperatives in order to explore possible aggregations of the Shopping Centres contained in the Real Estate Portfolio;
- to serve as director in charge of the internal control and risk management system, liaising with the Chief Executive Officer wherever necessary to: (*i*) identify the main company risks, in consideration of the characteristics of the activities carried out by the Company and its subsidiaries; (*ii*) enforce the guidelines established by the Board of Directors, handling the planning, execution and management of the internal control and risk management system and constantly verifying its adequacy and efficacy; (*iii*) submit periodic reports, for review by the Board of Directors, as often as established by the Board, both on risk identification and on a more encompassing activity for management of the internal control system, its actual functioning and the specific measures adopted; (*iv*) adapt the system to the operating conditions and the legislative and regulatory context; (*v*) ask the Internal Audit department to check specific areas of operation and compliance with internal rules and procedures for the execution of Company operations, simultaneously notifying the Chairman of the Internal Control and Risk Committee and the Chairman of the Board of Statutory Auditors; (*vi*) promptly report to the Board any problems or issues that arise in the course of his/her work, or that he/she has gained knowledge of, so that the Board of Directors can take appropriate measures.

During the Board meeting of 8 November 2012, in order to adopt a system more in line with best practice through separate management control, the Company named the Chairman of the Board of Directors as Director in charge of the internal control and risk management system, who, by virtue of this appointment, is considered an executive director. The relevant powers originally granted to the Chief Executive Officer were simultaneously revoked.

During its meeting of 19 April 2012, the Board of Directors appointed Sergio Costalli as Vice Chairman, granting him the powers assigned to the Chairman to be exercised if the latter is absent and/or unavailable.

* * *

None of the members of the Board of Directors has any family ties with other members of the Issuer’s Board of Directors, with members of the Board of Statutory Auditors or with the Company’s key managers.

The following table shows the listed companies or partnerships in which members of the Board of Directors have been members of the administrative, management or supervisory bodies or shareholders in the last five years, with an indication of their status at the Date of the Registration Document.

Name	Company	Office in the company or interest held	Status at the Date of the Registration Document
Gilberto Coffari	Federcoop. S.c.p.A.	Member of the Board of Directors	Currently in office
	IGD Property SIINQ S.p.A.	Chairman of the Board of Directors	Currently in office
	Banca Sai S.p.A.	Member of the Board of Directors	Currently in office
	Coop. Ciconto	Chairman of the Board of Directors	No longer in office
	Unipol Banca S.p.A.	Vice Chairman of the Board of Directors	No longer in office
	Centrale Adriatica Soc. Coop	Member of the Board of Directors	No longer in office
	Holmo	Member of the Board of Directors	No longer in office
	Unipol Assicurazioni	Member of the Board of Directors	No longer in office
	Unipol Merchant Banca per le Imprese S.p.A.	Member of the Board of Directors	No longer in office
	Coop Italia S. C.	Member of the Supervisory Board	No longer in office
	Coop Adriatica S.c.ar.l.	Chairman of the Board of Directors	No longer in office
	Finsoe S.p.A.	Member of the Board of Directors	No longer in office
	Unipol Gruppo Finanziario S.p.A.	Member of the Board of Directors	No longer in office
	Lima S.r.l.	Chairman of the Board of Directors	No longer in office
	Spring 2 S.r.l.	Chairman of the Board of Directors	No longer in office
	Immobiliare Grande Distribuzione SIIQ S.p.A.	Shareholder	Current
	ENI S.p.A.	Shareholder	Current
	Enel S.p.A.	Shareholder	Current
	Unipol Gruppo Finanziario S.p.A.	Shareholder	Current
	Recordati S.p.A.	Shareholder	No longer in office
Sergio Costalli	Unipol Banca S.p.A.	Vice Chairman of the Board of Directors	Currently in office
	Unipol Gruppo Finanziario S.p.A.	Member of the Board of Directors	Currently in office
	Finsoe S.p.A.	Member of the Board of Directors	Currently in office
	Unipol Merchant Banca per le Imprese S.p.A.	Chairman of the Board of Directors	No longer in office
	Unicoop Tirreno Società	Vice Chairman of the	No longer in office

	Cooperativa	Board of Directors	
	Fondiaria-Sai	Member of the Board of Directors	No longer in office
	Holmo del Tirreno S.p.A.	Chairman of the Board of Directors	No longer in office
	Vignale Comunicazione S.r.l.	Chairman of the Board of Directors	No longer in office
	Porta Medicea S.p.A.	Member of the Board of Directors	No longer in office
	Unipol Assicurazioni S.p.A.	Member of the Board of Directors	No longer in office
	Holmo S.p.A.	Member of the Board of Directors	No longer in office
Claudio Albertini	IGD Property SIINQ S.p.A.	Chief Executive Officer	Currently in office
	Virtus Pallacanestro Bologna S.p.A.	Vice Chairman of the Board of Directors	Currently in office
	Finanziaria di Partecipazione e Servizi S.r.l.	Member of the Board of Directors	Currently in office
	Cefla Capital Services S.p.A.	Statutory Auditor	Currently in office
	Protos S.p.A.	Member of the Board of Directors	No longer in office
	Holcoa S.p.A.	Member of the Board of Directors	No longer in office
	Nomisma – Società di Studi Economici S.p.A.	Member of the Board of Directors	No longer in office
	Pegaso Finanziaria S.p.A.	Member of the Board of Directors	No longer in office
	Sofinco S.p.A.	Member of the Board of Directors	No longer in office
	Unipol Merchant Banca per le Imprese S.p.A.	Vice Chairman and Member of the Board of Directors	No longer in office
	Sorin S.p.A.	Member of the Board of Directors	No longer in office
	Finanziaria Bolognese S.p.A.	Member of the Board of Directors	No longer in office
	Euromilano S.p.A.	Member of the Board of Directors	No longer in office
	QR Imaging S.r.l.	Member of the Board of Directors	No longer in office
	Earchimede S.p.A.	Member of the Board of Directors	No longer in office
	UGF Private Equity S.g.r. S.p.A. in liquidation	Member and Chairman of the Board of Directors	No longer in office
	Unipol Leasing S.p.A.	Member of the Board of Directors	No longer in office
Roberto Zamboni	Sedicoop S.r.l.	Member of the Board of Directors	Currently in office
	C.B.E.G. S.c.ar.l.	Member of the Board of Directors	Currently in office
	Forum S.r.l.	Member of the Board of Directors	Currently in office
	Inres Soc. Coop.	Vice Chairman of the Board of Directors	Currently in office
	Unagro S.p.A.	Member of the Board of Directors	Currently in office
	Emiliana S.r.l.	Vice Chairman of the Board of Directors	Currently in office
	Enercoop Adriatica S.p.A.	Member of the Board of Directors	Currently in office
	Errichten S.r.l.	Sole Director	Currently in office
	Hope S.r.l.	Chairman of the Board of Directors	Currently in office
	Real Station S.r.l.	Member of the Board of Directors	Currently in office
	Faenza Sviluppo – Area Marcucci – S.r.l.	Chairman of the Board of Directors	No longer in office
	MAC S.r.l.	Sole Director	No longer in office
	I.B.N. S.r.l.	Member of the Board of Directors	No longer in office
	Schemaquattro S.r.l.	Sole Director	No longer in office
Aristide Canosani	Coop Adriatica S.c.ar.l.	Member of the Board of Directors	Currently in office
	CreditRas Assicurazioni S.p.A.	Chairman of the Board of Directors	Currently in office
	CreditRas Vita S.p.A.	Chairman of the Board of Directors	No longer in office

	Coop Ciconto S.r.l.	Member of the Board of Directors	No longer in office
	AVIVA S.p.A.	Member of the Board of Directors	No longer in office
	C.N.P. Vita S.p.A.	Member of the Board of Directors	No longer in office
	Unicredit Banca S.p.A.	Chairman of the Board of Directors	No longer in office
Leonardo Caporioni	Immobiliare Sviluppo della Cooperazione – ISC S.p.A.	Vice Chairman of the Board of Directors	Currently in office
	Distribuzione Roma S.r.l.	Statutory Auditor	Currently in office
	Cassa di assistenza dirigenti Coop di consumatori	Member of the Board of Directors	Currently in office
	Coop L’Avvenire 1921- CL’A s.c.	Chairman of the Board of Statutory Auditors	Currently in office
	Il Paduletto S.r.l.	Member of the Board of Directors	Currently in office
	Cooperativa Lavoratori delle Costruzioni Soc. Coop.	Member of the Board of Directors	Currently in office
	Axis S.r.l.	Member of the Board of Directors	Currently in office
	Compagnia Finanziaria ed Immobiliare Toscana S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Coopersalute (Association for the Management of Employee Health Plan)	Auditor	Currently in office
	Coop. di consumatori executive pension fund	Member of the Board of Directors	Currently in office
	Tirreno Logistica S.r.l.	Chairman and Vice Chairman of the Board of Directors	No longer in office
	Vignale Immobiliare S.p.A.	Member of the Board of Directors	No longer in office
	Cooperare S.p.A.	Member of the Board of Directors	No longer in office
	Coopfond S.p.A.	Member of the Board of Directors	No longer in office
Fernando Pellegrini	Simgest S.p.A.	Vice Chairman of the Board of Directors and Chairman of the Executive Committee	Currently in office
	Fondo Pensione Previcooper	Member of the Board of Directors	Currently in office
	Ipercoop Tirreno S.p.A.	Vice Chairman of the Board of Directors	Currently in office
	Campania Distribuzione Moderna S.r.l.	Member of the Board of Directors	No longer in office
	So.Ge.Fin.	Chairman of the Board of Directors	No longer in office
	Tirreno Finanziaria S.r.l.	Chairman of the Board of Directors	No longer in office
	Holmo del Tirreno S.p.A.	Vice Chairman of the Board of Directors	No longer in office
Fabio Carpanelli	Manutencoop Facility Management S.p.A.	Chairman of the Supervisory Board	Currently in office
	Veicolo 5 S.r.l.	Sole Director	Currently in office
	Vetimec Soc. Coop.	Member of the Board of Directors	Currently in office
	Porta Medicea S.p.A.	Member of the Board of Directors	Currently in office
	Autostazione Bologna S.r.l.	Chairman of the Board of Directors	No longer in office
Elisabetta Gualandri	Banca Popolare dell’Emilia Romagna	Member of the Board of Directors	Currently in office
	DataRiver S.r.l.	Member of the Board of Directors	Currently in office
	Bank of Italy	Statutory Auditor	No longer in office
Tamara Magalotti	Cooperativa Muratori & Cementisti Soc. Coop.	Member of the Board of Directors	No longer in office
	Cassa dei Risparmi di Forlì e della Romagna S.p.A.	Shareholder	No longer in office
Livia Salvini	Coopfond S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office

Andrea Parenti	C.G. Home video S.r.l.	Member of the Board of Directors	Currently in office
	Aldo Galandi S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Binfi S.p.A.	Statutory Auditor	Currently in office
	Consorzio Macrolotto Industriale n. 2 di Prato	Auditor	Currently in office
	Commercial Ortoinvest S.r.l.	Statutory Auditor	Currently in office
	Egan Immobiliare S.r.l.	Sole Auditor	Currently in office
	F.lli Ciampolini & C. S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Fondazione Ospedale Pediatrico Meyer	Auditor	Currently in office
	Framafruit S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Fruttital Firenze S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Galandi & C. S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Giottofruit Commerciale S.r.l.	Chairman of the Board of Statutory Auditors	Currently in office
	Immobiliare Sud-Est S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Immobiliare Minerva S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Mega S.r.l.	Statutory Auditor	Currently in office
	Pentafin S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Pi.da S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	S.d.i. S.r.l.	Chairman of the Board of Statutory Auditors	Currently in office
	Tirreno Immobiliare S.r.l.	Chairman of the Board of Statutory Auditors	Currently in office
	Unica s.c. di abitazione	Statutory Auditor	No longer in office
	Edilsviluppo S.p.A.	Statutory Auditor	No longer in office
	Immo. Star S.p.A.	Statutory Auditor	No longer in office
	Luxor Immobiliare S.r.l.	Chairman of the Board of Statutory Auditors	No longer in office
	Monte Paschi Fiduciaria S.p.A.	Statutory Auditor	No longer in office
	Picchi S.p.A.	Chairman of the Board of Statutory Auditors	No longer in office
	Pvg Italy S.r.l.	Statutory Auditor	No longer in office
	Studio tributario societario	Shareholder	Current
	Proauditconsult S.r.l.	Shareholder	Current
	Studio legale tributario	Shareholder	No longer in office
Riccardo Sabadini	Sapir S.p.A.	Member of the Board of Directors	No longer in office
	Coopolis S.p.A.	Member of the Board of Directors	No longer in office
	Dinazzano Po S.p.A.	Member of the Board of Directors	No longer in office
	Unicredit S.p.A.	Shareholder	Current
	Banco Popolare s.c.	Shareholder	Current
	Immobiliare Grande Distribuzione SIIQ S.p.A.	Shareholder	Current
Giorgio Boldreghini	Tecnopolis S.p.A.	Chairman of the Board of Directors	Currently in office
	Tecnopolis Soc. Coop.	Chairman of the Board of Directors	No longer in office

	Tecnopolis S.p.A.	Shareholder	Current
	Tecnopolis Soc. Coop.	Shareholder	Current
Massimo Franzoni	Unipol Gruppo Finanziario S.p.A.	Representative of the Shareholders	Currently in office
	F&R 2010 S.r.l.	Vice Chairman of the Board of Directors	Currently in office
	Unicredit Private Banking S.p.A.	Member of the Board of Directors	No longer in office
	Carimonte Holding S.p.A.	Member of the Board of Directors	No longer in office
	F&R 2010 S.r.l.	Shareholder	Current

To the Company's knowledge, in the past five years, none of the Members of the Board of Directors has been found guilty of fraud or any crimes related to bankruptcy nor involved in bankruptcy trials, receiverships or compulsory liquidations nor, lastly, been officially charged and/or fined by public or regulatory authorities (including the relative professional associations) or banned by a court from holding administrative, managerial or supervisory roles with regard to the Issuer or carrying out management or operational duties for any Issuer, with the exception of the following: Gilberto Coffari, as legal representative of Coop Adriatica, is involved in the following criminal trials relating to work-related accidents: (*a*) a trial before the Court of Ancona for an alleged violation of Article 40, paragraph 2, Article 590 and Article 583, paragraph 1(1) of the Criminal Code relating to personal injury, as well as work safety regulations, in which a criminal conviction has been issued ordering the guilty party to pay a fine of €2,400, which has been appealed according to standard procedure. At the Date of the Registration Document, the next hearing is scheduled for 12 June 2014; (*b*) two trials before the Court of Ravenna for alleged violations of Article 590 of the Criminal Code relating to personal injury, in which criminal convictions have been issued ordering the guilty party to pay a fine of €1,140, which has been appealed according to standard procedure. At the Date of this Registration Document, the cases were closed on the grounds of expiry of the limitation period, declared on 5 December 2013, and acquittal of the director concerned, declared on 20 December 2013; and (*c*) a trial before the Court of Chieti for the alleged violation of Article 590 of the Criminal Code relating to personal injury, in which a criminal conviction has been issued and which has been appealed according to standard procedure. As of the Date of this Registration Document, the hearing has been set for 5 June 2014. In terms of planning offences, a trial took place before the Court of Bologna for alleged violations of Article 81 of the Criminal Code, Article 44(c) of Presidential Decree 380/2001 and Article 169 of Legislative Decree 42/2004 relating to the offences of unauthorised building development and breach of listed building regulations concerning the "Ambasciatori" property, in which a criminal conviction was issued and the guilty party ordered to pay a fine of €19,800, which was appealed according to standard procedure. As of the Date of the Registration Document, the hearing date has been set for 2 July 2014 (on that date the limitation period relating to the offence will have already expired). Furthermore, by decision of 14 October 2009, the Bank of Italy, pursuant to Article 145 of Legislative Decree 385/1993, fined Gilberto Coffari, as a member of the Board of Directors of Unipol Banca S.p.A., a total of €24,000. These fines were imposed on corporate officers of Unipol Banca S.p.A., including members of the Board of Directors and Board of Statutory Auditors, regarding irregularities linked to a lack of organisation and internal controls which caused certain activities not to be reported to the Supervisory Authorities.

14.1.2 Key managers

The following table contains information about the Issuer's key managers at the Date of the Registration Document.

Name	Title	Place and date of birth	Year began working for the Group
Daniele Cabuli	Chief Operating Officer –	Bologna (BO),	2008

	Head of Sales, Marketing and Network Management (*)	9 June 1958	
Roberto Zoia	Head of Development and Asset Management	Mantua (MN), 18 June 1961	2006
Grazia Margherita Piolanti	Head of Administration and Corporate & Legal Affairs – Financial Reporting Officer	Ravenna (RA), 13 April 1953	2005
Antonio Di Berardino	Chief Executive Officer Winmarkt	Pescara (PE), 5 March 1968	2000
Andrea Bonvicini	Head of Finance and Treasury	Bologna (BO), 2 August 1963	2009

(*) *interim since September 2008.*

Below is a brief biography for each key manager, illustrating their business management skills and experience. For a list of offices held by key managers in the administrative, management or supervisory bodies of listed companies or partnerships – as well as an indication of the listed company or partnership in which key managers are shareholders – during the last five years, please see the following table.

Daniele Cabuli – After joining Coop Adriatica in 1986, in 1989 Mr Cabuli became Head of Marketing Division Projects. He gained experience as Regional Manager, Sector Manager and Head of Hypermarkets, until being appointed Head of Marketing and Commercial Development in 2003. In September 2008 he became Head of Sales and Network Management at IGD and in December 2009 he was appointed Chief Operating Officer.

Roberto Zoia – In 1986 Mr Zoia was already working with Coopsette as Business Manager, managing complex projects mainly involving Shopping Centres. In 1999 he joined the GS Carrefour Italia group as Head of Hypermarket and Shopping Centre Development. In 2005 he became Head of Asset Management and Development for Carrefour Italia. He has been Head of Asset Management and Development at IGD since 2006. He has been and is currently a member of the administrative and supervisory bodies of various companies, including Coopsette S.c.r.l. (1986-1999) and Carrefour – GS (1999-2006).

Grazia Margherita Piolanti – After spending the first half of the 1980s working as Head of Accounting for Cooperativa Ravennate Costruttori, in 1987 Ms Piolanti joined Coop Romagna Marche, where she became Head of Administration in 1989. In 1995 she became Head of Legal Affairs, Tax and Subsidiaries of the new Coop Adriatica group. She joined IGD when it was first established and is today Head of Administration, Legal and Corporate Affairs. She played a crucial role in the pioneering process involved in transforming IGD into a SIIQ. Grazia Margherita Piolanti is a registered Chartered Accountant and is a Certified Public Auditor.

Antonio Di Berardino – During the 1990s, Mr Di Berardino acted as a consultant in EU Affairs for IRES Abruzzo, Gabriele d’Annunzio University, EUROBIC Abruzzo and the Abruzzo Region. He began his career with IGD in 2000 as part of the former GESCOM: he managed a couple of Shopping Centres, gained experience in marketing, acted as Adriatica Area Manager and in 2006 became Head of Group Development. Since 2008 he has been in charge of the Winmarkt Romanian operation.

Andrea Bonvicini – Mr Bonvicini has been Head of Finance for the IGD Group since September 2009. He has more than twenty years of experience in banking, first with Cooperbanca and then with Banca di Bologna, which he joined in 1997.

None of the Company’s key managers are related to or have family ties with the other key managers listed in the table above, or with the members of the Issuer’s Board of Directors or its Board of Statutory Auditors.

The following table shows the listed companies or partnerships in which the key managers have been members of the administrative, management or supervisory bodies or shareholders in the last five years, with an indication of their status at the Date of the Registration Document.

Name	Company	Office in the company or interest held	Status at the Date of the Registration Document
Daniele Cabuli	Consorzio Centro Perla Verde	Sole Director	Currently in office
	IGD Management S.r.l.	Chairman of the Board of Directors	Currently in office
	Millennium Gallery S.r.l.	Sole Director	Currently in office
	Porta Medicea S.r.l.	Member of the Board of Directors	Currently in office
	RGD Ferrara 2013 S.r.l.	Chief Executive Officer	Currently in office
	Win Magazin S.A.	Chairman of the Board of Directors	Currently in office
	Consorzio Bolognese Energia Galvani S.c.a r.l.	Member of the Board of Directors	Currently in office
	R.G.D. Gestioni S.r.l.	Member of the Board of Directors	No longer in office
	Riqualificazione Grande Distribuzione S.p.A.	Member of the Board of Directors	No longer in office
	Robintur S.p.A.	Member of the Board of Directors	No longer in office
Roberto Zoia	IGD Management S.r.l.	Member of the Board of Directors	Currently in office
	RGD Ferrara 2013 S.r.l.	Member of the Board of Directors	Currently in office
	Consorzio Proprietari del Centro Commerciale "Fonti del Corallo"	Sole Director	Currently in office
	Porta Medicea S.r.l.	Chairman of the Board of Directors	Currently in office
	Win Magazin S.A.	Member of the Board of Directors	Currently in office
	Win Magazin S.A.	Chairman of the Board of Directors	No longer in office
	Consorzio Forte di Brondolo	Liquidator	No longer in office
	Porta Medicea S.r.l.	Chief Executive Officer	No longer in office
	Faenza Sviluppo S.r.l.	Member of the Board of Directors	No longer in office
	Riqualificazione Grande Distribuzione S.p.A.	Chief Executive Officer	No longer in office
	New Shopping arcade S.p.A.	Sole Director	No longer in office
	R.G.D. Gestioni S.r.l.	Chief Executive Officer	No longer in office
	Immobiliare Grande Distribuzione SIIQ S.p.A.	Shareholder	Current
Grazia Margherita Piolanti	IGD Management S.r.l.	Vice Chairman of the Board of Directors	Currently in office
	IGD Property SIINQ S.p.A.	Member of the Board of Directors	Currently in office
	Porta Medicea S.r.l.	Member of the Board of Directors	Currently in office
	IGD Property SIINQ S.p.A.	Sole Director	No longer in office
	Iniziative Bologna Nord S.r.l.	Member of the Board of Directors	No longer in office
	Faenza Sviluppo S.r.l.	Vice Chairman of the Board of Directors	No longer in office

	Nikefin Asti S.r.l.	Sole Director	No longer in office
	Inres Soc. Coop.	Statutory Auditor	No longer in office
	R.G.D. S.p.A.	Member of the Board of Directors	No longer in office
	Enel S.p.A.	Shareholder	Current
	Immobiliare Grande Distribuzione SIIQ S.p.A.	Shareholder	Current
Antonio Di Berardino	Win Magazin S.A.	Chief Executive Officer	No longer in office
	Winmarkt Management S.r.l.	Sole Director	No longer in office
Andrea Bonvicini	Win Magazin S.A.	Member of the Board of Directors	No longer in office
	Cassa di Risparmio di Rimini S.p.A.	Shareholder	Current
	Banca di Bologna Credito Cooperativo Soc. Coop.	Shareholder	No longer in office

To the Company's knowledge, during the past five years, none of the key managers has been found guilty of fraud or any crimes related to bankruptcy nor involved in bankruptcy trials, receiverships or compulsory liquidations nor, lastly, been officially charged and/or fined by public or regulatory authorities (including the relevant professional associations), or banned by a court from holding administrative, managerial or supervisory roles with the Issuer or carrying out management or operational duties for any issuer.

14.1.3 Board of Statutory Auditors

The current Board of Statutory Auditors was appointed by the Ordinary Shareholders' Meeting of 19 April 2012. It will remain in office until the date of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014.

At the Date of the Registration Document, the Board of Statutory Auditors is composed as follows:

Name	Office	Place and date of birth
Romano Conti	Chairman	Bologna (BO), 27 August 1948
Pasquina Corsi	Statutory Auditor	Piombino (LI), 8 February 1957
Roberto Chiusoli	Statutory Auditor	Bologna (BO), 15 September 1964
Isabella Landi	Alternate Auditor	Meldola (FC), 26 May 1964
Monica Manzini	Alternate Auditor	Bologna (BO), 16 September 1964

The members of the Board of Statutory Auditors are domiciled in a professional capacity at the registered office of the Company situated at Via Agro Pontino 13, Ravenna.

The members of the Board of Statutory Auditors meet the independence requirements of the TUF and Corporate Governance Code, as verified by the Board of Statutory Auditors at its meeting on 4 November 2013. With reference to the Chairman of the Board of Statutory Auditors, Mr Romano Conti, given the high level of professionalism and the activities carried out in recent years by him, although he has held office for more than nine years, the Issuer's Board of Statutory Auditors, partly based on the statements given by Mr Conti himself, felt that this did not compromise his independence of judgement, and that he was independent within the meaning of the Corporate Governance Code.

Below is a brief biography for each member of the Board of Statutory Auditors, illustrating their business management skills and experience. For a list of offices held by members of the Board of Statutory Auditors in the administrative, management or supervisory bodies of listed companies or partnerships – as well as an indication of the listed company or partnership in which members of the Board of Statutory Auditors are shareholders – during the last five years, please see the following table.

Romano Conti – Born in Bologna on 27 August 1948, Mr Conti holds a degree in Economics and Business from the University of Bologna. He is a Chartered Accountant and has been a partner in the Associazione Professionale Studio Gnudi since the firm's inception. He is a registered auditor. He works as a tax planning consultant and advises on Italian accounting standards and tax disputes. He is also a partner in ACB Group S.p.A., a consultancy firm based in Milan. He is a director of the Association of Chartered Accountants in Bologna. He is also a member of the administrative and supervisory bodies of various companies.

Roberto Chiusoli – Born in Bologna on 15 September 1964, Mr Chiusoli holds a degree in Economics and Business from the University of Bologna. He is a Chartered Accountant and has been a registered member of the Association of Chartered Accountants in Bologna since 1992, as well as a registered auditor. From 1989 to 1991, he worked as a tax advisor for a law and tax consultancy firm. From 1991 to 1996, he was an auditor with Uniaudit S.p.A., where he ultimately became Head of Tax Audit. In the same sector, he worked for the auditors Reconta Ernst & Young. On 16 September 1996, he was appointed manager of Legacoop Bologna, where he was in charge of the tax advisory office. He is the coordinator of tax services for Legacoop Emilia-Romagna. He is a member of the supervisory board of several listed companies.

Pasquina Corsi – Born in Piombino (LI) on 8 February 1957, Ms Corsi obtained a diploma from the Technical Institute of Piombino in 1976. She passed her accountant's exams in 1995. She is a registered member of the Association of Chartered Accountants for the province of Livorno and works in Campiglia Marittima (LI). She is also a registered auditor. She has previously served two terms on the Board of Auditors for the municipalities of Campiglia Marittima and Castagneto Carducci. She is a partner in the firm Studio Gargani Commercialisti Associati. She is sole auditor of the Fondazione Memorie Cooperative, established by Unicoop Tirreno Soc. Cooperativa. She has also served and continues to serve on the Board of Statutory Auditors of various companies.

Isabella Landi – Born in Meldola on 26 May 1964, Ms Landi graduated in Economics and Business in 1989 from the University of Bologna. She has been a member of the Association of Chartered Accountants of Forlì since 1990, is a registered auditor with the Ministry of Justice and is registered as a technical consultant at the Court of Forlì. Since 1994 she has worked as a Chartered Accountant in Forlì and is a partner at the auditing firm Labase Revisoni S.r.l. in Forlì. She is an expert in accounting and tax matters, corporate restructuring and business reorganisation (mergers, transfers, change of control, etc.) and in audits of ordinary companies and cooperatives. Her most relevant professional experience includes working for the province of Ravenna's cooperative federation (Office of Legal and Tax Assistance, 1989-1993), as a consultant for Federcoop Ravenna S.c.a.r.l. (Office of Legal and Tax Assistance, 1994-1999), and as a consultant for the tax office of Legacoop Forlì-Cesena (2000-2006). She is the sole auditor of the municipality of Roncofreddo and Chairman of the Board of Statutory Auditors of the municipality of Forlì. Her other experience includes being a member of the Ravenna Prefecture's Supervisory Commission for Cooperatives, from 1991 to 1996. She has held and currently holds various positions on the Boards of Statutory Auditors of cooperatives, listed companies and local authorities. She was member of the Board of Statutory Auditors for the municipality of Meldola for two terms and of the Chamber of Commerce of Forlì-Cesena. She has acted and continues to act as liquidator for different cooperatives and companies in voluntary liquidation and is official receiver for the Court of Forlì. She has also performed tax due diligence for major Italian companies.

Monica Manzini – Born in Bologna on 16 September 1964, Ms Manzini graduated in Economics and Business from the University of Bologna. She is a Chartered Accountant registered with the Association of Chartered Accountants of the Court of Bologna and is a registered auditor. She works as a Chartered Accountant and is a partner with the

Associazione Professionale Studio Gnudi in Bologna. Her areas of specialisation mainly include corporate restructuring through extraordinary transactions (transfers, mergers, spin-offs and transformations), domestic tax, corporate earnings and issues in companies held primarily by public shareholders. She is a regular speaker at post-graduate seminars on tax issues and extraordinary transactions (transfers, mergers, spin-offs and transformations). She has also held and currently holds the position of auditor in various companies.

None of the members of the Board of Statutory Auditors has any family ties with other members of the Issuer's Board of Statutory Auditors, with the members of the Board of Directors or with the Company's key managers.

The following table shows all the listed companies or partnerships in which the members of the Board of Statutory Auditors have been members of the administrative, management or supervisory bodies or shareholders in the last five years, with an indication of their status at the Date of the Registration Document.

Name	**Company**	**Office in the company or interest held**	**Status at the Date of the Registration Document**
Romano Conti	Fin.gi S.r.l.	Sole Director	Currently in office
	Finmeco S.r.l.	Sole Director	Currently in office
	BPER Soc. Coop	Chairman of the Board of Statutory Auditors	Currently in office
	G.M.G. Group S.p.A.	Member of the Board of Directors	Currently in office
	Simbuleia S.p.A.	Member of the Board of Directors	Currently in office
	D&C S.p.A.	Member of the Board of Directors	Currently in office
	Despina S.p.A.	Member of the Board of Directors	Currently in office
	ACB Group S.p.A.	Member of the Board of Directors	Currently in office
	Majani 1796 S.p.A.	Chairman of the Management Control Committee	Currently in office
	Comet S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Comet Holding S.p.A.	Statutory Auditor	Currently in office
	Ferrario S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Seconda S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Penta S.p.A.	Statutory Auditor	Currently in office
	A.M. General Contractor S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Zeroquattro S.r.l.	Sole Auditor	Currently in office
	Unicredit Leasing S.p.A.	Statutory Auditor	No longer in office
	Centro Sperimentale del Latte S.p.A.	Chairman of the Board of Statutory Auditors	No longer in office
	Cofim S.r.l.	Chairman of the Board of Directors	No longer in office
	Editoriale Corriere di Bologna S.r.l.	Statutory Auditor	No longer in office
	F.G.F. S.p.A.	Member of the Board of Directors	No longer in office
	Galotti S.p.A.	Statutory Auditor	No longer in office
	R.G.D. S.p.A.	Statutory Auditor	No longer in office
	Fin.gi S.r.l.	Shareholder	Current
	Simbuleia S.p.A.	Shareholder	Current
Pasquina Corsi	Immobiliare Sviluppo della Cooperazione S.p.A.	Statutory Auditor	Currently in office
	Ipercoop Tirreno S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Piombino Patrimoniale	Statutory Auditor	No longer in office

	S.r.l., single member		
	Indal 2000 S.p.A.	Statutory Auditor	No longer in office
	Società Cooperativa La Caravella	Statutory Auditor	No longer in office
	Vignale Immobiliare S.p.A.	Statutory Auditor	No longer in office
	Società Consortile Cooperativa Global Service Tirreno	Statutory Auditor	No longer in office
	Società Consortile Arco a r.l.	Chairman of the Board of Statutory Auditors	No longer in office
	Studio Gargani Commercialisti Associati	Shareholder	Current
Roberto Chiusoli	Unipol Gruppo Finanziario S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Manutencoop Facility Management S.p.A.	Member of the Supervisory Board	Currently in office
	Unipol Banca S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Granarolo S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	HPS S.p.A.	Statutory Auditor	Currently in office
	CAMST S.c.a.r.l.	Chairman of the Board of Statutory Auditors	Currently in office
	Consorzio Castello	Statutory Auditor	Currently in office
	Atahotels S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Banca Sai S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Casa di Cura Villa Donatello S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Sacmi Imola Soc. Coop.	Statutory Auditor	Currently in office
	Unipol Finance S.r.l.	Statutory Auditor	Currently in office
	Consorzio Cooperative Costruzioni Società Cooperativa	Member of the Supervisory Board	Currently in office
	De' Toschi S.p.A.	Statutory Auditor	Currently in office
	Compagnia Assicuratrice Linear S.p.A.	Statutory Auditor	Currently in office
	Linear Life S.p.A.	Statutory Auditor	Currently in office
	Iniziative Bologna Nord S.r.l.	Chairman of the Board of Statutory Auditors	No longer in office
	Holmo S.p.A.	Chairman of the Board of Statutory Auditors	No longer in office
	Unipol Merchant – Banca per le Imprese S.p.A.	Statutory Auditor	No longer in office
	Banca di Bologna – Credito Cooperativo S.c.ar.l.	Statutory Auditor	No longer in office
Isabella Landi	Apofruit Italia Soc. Coop.Agricola	Chairman of the Board of Statutory Auditors	Currently in office
	Giuliani Soc. Coop.	Chairman of the Board of Statutory Auditors	Currently in office
	Cosmogas S.r.l.	Chairman of the Board of Statutory Auditors	Currently in office
	Due Tigli S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Creditcomm Soc. Coop. a r.l. di garanzia	Statutory Auditor	Currently in office
	Romagna Compost S.r.l.	Statutory Auditor	Currently in office
	Almaverde Bio Italia S.r.l. Consortile	Statutory Auditor	Currently in office

	Assicoop Romagna S.p.A.	Statutory Auditor	Currently in office
	Mediterraneo Group S.p.A. Consortile Agricola	Chairman of the Board of Statutory Auditors	Currently in office
	Cooperativa Agricola Braccianti di Campiano Soc. Coop. Agr. p. A.	Chairman of the Board of Statutory Auditors	Currently in office
	Ce.Vi.Co. Società Cooperativa Agricola	Statutory Auditor	Currently in office
	Agrifutura S.r.l.	Chairman of the Board of Statutory Auditors	Currently in office
	Winex Società CooperativaAgricola	Statutory Auditor	Currently in office
	Isgas Elmas Società di Progetto S.r.l.	Statutory Auditor	Currently in office
	Isgas Carbonia Società di Progetto S.r.l.	Statutory Auditor	Currently in office
	Apoindustria Soc. Coop Agricola	Chairman of the Board of Statutory Auditors	Currently in office
	Sophia S.r.l.	Sole Director	Currently in office
	Labase Revisioni S.r.l.	Vice Chairman of the Board of Directors	Currently in office
	Rimini Parking Gest S.r.l.	Chairman of the Board of Statutory Auditors	Currently in office
	Orion Soc. Coop. agricola	Statutory Auditor	Currently in office
	IGD Property SIINQ S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Cooperativa Forlivese Di Edificazione	Chairman of the Board of Statutory Auditors	No longer in office
	Cooperativa Finanziaria Romagnola Co.Fi.Ro	Statutory Auditor	No longer in office
	Cooperativa Agricola Cesenate Soc. Coop.	Chairman of the Board of Statutory Auditors	No longer in office
	Laema S.r.l.	Statutory Auditor	No longer in office
	Immobiliare Cof. Con. S.r.l.	Statutory Auditor	No longer in office
	Co.Ro.Ga.	Statutory Auditor	No longer in office
	A.P.E. – Associati Piccoli Esercenti – S.r.l.	Statutory Auditor	No longer in office
	Egocentro S.r.l.	Statutory Auditor	No longer in office
	Ged S.r.l.	Statutory Auditor	No longer in office
	CAF Romagna Marche S.r.l.	Statutory Auditor	No longer in office
	Commercianti Indipendenti Associati Soc. Coop.	Statutory Auditor	No longer in office
	Createmotions S.r.l. in liquidation	Statutory Auditor	No longer in office
	ABBA S.r.l.	Sole Director	No longer in office
	Mpk Rating S.p.A.	Statutory Auditor	No longer in office
	Z.V. s.n.c. di Zanfini Vanni e Zanfini Cristian	Statutory Auditor	No longer in office
	Sophia S.r.l.	Shareholder	Current
	Labase Revisioni S.r.l.	Shareholder	Current
	Banca Popolare	Shareholder	No longer in office

	dell'Emilia Romagna		
Monica Manzini	GMG Group S.r.l.	Chairman of the Board of Statutory Auditors	Currently in office
	Ducati Energia S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Immobiliare S. Nicolò S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Meliconi S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Nute Partecipazioni S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	PRB S.p.A.	Statutory Auditor	Currently in office
	Sansovino S.r.l.	Chairman of the Board of Statutory Auditors	Currently in office
	Simpa Immobiliare S.r.l.	Statutory Auditor	Currently in office
	Santander Consumer Unifin S.p.A.	Chairman of the Board of Statutory Auditors	Currently in office
	Sigma Soc. Coop.	Standing Auditor	Currently in office
	Ben Mach S.r.l.	Statutory Auditor	No longer in office
	Ducati Sistemi S.p.A.	Statutory Auditor	No longer in office
	Fin. San. S.r.l.	Statutory Auditor	No longer in office
	F.G.F. S.p.A.	Chairman of the Board of Statutory Auditors	No longer in office
	Ma.In Macchine Industriali S.r.l.	Statutory Auditor	No longer in office
	Nute S.p.A.	Chairman of the Board of Statutory Auditors	No longer in office
	Mak – Macchine per Costruire S.r.l. in liquidation	Standing Auditor	No longer in office
	Safin S.r.l.	Chairman of the Board of Statutory Auditors	No longer in office

To the Company's knowledge, during the past five years, none of the members of the Board of Statutory Auditors has been found guilty of fraud or any crimes related to bankruptcy nor involved in bankruptcy trials, receiverships or compulsory liquidations nor, lastly, been officially charged and/or fined by public or regulatory authorities (including the relevant professional associations), or banned by a court from holding administrative, managerial or supervisory roles with the Issuer or carrying out management or operational duties for any issuer, with the exception of the following: with a provision dated 14 October 2009, the Bank of Italy, pursuant to Article 145 of Legislative Decree 385/1993, fined Roberto Chiusoli, as Chairman of the Board of Statutory Auditors of Unipol Banca S.p.A., €24,000 for irregularities linked to a lack of organisation and internal controls which caused certain activities not to be reported to the supervisory authorities.

14.2 Conflicts of interest of members of the Board of Directors, members of the Board of Statutory Auditors and key managers

At the Date of the Registration Document, there are no members of the Board of Directors, the Board of Statutory Auditors or any key managers of the Group with private interests that conflict with his/her duties linked to the office or position held with the Issuer. Please note, however, that the corporate tax advisory firm in which the Director Andrea Parenti is a shareholder has a contract for administrative and tax advisory services with Unicoop Tirreno worth €19,000. The Issuer, in consideration of the above amount, has not deemed this professional relationship to be material for the purpose of assessing Mr Parenti's independence.

At the Date of the Registration Document, there are no agreements or arrangements between the principal shareholders, clients, suppliers or other persons, pursuant to which the persons referred to in Chapter XIV, paragraph 14.1 of the Registration Document have been appointed as members of the management, administrative or supervisory bodies or as senior managers of the Company.

At the Date of the Registration Document, the parties listed in the tables found in Chapter XIV, paragraph 14.1 of the Registration Document have not agreed upon any restrictions on the disposal of any shares of the Issuer that they may hold in their portfolios.

CHAPTER XV – REMUNERATION AND BENEFITS

15.1 Remuneration and benefits in favour of members of the Board of Directors, members of the Board of Statutory Auditors and key managers for services rendered in any capacity

The compensation paid during the year ended 31 December 2013 – for any reason and in any form – by the Company and its direct or indirect subsidiaries to members of the Board of Directors is shown below.

Name	Office held	Dates in office	End of term	Fixed compensation	Compensation for Committee membership	Bonuses and other incentives	Non-cash benefits
Gilberto Coffari	Chairman	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	91,500	-	-	-
Sergio Costalli	Vice Chairman	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	66,500	-	-	-
Claudio Albertini	Chief Executive Officer	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	266,500	-	Up to a maximum of 30% of fixed compensation	-
Roberto Zamboni	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	-	-	-
Leonardo Caporioni	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	-	-	-
Fernando Pellegrini	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500		-	-
Aristide Canosani	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	8,000	-	-
Fabio Carpanelli	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	18,000	20,250	-	-
Massimo Franzoni	Director	1 January 2013/31 December 2013	Approval of 2012 financial statements	16,500	8,000	-	-
Andrea Parenti	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	4,500	-	-
Riccardo Sabadini	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	3,000	-	-

Giorgio Boldreghini	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	2,250	-	-
Elisabetta Gualandri	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	12,000	-	-
Tamara Magalotti	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	2,250	-	-
Livia Salvini	Director	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	16,000	-	-

During the course of 2013, the Chief Executive Officer received a total of €45,000 in respect of variable compensation for the achievement of the targets for 2012 and, in particular, for the achievement of the consolidated EBITDA margin target fixed in the annual budget and other qualitative targets (payment is linked to significant results achieved by the Company in the financial year concerned). This sum represents 60% of the variable compensation payable in principle (the earning per share target fixed in the annual budget, 40% of variable compensation payable, was not achieved.)

During the course of 2014, the Chief Executive Officer will receive a total of €45,000 in respect of variable compensation for the achievement of the targets for 2013 and, in particular, for the achievement of the consolidated EBITDA margin target fixed in the annual budget and other qualitative targets (payment is linked to the achievement of the Company's financial targets in the financial year concerned and to the dedication shown by the Chief Executive Officer in the context of relations with international investors). This sum represents 60% of the variable compensation payable in principle; the earning per share target fixed in the annual budget was not achieved (40% of variable compensation payable).

The compensation paid during the year ended 31 December 2013 – for any reason and in any form – by the Company and its direct or indirect subsidiaries to members of the Board of Statutory Auditors is shown below.

Name	Office held	Dates in office	End of term	Fixed compensation	Bonuses and other incentives	Non-cash benefits
Romano Conti	Chairman	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	24,750	-	-
Roberto Chiusoli	Statutory Auditor	1 January 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	-	-
Pasquina Corsi	Statutory Auditor	01 December 2013/ 31 December 2013	Approval of 2014 financial statements	16,500	-	-

The compensation paid during the year ended 31 December 2013 – for any reason and in any form – by the Company and its direct or indirect subsidiaries to the Chief Operating Officer and to key managers in office at the Date of the Registration Document is shown below.

Name	Office held	Fixed compensation	Bonuses and other incentives	Non-cash benefits
Daniele Cabuli	Chief Operating Officer	139,938	16,897	19,059
Managers with strategic responsibilities	-	526,442	85,233	73,608

Please note that the Remuneration Policy approved by the Company does not include the payment of any indemnity to directors in case of early termination or non-renewal of their employment contract, except for the provisions set forth herein pertaining to the Chief Executive Officer, who is entitled to severance indemnity, which may be remitted over a maximum of three years, for an amount no higher than the total compensation earned for the position of Chief Executive Officer remitted by the Issuer during the two years prior to the onset of the grounds for severance.

For more information regarding the remuneration of members of the Board of Directors and the Board of Statutory Auditors, the Chief Operating Officer and managers with strategic responsibilities, please see the Board of Directors' Remuneration Report approved by the Issuer's Board of Directors on 27 February 2014, pursuant to Articles 123-*ter* of the TUF and 84-*quater* of the Issuers' Regulations, incorporated by reference in this Registration Document and available to the public at the registered offices of IGD and Borsa Italiana, as well as on the Company's website at www.gruppoigd.it.

15.2 Provisions or accruals made by the Issuer or its subsidiaries for pensions, employee severance indemnities or similar benefits

The amount of liabilities recorded in the consolidated financial statements for severance pay accrued for managers is €180,550.36 for the year ended 31 December 2013.

CHAPTER XVI – BOARD PRACTICES

16.1 Term of office of members of the Board of Directors and the Board of Statutory Auditors

The current Board of Directors and Board of Statutory Auditors, appointed by the at the Ordinary Shareholders' Meeting of 19 April 2012, will remain in office until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014.

Board of Directors

The table below shows the first appointment date for each director as a member of the Issuer's Board of Directors.

Name	Office	Date of first appointment
Gilberto Coffari	Chairman	6 November 2000
Sergio Costalli	Vice Chairman	26 March 2003
Claudio Albertini	Chief Executive Officer	28 April 2006
Roberto Zamboni	Director	26 March 2003
Aristide Canosani	Director	26 March 2003
Leonardo Caporioni	Director	28 April 2006
Fernando Pellegrini	Director	26 March 2003
Fabio Carpanelli	Director	16 September 2004
Elisabetta Gualandri	Director	19 April 2012
Tamara Magalotti	Director	19 April 2012
Livia Salvini	Director	19 April 2012
Andrea Parenti	Director	23 April 2009
Riccardo Sabadini	Director	16 September 2004
Giorgio Boldreghini	Director	23 April 2009
Massimo Franzoni	Director	26 March 2003

Board of Statutory Auditors

The table below shows the first appointment date for each auditor as a member of the Issuer's Board of Statutory Auditors.

Name	Office	Date of first appointment
Romano Conti	Chairman	26 March 2003
Pasquina Corsi	Statutory Auditor	19 April 2012
Roberto Chiusoli	Statutory Auditor	28 April 2006
Isabella Landi	Statutory Auditor	28 April 2006
Monica Manzini	Alternate Auditor	23 April 2009

16.2 Employee agreements entered into between members of the Board of Directors and members of the Board of Statutory Auditors and the Issuer which provide for employee severance indemnities

At the Date of the Registration Document, there are no employee agreements between the Issuer or its subsidiaries and members of the Board of Directors or the Board of Statutory Auditors which provide for employee severance indemnities.

For further details, see Section 1: Remuneration Policy, paragraph 1) of the Board of Directors' Remuneration Report approved by the Issuer's Board of Directors on 27 February 2014, pursuant to Articles 123-*ter* of the TUF and 84-*quater* of the Issuers' Regulations, incorporated by reference in this Registration Document and available to the public at the registered offices of IGD and Borsa Italiana, as well as on the Company's website at www.gruppoigd.it.

16.3 Information on Committees

The Issuer's Board of Directors, in accordance with Article 5.P.1 of the Corporate Governance Code, established the Appointments and Remuneration Committee, the Chairman's Committee, the Control and Risk Committee and the Committee for Related-Party Transactions. The members of each committee were appointed when the Board was last re-elected on 19 April 2012.

A brief description of the composition, duties and internal procedures of these Committees can be found below.

Control and Risk Committee

The Control and Risk Committee is composed of three non-executive independent directors: Elisabetta Gualandri (Chairwoman), Livia Salvini and Massimo Franzoni. The Board of Directors confirmed at the time of their appointment that the Committee members satisfy at least one of the parameters for assessing accounting and financial experience, consisting of at least three years' experience of the following: (*i*) managerial duties in the fields of administration, finance or control of a publicly listed company, or (*ii*) professional activity or university teaching in the field of law, economics or finance, or (*iii*) managerial duties at public agencies or public administrations operating in the banking, financial and insurance sector.

The Chairman of the Board of Directors, as the Director in charge of the internal control and risk management system, attends meetings of the Internal Control and Risk Committee, as does the Chairman of the Board of Statutory Auditors or another auditor appointed by him/her, although other Auditors may also attend. The Vice Chairman of the Board of Directors and the Chief Executive Officer are also invited to attend Committee meetings.

The Control and Risk Committee expresses its prior opinion to the Board of Directors in exercising the following powers: (*i*) definition of the guidelines for the Company's internal control and risk management system, so that the main risks faced by the Company and its subsidiaries are correctly identified, assessed, managed and monitored, while also evaluating the extent to which these risks are compatible with a business management approach consistent with the strategic objectives outlined; (*ii*) yearly evaluation of the adequacy of the internal control and risk management system in view of the nature of the business and risk profile undertaken, as well as its efficacy; (*iii*) approval, at least on a yearly basis, of the work plan drawn up by the Head of Internal Audit (Unilab S.r.l., to whom this function is outsourced), having consulted the Board of Statutory Auditors and the Director in charge of the internal control and risk management system; (*iv*) description in the corporate governance report of the main characteristics of the internal control and risk management system, expressing its opinion of the adequacy of this; (*v*) evaluation, having consulted the Board of Statutory Auditors, of the results submitted by the External Auditors in a letter of suggestions, if any, and in the report on the main issues that arise during the external audit; and (*vi*) appointment and removal, as proposed by the Director in charge of the internal control and risk management system, in consultation with the Board of Statutory Auditors, of the person in charge of the Internal Audit department.

The Control and Risk Committee, in addition to assisting the Board of Directors on the above matters, also directly performs the following duties:

- evaluates, along with the Chief Financial Officer and the auditors, the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of both the separate and consolidated financial statements;
- expresses opinions on specific aspects concerning the identification of the main business risks;
- analyses periodic reports on the evaluation of the internal control and risk management system and reports of particular relevance prepared by the Internal Audit department;
- monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit department;
- may ask the Internal Audit department to check specific operating areas, simultaneously notifying the Chairman of the Board of Statutory Auditors;
- reports to the Board of Directors at least every six months, when the annual and semi-annual reports are approved, on the work performed and the adequacy and effectiveness of the internal control and risk management system.

The powers of the Control and Risk Committee are open-ended and may be supplemented with additional duties.

On the suggestion of the Control and Risk Committee, the Board of Directors makes sure that the committee has adequate support to prepare for the duties assigned to it.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee consists of three non-executive independent directors appointed by the Board of Directors. At least one member of the Appointments and Remuneration Committee possesses adequate understanding and experience of finance, as assessed by the Board of Directors upon his/her appointment.

The Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer automatically attend meetings of the Appointments and Remuneration Committee.

No director will participate in meetings of the Appointments and Remuneration Committee during which his/her remuneration is being discussed. The Chairman of the Board of Statutory Auditors, or another auditor designated by him/her, may also be invited to attend Committee meetings. On 19 April 2012, the Board of Directors appointed the following independent directors as members of the Appointments and Remuneration Committee: Andrea Parenti (Chairman), Fabio Carpanelli and Tamara Magalotti. The Board of Directors confirmed at the time of his appointment that Andrea Parenti possessed adequate understanding and experience of financial matters and remuneration policies.

The Appointments and Remuneration Committee has (*i*) a proactive and advisory role regarding the ideal composition of the Board of Directors, the choice of senior managers from within the Company and the nomination of directors, statutory auditors and managers of subsidiaries held to be of strategic importance, in order to guarantee an adequate level of separation between directors and management, and (*ii*) a proactive, investigatory and advisory role regarding remuneration, helping to ensure that the Company's directors and managers with strategic responsibilities and directors of subsidiaries – while guided by the principles of moderation – receive adequate compensation for the position held and that the compensation offered helps to retain and motivate those possessing professional characteristics deemed useful to the successful management of the Company and its parent company.

Specifically, the Appointments and Remuneration Committee has the following functions:

a) to submit proposals to the Board of Directors on the compensation policy of Directors and managers with strategic responsibilities;

b) to evaluate on a periodic basis the adequacy, overall consistency and effective application of the compensation policy referred to in d) below, based, in the case of managers with strategic responsibilities, on the information provided by the Chief Executive Officer;

c) to submit proposals or opinions to the Board of Directors regarding the remuneration of Executive Directors and other directors holding special office, as well as the setting of performance targets for variable compensation, and to ensure that the Board's decisions are complied with, verifying in particular that performance targets have actually been reached;

d) to submit opinions to the Board regarding the compensation of the Chairmen, Vice Chairmen and General Managers (and/or Chief Executive Officers) of strategic subsidiaries, based on the proposals submitted by the Chairman and the Chief Executive Officer of the parent company;

e) to submit opinions to the Board regarding the overall compensation to be remitted to members of the Boards of Directors of subsidiaries;

f) to report to the Company shareholders on how the Committee is fulfilling its duties.

The Appointments and Remuneration Committee also nominates potential candidates to the Board for the position of director, in the case of co-opting, if independent directors need to be replaced, without prejudice to the relevant provisions of the Bylaws on the subject of replacement of members of the Board of Directors.

Furthermore, the Appointments and Remuneration Committee is also called on to submit opinions to the Board of Directors on the periodic self-assessment and the ideal size and composition of the Board, and to issue recommendations on the professionals whose presence on the Board could make it more efficient, as well as on the maximum number of directors and auditors and any exceptions to the non-competition clause.

The Appointments and Remuneration Committee periodically evaluates the overall adequacy and coherence and effective application of the compensation policy, relying on information provided by the Chief Executive Officer pertaining to managers with strategic responsibilities.

The Chief Executive Officer also issues opinions on the type of governing body chosen (single member or board), on the number of members and candidates to be nominated for the position of director and auditor, as well as the Chairman, Vice Chairman and General Manager (and/or Chief Executive Officer) of subsidiaries and affiliated companies.

In carrying out its duties, the Appointments and Remuneration Committee collaborates with the relevant corporate structures.

Committee for Related-Party Transactions

The Company formed the Committee for Related-Party Transactions in accordance with Article 2391-*bis* of the Italian Civil Code and Article 4, paragraphs 1 and 3 of the Related-Party Regulations.

The Committee for Related-Party Transactions is composed of three independent directors: Riccardo Sabadini as Chairman and Giorgio Boldreghini and Andrea Parenti, appointed by the Board of Directors on 19 April 2012. The Committee's functions are governed by the Procedure for Related-Party Transactions approved by the Board of Directors on 11 November 2010 and summarised below.

Specifically, based on the specifications set forth in the above Procedure for Related-Party Transactions, the Committee for Related-Party Transactions essentially has the task of issuing reasoned opinions on the Company's interest in carrying out related-party transactions, expressing an opinion on whether the terms are advantageous and substantially fair, subject to receiving timely, comprehensive and adequate information on the nature of those transactions.

For further information on the duties and powers of the Committee for Related-Party Transactions, please see the Introduction to Chapter XIX of this Registration Document.

<u>*Chairman's Committee*</u>

The Company deemed it appropriate to create a Chairman's Committee within the Board of Directors, which is composed of the Chairman, the Vice Chairman, the Chief Executive Officer, as well as the director Roberto Zamboni, appointed by the Board of Directors on 19 April 2012.

The Chairman's Committee has an advisory and investigatory role and assists in determining the development policies, along with the strategic and operational guidelines, to be submitted to the Board of Directors, and oversees the correct implementation of the same. The committee is also called upon to express opinions regarding strategically relevant developments and investments, to the extent that the latter could have a significant impact on the value or composition of the Company's equity or stock price.

16.4 Compliance with the regulations pertaining to corporate governance

The Issuer's corporate governance system complies with the legal provisions relating to corporate governance and, in particular, those found in the TUF and any implementing provisions issued by CONSOB and found in the Corporate Governance Code. In terms of the comparison between the IGD corporate governance system and the guidelines contained in the Corporate Governance Code, ever since its admission for listing on 11 February 2005, IGD has adopted the March 2006 version of the Corporate Governance Code, originally adopted by the Corporate Governance Committee and recommended by Borsa Italiana, structuring its corporate governance system in compliance with the guidelines contained in that code.

In 2012, the Company complied with the recommendations contained in the new Corporate Governance Code. Specifically, this adoption was launched when the Board of Directors was re-elected in April 2012, and was subsequently concluded by the Company's Board of Directors on 8 November 2012.

Furthermore, the Issuer has:

- established the Appointments and Remuneration Committee, the Chairman's Committee, the Control and Risk Committee and the Committee for Related-Party Transactions;
- adopted, effective as of January 2007, a procedure governing mandatory reporting and conduct on the subject of transactions carried out by relevant persons and entities closely related to such persons on the Company's shares, or on related financial instruments (internal dealing);
- adopted rules for its Shareholders' Meetings;
- introduced a Code of Ethics for all IGD employees containing principles and provisions that exemplify the general requirements for diligence, fairness and honesty that should inform all work carried out and personal conduct adopted in the workplace;
- appointed an Investor Relations Manager, in charge of relations with shareholders and investors;
- adopted a Procedure for Related-Party Transactions pursuant to the Related-Party Regulations;
- introduced, in accordance with the recommendations of Article 6 of the Corporate Governance Code, a Remuneration Policy for the Chief Executive Officer, executive directors, Chief Operating Officer and managers with strategic responsibilities. To that end, the Company has made the Board of Directors' Remuneration Report, in accordance with Articles 123-*ter* of the TUF and 84-*quater* of the Issuers' Regulations, available to the public as required by law. In addition, at the Ordinary Shareholders'

Meeting of 15 April 2014, the shareholders approved the first section of this Report, which describes the Company's Remuneration Policy.

In May 2006, the Board of Directors also approved the adoption of an organisational model pursuant to Legislative Decree 231 of 8 June 2001 ("**Legislative Decree 231/2001**"), which relates to corporate administrative responsibility for offences committed by senior management or their subordinates (the "**Organisational Model**"), revised and updated to reflect changes in legislation. The Organisational Model seeks to ensure that the system is designed in such a way that it complies with the specific requirements introduced by Legislative Decree 231/2001. The Organisational Model calls for mapping the activities at risk and a disciplinary system aimed at ensuring compliance with the measures it contains. The Supervisory Board, which possesses independent planning and control powers, is responsible for oversight and ensures that the Organisational Model is permanently up to date. At the Date of the Registration Document, the Supervisory Board is composed of the directors Fabio Carpanelli (Chairman), Livia Salvini and Aristide Canosani.

On 18 April 2013, the Extraordinary Shareholders' Meeting completed the adaptation of the Bylaws to the provisions of Law 120 of 12 July 2011, which seeks to promote gender equality in the administrative and supervisory bodies of listed companies (see Chapter XXI of the Registration Document).

For more information about the Corporate Governance System and IGD's Remuneration Policy, please see the Report on Corporate Governance and Ownership Structure for 2013 and the Board of Directors' Remuneration Report approved by the Issuer's Board of Directors on 27 February 2014, pursuant to Articles 123-*ter* of the TUF and 84-*quater* of the Issuers' Regulations, incorporated by reference in this Registration Document and available to the public at the registered offices of IGD and Borsa Italiana, as well as on the Company's website at www.gruppoigd.it.

CHAPTER XVII – EMPLOYEES

17.1 Number of employees

The table below shows the change in the IGD Group's employees as at 31 December 2013, 31 December 2012 and 31 December 2011, itemised by category.

Category	31 December 2013	31 December 2012	31 December 2011
Senior managers	6	6	6
Middle managers	25	26	23
Junior managers	66	59	65
Clerical staff	65	69	72
Total employees	**162**	**160**	**166**

The table below shows the change in the IGD Group's employees in Italy as at 31 December 2013, 31 December 2012 and 31 December 2011, itemised by category.

Category	31 December 2013	31 December 2012	31 December 2011
Senior managers	5	5	5
Middle managers	20	20	16
Junior managers	47	43	47
Clerical staff	43	46	47
Total	**115**	**114**	**115**

The table below shows the change in the IGD Group's employees in Romania as at 31 December 2013, 31 December 2012 and 31 December 2011, itemised by category.

Category	31 December 2013	31 December 2012	31 December 2011
Senior managers	1	1	1
Middle managers	5	6	7
Junior managers	19	16	18
Clerical staff	22	23	25
Total	**47**	**46**	**51**

At the Date of the Registration Document, no significant changes had occurred in the number of the IGD Group's employees since 31 December 2013.

17.2 Shareholdings and stock option plans

The following table shows the equity interests in IGD and other Group companies, held directly or indirectly by members of the administrative and supervisory bodies and by the Chief Operating Officer as at 31 December 2013 and 31 December 2012.

Name	Office	Affiliated company	No of shares held at the end of 2012	No of shares purchased/ subscribed for	No of shares sold	No of shares held at the end of 2013
Gilberto Coffari	Chairman of the Board of Directors	IGD SIIQ S.p.A.	23,100	1,710	0	24,810
Sergio Costalli	Vice Chairman	-	-			
Claudio Albertini	Chief Executive Officer	-	-			
Roberto Zamboni	Director	-	-			
Leonardo Caporioni	Director	-	-			
Fernando Pellegrini	Director	-	-			
Aristide Canosani	Director	-	-			
Fabio Carpanelli	Director	-	-			
Massimo Franzoni	Director	-	-			
Andrea Parenti	Director	IGD SIIQ S.p.A.	50,000	136		50,136
Riccardo Sabadini	Director	IGD SIIQ S.p.A.	5,000	370		5,370
Giorgio Boldreghini	Director	-	-			
Tamara Magalotti	Director	-	-			
Livia Salvini	Director	-	-			
Elisabetta Gualandri	Director	-	-			
Romano Conti	Chairman of the Board of Statutory Auditors	-	-			
Roberto Chiusoli	Statutory Auditor	-	-			
Pasquina Corsi	Statutory Auditor	-	-			
Daniele Cabuli	Chief Operating Officer	-	-			

The following table shows the total equity interests held by managers with strategic responsibilities in IGD and its subsidiaries as at 31 December 2013 and 31 December 2012.

Affiliated company	No of shares held at the end of 2012	No of shares purchased/ subscribed for	No of shares sold	No of shares held at the end of 2013
IGD SIIQ S.p.A.	80,000	5,924	0	85,924

At the Date of the Registration Document, the Company has not adopted any share-based incentive plans.

17.3 Description of any agreements for the participation of employees in the capital of the Issuer

At the Date of the Registration Document, there are no agreements for the participation of employees in the capital of the Issuer.

CHAPTER XVIII – MAJOR SHAREHOLDERS

18.1 Major shareholders

The following table lists the shareholders who, based on the stock register and other information available to the Issuer, held more than 2% of the ordinary shares of the Issuer's share capital at the Date of the Registration Document.

Shareholder	Number of shares	% of the share capital
Schroder Investment Management Ltd (1)	8,619,250	2.477
Coop Adriatica S.c.a.r.l.	151,618,853	43.568
Unicoop Tirreno Società Cooperativa	45,542,804	13.087
Soros Fund Management LLC (2)	17,400,086	5.000
UBS AG	7,396,290	2.125(3)

(1) Equity holding as savings management

(2) Shares held as a manager of Quantum Strategic Partners Ltd.

(3) Of which (*i*) 0.008% held indirectly by way of savings management through UBS Global Asset Management (UK) Limited (0.001%) and UBS Global Asset Management (Australia) Limited (0.007%), and (*ii*) 2.117% held directly (0.012% as service recipient and 2.105% as service provider without voting rights).

18.2 Voting rights other than those held by the major shareholders

At the Date of the Registration Document, the Company has only issued ordinary shares and no shares with special voting or other rights have been issued.

18.3 Specification of the controlling entity pursuant to Article 93 of the TUF

At the Date of the Registration Document, Coop Adriatica exercises control over the Company pursuant to Article 93 of the TUF, as it holds a large enough shareholding to exert a dominant influence over the Shareholders' Meeting.

18.4 Agreements that could result in a change in control of the Issuer

On 20 December 2013, Coop Adriatica and Unicoop Tirreno agreed to the early termination of the shareholders' agreement signed by them on 12 June 2013. On the same date, the parties signed a new shareholders' agreement which establishes voting and blocking rights pursuant to Article 122, paragraphs 1 and 5(a) and (b) of the TUF, referencing as the subject IGD Shares, with the aim of pursuing a unified goal in the choice of Company strategy and its management (the "**Agreement**").

At the Date of the Registration Document, the Agreement involved 197,161,657 ordinary shares of the Company, or 56.66% of the Company's ordinary share capital, transferred to the voting syndicate (the "**Syndicated Shares**"), and 177,480,875 ordinary shares, or 51.00% of the ordinary share capital, transferred to a blocking syndicate (the "**Block Shares**").

The table below shows the parties to the agreement, the number of shares transferred by each one and the percentage of shares transferred relative to the total number of shares transferred and the total number of shares comprising the share capital.

Shareholder	No of Syndicated Shares	% shares relative to the total Shares	% of IGD's capital	No of Block Shares	% shares relative to the total Shares	% of IGD's capital

		Transferred			Blocked	
Coop Adriatica	151,618,853	76.90	43.57	132,177,846	74.47	37.98
Unicoop Tirreno	45,542,804	23.10	13.09	45,303,029	25.53	13.02
Total	**197,161,657**	**100.00**	**56.66**	**177,480,875**	**100.00**	**51.00**

The table shows the total number of shares contributed to the Agreement, as last published on 10 March 2014.

Below is an excerpt of the provisions relating to the content and duration of the Agreement, as referenced in the notice sent to CONSOB pursuant to Article 122 of the TUF.

"*The Agreement governs specific arrangements between Coop Adriatica and Unicoop Tirreno relating to (*i*) the appointment of members of the Company's Board of Directors and members of its Board of Statutory Auditors; (*ii*) a syndicate for the exercise of the parties' voting rights at the Company's Extraordinary Shareholders' Meeting; (*iii*) a block syndicate; as well as (*iv*) the right of first refusal.*

<u>Appointment of members of the Board of Directors</u>

Based on the Agreement, the IGD Board of Directors shall comprise 15 members for the duration of the Agreement, in view of the provisions of Law 120 of 12 July 2011 relating to gender equality within governing bodies. In the event that the Board of Directors is re-elected, the Parties agree to submit and vote on a list of 15 candidates, consisting of seven directors designated by Coop Adriatica (three of whom are independent pursuant to Borsa Italiana's Corporate Governance Code, and at least one of whom satisfies the requirements pursuant to Article 148, paragraph 3 of Legislative Decree 58/1998), five directors designated by Unicoop Tirreno (two of whom are independent pursuant to Borsa Italiana's Corporate Governance Code, and at least one of whom satisfies the requirements pursuant to Article 148, paragraph 3 of Legislative Decree 58/1998), and three directors designated jointly by Coop Adriatica and Unicoop Tirreno (independent pursuant to Borsa Italiana's Corporate Governance Code).

*The list shall be compiled in accordance with the following criteria and in descending order: (*i*) four directors designated by Coop Adriatica, from first to fourth place; (*ii*) three directors designated by Unicoop Tirreno, from fifth to seventh place; (*iii*) three directors designated by Coop Adriatica, from eighth to tenth place (two of whom are independent pursuant to Borsa Italiana's Corporate Governance Code and one of whom satisfies the requirements pursuant to Article 148, paragraph 3 of Legislative Decree 58 of 24 February 1998); (*iv*) two directors designated by Unicoop Tirreno, from eleventh to twelfth place (two of whom are independent pursuant to Borsa Italiana's Corporate Governance Code and one of whom satisfies the requirements pursuant to Article 148, paragraph 3 of Legislative Decree 58 of 24 February 1998); and (*v*) three directors designated jointly by Coop Adriatica and Unicoop Tirreno, from thirteenth to fifteenth place (independent pursuant to Borsa Italiana's Corporate Governance Code). In the event that the Parties fail jointly to designate the three candidates called on to fill the thirteenth, fourteenth and fifteenth places, without prejudice to the above, two of said directors shall be designated by Coop Adriatica and one by Unicoop Tirreno. Based on the Agreement and in accordance with Article 16.7 of the Bylaws, if one or more of the minority lists are presented, at least one director must be appointed from a minority list. Thus, in accordance with the nomination criteria, if the candidates ranked with the highest quotients come from a single list, the candidate from the minority list who has earned the highest quotient shall be elected in place of the candidate at the bottom of the ranking.*

If it becomes necessary to co-opt new IGD directors to replace those initially designated by the Parties, the substitute director or directors shall be appointed by the Party who originally designated the directors replaced or being replaced.

Based on the Agreement, the Chairman of the Board of Directors and the Chief Executive Officer – who, in addition to powers of legal representation, shall also be granted all powers of ordinary administration – shall be appointed from among the directors designated by Coop Adriatica and the Vice Chairman from among those designated by Unicoop Tirreno.

Appointment of members of the Board of Statutory Auditors

Based on the Agreement, the Board of Statutory Auditors is to be composed of three statutory and three alternate auditors, to be elected on the basis of preference lists, in accordance with Legislative Decree 58/1998 and in view of the provisions of Law 120 of 12 July 2011 relating to gender equality within governing bodies. Two statutory auditors and two alternate auditors shall be appointed from the majority list submitted jointly by Coop Adriatica and Unicoop Tirreno; the third statutory auditor, who shall also act as Chairman of the Board of Statutory Auditors, and the third alternate auditor shall be appointed from the minority list obtaining the second highest number of votes. More specifically, one statutory auditor and one alternate auditor shall be appointed by Coop Adriatica and one statutory auditor shall be appointed by Unicoop Tirreno.

Voting syndicate

The Parties agree that, at Extraordinary Shareholders' Meetings, resolutions shall be carried by a vote in favour of both Parties. To this end, the Parties shall consult with one another prior to the meetings and ensure that the voting rights pertaining to the Syndicated Shares are exercised in full. Based on the Agreement, in the event that the number of shares held by the Parties should increase following the purchase or transfer of stock made in accordance with this Agreement, the additional shares shall automatically be considered part of the voting syndicate.

Blocking syndicate

For the duration of the Agreement, neither Party may transfer, sell and/or dispose of, for any reason, the Block Shares without having first honoured the other Party's right of first refusal under this Agreement. Under no circumstances may the Block Shares be sold, in whole or in part, on the market. For the duration of the Agreement, neither Party may enter into agreements or negotiations, including with third parties, which could trigger an obligatory takeover bid without having first received express, written consent from the other Party. Without prejudice to the penalty established in this Agreement, in the event that such agreements or negotiations trigger an obligatory takeover bid, the Party in violation of this Agreement must indemnify, release and hold harmless the other Party from any responsibility, liability, charge, expense or fee connected with and resulting from said violation.

*Based on the Agreement, in the event that extraordinary transactions should cause the percentage of IGD's share capital represented by the Block Shares to fall below 51%, the number of shares that are not part of the blocking syndicate (the "**Free Shares**") held at that time by each Party shall be reduced proportionately until the number of Block Shares reaches a total of 51%. Based on the Agreement, in the event that, following the transfer of Free Shares, the number of Free Shares held by the Parties is not sufficient, proportionately, to reach 51% of the share capital, the Parties are not obligated to acquire the missing shares on the market or from third parties. Without prejudice to the above, each Party shall, for the duration of the Agreement, endeavour to maintain the level of Block Shares at 51% of IGD's share capital. The Free Shares may be sold freely to third parties or on the market, provided the other Party is notified thereof in a timely manner.*

Right of first refusal

*In the event that either of the Parties begins negotiations to dispose of some or all of the Block Shares held, said Party (the "**Offeror**") must advise the other Party that such negotiations are under way in a timely manner via a notice sent by certified registered mail in which the terms and conditions of the transaction subject to negotiation are summarised. If the Offeror decides to dispose of the Block Shares, the latter must notify the other Party* *via certified registered mail offering the right of first refusal to the other Party (*“***Pre-emptive Offer***”*) and indicating the number of Block Shares being disposed of, the potential third-party purchasers and other conditions, including the price, under which the Block Shares are to be sold or otherwise transferred.*

Upon receipt of the Pre-emptive Offer, the other Party has 90 days to advise the Offeror as to whether or not it intends to accept the Pre-emptive Offer unconditionally. If the Party intends to accept the Pre-emptive Offer, it must advise the Offeror of same by certified registered mail within said 90-day period; if the other Party accepts the Pre-emptive Offer, the Block Shares shall be considered as having been definitively and unconditionally sold to that Party. The Party exercising the right of first refusal must pay the price indicated for the Block Shares in the Pre-emptive Offer.

The other Party must also send notice if it does not intend to accept the Pre-emptive Offer within the above-mentioned period of 90 days. The Offeror may dispose of the Block Shares as per the terms and conditions of the Pre-emptive Offer within 30 days of having received the other Party’*s refusal of the Pre-emptive Offer or within 30 days of the expiration of the above-mentioned 90-day period.*

This provision shall not apply if the Offeror intends to transfer its Block Shares to its wholly owned direct or indirect subsidiaries, pursuant to and in accordance with Article 2359, paragraphs 1 and 2 of the Italian Civil Code (“***Subsidiary***”*), provided that, upon transfer to the Subsidiary (*i*) the Offeror agrees with the Subsidiary and the other Party to repurchase the Block Shares transferred in the event of a change in control of the Subsidiary; (*ii*) the Subsidiary agrees with the Offeror and the other Party to sell the Block Shares to the Offeror; (*iii*) the Subsidiary of the Offeror accepts the provisions of this Agreement in full (without prejudice to the joint and several liability of the Offeror).*

<u>*Duration of the Agreement*</u>

The Agreement shall expire on 31 December 2014.

<u>*Penalty clauses*</u>

Based on the Agreement, in the event that either of the Parties should fail to comply with the obligations under the voting syndicate, said Party must pay a penalty equal to 50% of the shares held. If either Party fails to comply with the obligations under the blocking syndicate and the right of first refusal, said Party must pay the other Party a penalty equal to the amount offered or received from third parties in violation of the above, without prejudice to the right to obtain greater damages.”

With the exception of the above-mentioned Agreement, at the Date of the Registration Document, there are no shareholder agreements or arrangements pursuant to Article 122 of the TUF that could result in a change in control of the Issuer.

CHAPTER XIX – RELATED-PARTY TRANSACTIONS

Introduction

On 11 November 2010, the Issuer's Board of Directors, subject to the favourable opinion of the Committee for Related-Party Transactions, approved the new Procedure for Related-Party Transactions, in force since 1 January 2011, drafted in accordance with the Related-Party Regulations.

In line with that recommended in CONSOB Communication DEM/10078683 of 24 September 2010, on 7 November 2013, taking into account the experience gained by the Company during the period 2010-2013, which highlighted how the Procedure was able to effectively ensure the transparency and substantive and procedural correctness of related-party transactions, and in view of the opinion expressed by the Committee for Related Parties, the Board of Directors has approved the appropriateness of the Company's Procedure for Related-Party Transactions, and has therefore decided not to make changes to this.

The purpose of the Procedure is to define the rules, procedures and principles in order to ensure the transparency and substantive and procedural fairness of Related-Party Transactions entered into by the Company, directly or through its subsidiaries.

IGD's Procedure for Related-Party Transactions is available to the public at the Issuer's registered office and on the website www.gruppoigd.it.

For the purposes of the Procedure, the Company has applied the concept of "Related Party" as defined by Article 3, paragraph 1(a) and Annex 1 of the Related-Party Regulations, according to the definition contained in IAS 24, with effect from the effective date of the Related-Party Regulations. In order to maintain consistency in the financial statements, the Company has decided to extend the Procedure to the subsidiaries of Unicoop Tirreno pursuant to Article 4, paragraph 2 of the Related-Party Regulations.

For the purposes of this Procedure, Related-Party Transactions are transactions in which there is a transfer of resources, services or obligations between one or more Related Parties, regardless of whether a price is charged.

The Procedure distinguishes between:

1) Transactions of greater importance (taken individually or together) in which at least one of the following parameters has a value of 5% or more:
    - *i*) transaction materiality ratio: this is the ratio between the amount of the transaction and the higher of the amount of consolidated equity or the market capitalisation of IGD, measured at the close of the last trading day of the period covered by the most recently published financial documents;
    - *ii*) assets materiality ratio: the ratio between the total assets of the entity involved in the transaction and the total assets of IGD;
    - *iii*) liabilities materiality ratio: the ratio between the acquired entity's total liabilities and the total assets of IGD.
2) Transactions of lesser importance, which include all other transactions and those not considered as transactions for smaller amounts (as defined below).

In particular, in accordance with the provisions of Articles 7 and 8 of the Related-Party Regulations, the Procedure states that:

- transactions of lesser importance may be approved by the body competent to decide on the same following receipt of a non-binding reasoned opinion from the Committee for Related-Party Transactions on the Company's interest in carrying out the transaction, and on whether the terms are advantageous and substantially fair. To that end, the Committee must receive, if necessary at a meeting called specifically for this purpose, comprehensive and adequate information on the nature of the transaction that the Company intends to carry out. If the Committee for Related-Party Transactions considers it necessary or appropriate, it may seek advice from one or more independent experts of its choice before issuing its non-binding opinion;

- in the case of transactions of greater importance, except where the transactions concerned come within the purview of the Shareholders' Meeting or have to be authorised by the latter, they will be decided on by the Company's Board of Directors following receipt of a reasoned opinion from the Committee for Related-Party Transactions on the Company's interest in carrying out the transaction, and on whether the terms are advantageous and substantially fair. To that end, the Committee, possibly through one or more of its members with the relevant delegated powers, will be involved during the negotiations and the due diligence stage, receiving comprehensive and timely information from the local management, if necessary at meetings specifically called for this purpose. If the Committee for Related-Party Transactions considers it necessary or appropriate, it may seek advice from one or more independent experts of its choice before issuing its binding opinion. If the Committee for Related-Party Transactions issues an opinion opposing the transaction, as provided for in the Bylaws, the Board of Directors may still proceed with the transaction subject to the approval of the Shareholders' Meeting. In this case, if the Board of Directors intends to present the transaction of greater importance to the Shareholders' Meeting, despite the negative opinion or without otherwise taking into account the observations of the Committee for Related-Party Transactions, the transaction may not be carried out if the majority of non-related voting shareholders effectively vote against the transaction, on condition however that the non-related shareholders present at the Shareholders' Meeting represent at least 10% of the voting share capital ("whitewash").

In the case of Related-Party Transactions that fall within the purview of the Shareholders' Meeting, or which must be authorised by the latter pursuant to Article 2364, paragraph 1(5) of the Italian Civil Code, the procedural safeguards described in the previous points will apply, *mutatis mutandis*, for the negotiation and due diligence stages, as well as the approval stage of the resolution to be submitted to the Shareholders' Meeting.

The Procedure also makes provision for information to be sent at least once a quarter to the Board of Directors and Board of Statutory Auditors on the Related-Party Transactions carried out. Furthermore, in compliance with the provisions in force (Article 13 of the Related-Party Regulations), the Procedure also set outs the criteria for the identification of transactions to which the above Procedure does not apply, such as:

1) Transactions for smaller amounts: Related-Party Transactions below the threshold of €250,000.00 per transaction;
2) Resolutions relating to the remuneration of executive directors (Chairman, Chief Executive Officer, Committee members), other than those set down in Article 13, paragraph 1 of the Related-Party Regulations, as well as managers with strategic responsibilities, provided that the requirements set down in Article 13, paragraph 3(b) of the Related-Party Regulations are met;
3) Share-based incentive plans approved pursuant to Article 114-*bis* of the TUF;
4) Routine transactions concluded in accordance with market-equivalent or standard terms;
5) Transactions with or between subsidiaries and associates (where these do not involve material interests of other Related Parties, and subject to periodic accounting information);
6) Urgent transactions, which do not fall within the purview of the Shareholders' Meeting or which need not be authorised by it, provided that the requirements are

met pursuant to Article 13, paragraph 6 of the Related-Party Regulations as permitted by Article 22.1(c) of the Bylaws.

With regard to transparency and the information to be provided to the market concerning Related-Party Transactions carried out by the Issuer, the Procedure fully reflects all provisions contained in the relevant Related-Party Regulations (Articles 5 and 6 of the Related-Party Regulations).

For the purposes of financial reporting, please note that, in accordance with Commission Regulation (EU) No 632/2010 of 19 July 2010, the new text of IAS 24 has been in effect since 1 January 2011. By comparison with the standard in effect until 31 December 2010, the new IAS 24 emphasises the need for consistency when identifying related parties and also considers entities controlled by related entities as related parties, as well as defining more clearly the circumstances in which persons and managers with strategic responsibilities are to be considered related parties. Secondly, the amendment introduces an exemption based on which transactions undertaken with a government, with its directly or jointly controlled entities or entities subject to significant influence by a government, are not subject to the general disclosure requirements. The adoption of the amendment had no impact on the Group's financial position or results at 31 December 2012.

19.1 Related-party transactions

The information relating to inter-company transactions with associated companies and other related parties can be found in the separate and consolidated financial statements for 2013 (notes to the financial statements, Note 40 Information on Related Parties from page 185), in the separate and consolidated financial statements for 2012 (notes to the financial statements, Note 40 Information on Related Parties from page 210) and in the separate and consolidated financial statements for 2011 (notes to the financial statements, Note 40 Information on Related Parties from page 181).

The Issuer opts for incorporation by reference of the documents specified above, pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Commission Regulation (EC) No 809/2004. These documents were published and filed with CONSOB and made available to the public on the Issuer's website (www.gruppoigd.it), as well as at the registered offices of the Issuer and Borsa Italiana.

A brief description of the Related-Party Transactions entered into by IGD during the years ended 31 December 2013, 2012 and 2011 can be found below.

During these years no "atypical or unusual" transactions were entered into. Transactions with related parties, including inter-company transactions, come within ordinary activities for Group companies and are aligned with normal market conditions.

On 18 April 2013, the Issuer's Board of Directors approved the promotion of an Exchange Offer. Although made on equal conditions to a number of qualified investors, the Exchange Offer can be classified as a "Related-Party Transaction", particularly with Coop Adriatica and Unicoop Tirreno which, so far as the Company is aware, have subscribed for the "*€230,000,000 3.50 per cent. Convertible Bonds due 2013*" based on a total value of around €182 million. As a consequence, the above-mentioned resolution of the Board of Directors was passed with the approval of the Company's Committee for Related-Party Transactions issued on 17 April 2013, pursuant to Article 8 of CONSOB Regulation 17221 of 12 March 2010, as amended.

So far as the Company is aware, Coop Adriatica and Unicoop Tirreno accepted the Exchange Offer for a total nominal value of €120 million.

The prospectus for the Exchange Offer, drawn up pursuant to Article 5 of the Related-Party Regulations and Article 11 of the IGD Procedure for Related-Party Transactions, is available to the public on the Issuer's website at www.gruppoigd.it.

IGD maintains, *inter alia*, financial and economic relations with the controlling entity Coop Adriatica, with other companies of the Coop Adriatica group (Robintur S.p.A., a company controlled by Coop Adriatica with 69.73% of the share capital, Librerie Coop S.p.A., a company in which Coop Adriatica owns 42.86% of the share capital, and Viaggia con noi S.r.l., a company controlled by Robintur S.p.A. with 60% of the share capital), with a number of companies in the Unicoop Tirreno group (Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno) and with IperCoop Sicilia. Most related-party transactions are with Coop Adriatica and Unicoop Tirreno.

Transactions with Coop Adriatica and its subsidiaries

At the Date of the Registration Document, IGD is controlled, in accordance with Article 93 of the TUF, by Coop Adriatica, which owns 43.568% of IGD's share capital and exercises management and coordination activities for it in accordance with Article 2497 of the Italian Civil Code.

Under the shareholders' agreement with Unicoop Tirreno (see Chapter XVIII, paragraph 18.4), as the controlling shareholder Coop Adriatica is entitled to appoint the majority of members of IGD's Board of Directors and can influence, *inter alia*, the Issuer's investment policy and management in general. It is noted that at the Date of the Registration Document, independent directors form a majority on the Company's Board of Directors. Nevertheless, the ability of non-controlling shareholders to influence decisions may be limited (see Chapter VII, paragraph 7.1).

Transactions with the controlling entity Coop Adriatica consist of:

- the leasing, by IGD, of Hypermarkets in the Real Estate Assets. As at 31 December 2013, lease payments received, including leases for commercial spaces, amounted to approximately €23.16 million;
- payables and costs for the rental/use of Shopping Arcades owned by Coop Adriatica. As at 31 December, the cost of these transactions was approximately €1.82 million;
- provision by Coop Adriatica of electronic data processing services;
- outsourcing of services in connection with expansion or new construction projects;
- payables associated with lease security deposits;
- financial collection and payment transactions in the context of treasury services, which ended in April 2011. The prevailing conditions at the time involved interest payable at the 3-month Euribor plus a spread of 150 basis points;
- opening of a current account credit facility. As at 31 December 2013, the balance was €13,606 thousand at a rate of 3.372% (3-month Euribor plus a spread of 310 basis points). This current account has been maintained for the sole purpose of using the credit facilities granted, amounting to a total of €50 million;
- the €15 million loan taken out for "Le Maioliche" Shopping Centre in Faenza; as at 31 December 2013, the interest rate on this loan was 3.31%.

More specifically, the transactions entered into with Coop Adriatica during the period 2011-2013 are as follows:

- in June 2011, purchase of the Hypermarket at the "Conè" Shopping Centre and Retail Park in Conegliano and subsequent lease. Ownership of the Hypermarket was added to the Retail Park, formerly owned by IGD together with the Shopping Arcade, the latter acquired on 22 December 2010, as a result of which IGD now owns 100% of the "Conè" Shopping Centre and Retail Park. The purchase price of €23.5 million, plus taxes and transaction costs, was paid in full by IGD on the signing of the final contract. The Hypermarket has been valued by the third-party expert CBRE using the discounted cash flow method, based on the discounting of future net income from the leasing of the property. Having acquired ownership of the Hypermarket, IGD has leased the building, with a GLA of 9,500 m^2, back to

Coop Adriatica under an 18-year lease. The purchase was subject to the Procedure, available to the public on the website www.gruppoigd.it;

- the signing of a contract for the design and construction of a Retail Park in Chioggia, valid from 1 January 2011 to 31 December 2012, for a total consideration of €120,000;
- the signing of a contract for the performance of all activities necessary and appropriate for obtaining the permits required for the extension of the "ESP" Shopping Centre, valid from 1 January 2013 to 31 December 2013, for a total consideration of €30,000;
- the opening of a current account credit facility and arrangement of a loan for the "Le Maioliche" Shopping Centre in Faenza amounting to €15 million.

The transactions with Robintur S.p.A. and Viaggia con noi S.r.l. (so far as the latter is concerned, since 20 October 2012) consist of the leasing of units in Shopping Centres and the provision of services. As at 31 December 2013, the total payments received by the Issuer with respect to leases with Robintur S.p.A. and Viaggia con noi S.r.l. amounted to approximately €236 thousand and €15 thousand respectively.

Transactions with Librerie Coop S.p.A. concern receivables and income for the business leasing of units in Shopping Centres and, from 2011, the leasing of the third floor of the building that houses IGD's headquarters. As at 31 December 2013, the total payments received by the Issuer with regard to this lease amounted to approximately €650 thousand.

Transactions with Ipercoop Sicilia

Transactions with Ipercoop Sicilia, which is 25% owned by Coop Adriatica, concerned receivables and income from the leasing of Hypermarkets and, for 2011, the purchase of the Hypermarket in the "La Torre" Shopping Centre in Palermo. The purchase price was €36 million, in addition to taxes and transaction costs, financed by a mortgage for €25 million, with the remainder paid by IGD on the signing of the final contract. The Hypermarket has been valued by the third-party expert Reag using the discounted cash flow method based on the discounting of future net income from the leasing of the property. As at 31 December 2013, lease payments amounted to approximately €4.84 million.

Transactions with Unicoop Tirreno and its subsidiaries

Transactions with Unicoop Tirreno and Ipercoop Tirreno consist of:

- security deposits received on leases;
- receivables and income from the leasing of properties to be used as Hypermarkets. As at 31 December 2013, the payments received by the Issuer for these leases amounted to approximately €7.6 million.

Transactions with Vignale Comunicazione, a subsidiary of Unicoop Tirreno, consist of receivables and income from the leasing of spaces in Shopping Centres. In 2013, six leases were agreed on such spaces between IGD and Vignale Comunicazione for Shopping Arcades at "Le Porte di Napoli", "Casilino", "Katanè", "Fonti del Corallo", "Tiburtino" and "La Torre" Shopping Centres, valid from 1 January 2013 to 31 December 2014. Two such leases were agreed in 2012 between IGD and Vignale Comunicazione for the Mondovì and Asti Shopping Arcades, valid from 1 January 2012 to 31 December 2014. In 2011, three leases were agreed for such spaces between IGD and Vignale Comunicazione for the Conegliano and Asti Shopping Arcades, valid from 1 March 2011 to 31 December 2011, and for the Palermo Shopping Arcade, valid from 1 January 2011 to 31 December 2012. As at 31 December 2013, payments received by the Issuer under the above leases for commercial spaces amounted to approximately €0.49 million.

The following table shows the expiry date for each lease with related parties at the Date of the Registration Document.

Property	Next expiry date
Hypermarkets/Supermarkets owned by the Company	
CENTRO ESP	30/06/2019
CENTRO BORGO	30/06/2017
CENTRO LAME	30/06/2018
CENTRO LEONARDO	30/06/2017
LUGO	30/06/2021
AQUILEIA	22/07/2014
I MALATESTA	22/12/2023
LE MAIOLICHE	03/06/2027
CONE’	29/06/2029
CENTRO D’ABRUZZO	30/06/2018
PORTOGRANDE	30/06/2017
CASILINO	30/06/2021
LE PORTE DI NAPOLI	25/03/2021
FONTI DEL CORALLO	28/03/2022
KATANE’	28/10/2027
TIBURTINO	01/04/2027
MIRALFIORE	30/06/2021
IL MAESTRALE	30/06/2015
LA TORRE	11/07/2029
Hypermarkets/Supermarkets owned by third parties	
CENTRO PIAVE	30/04/2022

Framework Agreement with Coop Adriatica and Unicoop Tirreno

On 27 October 2004, IGD, Coop Adriatica and Unicoop Tirreno entered into a framework agreement (the “**Framework Agreement**”), designed to regulate future sale and lease transactions between these parties under market terms and conditions.

In particular, under the Framework Agreement (with an initial term set at five years, automatically renewable for a further five years), Coop Adriatica and Unicoop Tirreno agreed to offer IGD an exclusive option to buy property due to be built or already built, and that, in the event of sales involving Shopping Arcades, they would transfer to IGD all the licences and permits required to conduct business in the same.

On the signing of the final sale contracts, the Framework Agreement requires IGD to grant a lease to Coop Adriatica and/or Unicoop Tirreno, for a period of time which can vary from a minimum of 12 to a maximum of 18 years, for the portion of the property used as a Hypermarket or Supermarket, under an agreement in which the rent allows the company to earn an average income defined, at the date of the Framework Agreement, as 7% of the purchase price, which the Parties will review annually, or for specific transactions, based on the market conditions. In particular, the rent is in line with the average yield of the IGD Portfolio and the real estate portfolios of companies operating in the large-scale retail sector.

If it is IGD that initiates independent investment projects on land that it owns, the Company has agreed to inform the shareholder cooperatives of such projects and to lease them the properties that they might require. If the property is built by IGD at the request of the shareholder cooperatives, the latter will be required to rent the property upon completion of the work.

For the Hypermarkets/Supermarkets leased to Coop Adriatica and Unicoop Tirreno, the weighted Gross Initial Yield as at 31 December 2013 was 6.65%. This value also included independent investment initiatives.

Although the Framework Agreement applies market conditions to purchase, sale and lease transactions between IGD, Coop Adriatica and Unicoop Tirreno, if the agreement should cease to be valid or not be renewed at its expiry, sale and lease contracts governed by the Agreement that might be concluded with third parties might not be concluded under the same conditions and in the same manner.

Finally, even though the Issuer intends to assess the possible renewal of the Framework Agreement, due to expire on 27 October 2014, in the Issuer's view any failure to renew said contract at the above expiry date will not have a significant impact on the income statement, financial position and cash flow of the Company.

Transactions with Group companies

Transactions with Consorzio Proprietari Leonardo, Consorzio Lame, Consorzio Conè, Consorzio La Torre, Consorzio Crema, Consorzio Sarca, Consorzio Katanè and Consorzio Bricchi concern receivables and income for facility management services at Shopping Centres; the costs incurred with Consorzio Bricchi, Consorzio Conè, Consorzio Lame, Consorzio Crema, Consorzio La Torre and Consorzio Katanè refer to service charges for vacant units.

For financial years 2013, 2012 and 2011, transactions with Iniziative Immobiliari Bologna Nord, a company 15% owned by IGD, concern a loan granted to the company at market rates and subsequently repaid, and an interest-free loan for an amount, as at 31 December 2013, of approximately €674 thousand.

In 2013, an interest-free loan was granted to the company Virtus College S.r.l. (of which, at the Date of the Registration Document, IGD owns 48.75% of the share capital) for approximately €378 thousand.

Transactions with RGD Ferrara 2013, a company formed on 30 September 2013 to manage the "Darsena City" Shopping Centre in Ferrara (a joint venture between IGD and Beni Stabili), concern: (*i*) the leasing by IGD of the Darsena property (as at 31 December 2013, the consideration for the lease amounted to around €148 thousand); and (*ii*) a loan maturing on 31 December 2014 for around €150 thousand, plus interest calculated at the 3-month Euribor plus a spread of 350 basis points, capitalised annually and paid at maturity.

Transactions with Group companies consist of loans granted under standard market conditions and technical/administrative service contracts.

No new significant Related-Party Transactions were carried out between 31 December 2013 and the Date of the Registration Document.

The following tables show the impact on the consolidated financial position of Related-Party Transactions for the quarter ended 31 March 2014 and financial years 31 December 2013, 2012 and 2011 in light of the definition of related-party contained in IAS 24, as amended, effective 1 January 2011.

Quarter ended 31 March 2014

Related-party disclosures	**Receivables and other current assets**	**Financial receivables**	**Current payables and other liabilities**	**Non-current payables and other liabilities**	**Financial liabilities**	**Other non-current assets**	**Fixed assets – increases**	**Fixed assets – decreases**
Coop Adriatica S.c.a.r.l.	19		1,671	9,322	26,976	1,408	4	
Viaggia con noi S.r.l.	(1)							
Librerie.Coop S.p.A.	10		1					

Unicoop Tirreno S.c.a.r.l.	53		27	2,392				
Ipercoop Tirreno S.p.A.	(72)		697	1,177			722	
Vignale Comunicazioni S.r.l.	137			25				
Cons.Prop.Gran Rondò			4					
Consorzio Cone'	2		(0)					
Consorzio Crema	63		4					
Consorzio I Bricchi	3		(16)					
Consorzio Katané	219		76				4	
Consorzio Lame	2		13					
Consorzio Leonardo	1		5					3
Consorzio Palermo	256		169					
Consorzio Sarca	72		1					
Iniziative Bo Nord		673						
RGD Ferrara 2013	88	152						
Virtus college		445						
Total	**850**	**1,270**	**2,651**	**12,916**	**26,976**	**1,408**	**730**	**3**
Total	**92,313**	**1,290**	**22,573**	**20,540**	**1,039,511**	**32,335**		
Amount reported							**10,041**	**46,703**
Total increase/decrease for the period	**0.92%**	**98.46%**	**11.75%**	**62.88%**	**2.60%**	**4.36%**	**7.27%**	**0.01%**

Related-party disclosures	**Revenue – other income**	**Financial income**	**Costs**	**Financial expenses**
Coop Adriatica S.c.a.r.l.	5,830		541	249
Robintur S.p.A.	59			
Viaggia con noi S.r.l.	3			
Librerie.Coop S.p.A.	179			
Unicoop Tirreno S.c.a.r.l.	1,338		9	5
Ipercoop Tirreno Spa	565			2
Vignale Comunicazioni S.r.l.	116			
Consorzio Cone'	41		42	
Consorzio Crema	25		9	
Consorzio I Bricchi	28		120	
Consorzio Katané	50		38	
Consorzio Lame	45		0	
Consorzio Leonardo	57		0	
Consorzio Palermo	49		69	
Consorzio Sarca	58		11	
Ipercoop Sicilia Spa	1,245			
RGD Ferrara 2013	88	1		
Total	**9,776**	**1**	**839**	**255**
Amount reported	**31,031**	**20**	**9,885**	**11,622**
% of total	**31.50%**	**7.10%**	**8.49%**	**2.20%**

Year ended 31 December 2013

Related-party disclosures	Receivables and other current assets	Financial receivables	Current payables and other liabilities	Non-current payables and other liabilities	Financial liabilities	Other non-current assets	Fixed assets – increases	Fixed assets – decreases
Coop Adriatica S.c.a.r.l.	48	0	2,262	9,322	28,856	1,869	24	0
Robintur S.p.A.	1	0	0	0	0	0	0	0
Librerie.Coop S.p.A.	34	0	0	0	0	0	0	0
Unicoop Tirreno S.c.a.r.l.	41	0	16	2,413	0	0	0	0
Vignale Comunicazione S.r.l.	145	0	0	25	0	0	0	0
Ipercoop Tirreno S.p.A.	0	0	0	1,152	0	0	0	0
Rgd Ferrara 2013 S.r.l.	148	152	0	0	0	0	0	0
Cons. Proprietari Leonardo	1	0	24	0	0	0	32	0
Consorzio Bricchi	1	0	0	0	0	0	0	0
Consorzio Lame	1	0	12	0	0	0	12	0
Consorzio Katanè	238	0	82	0	0	0	0	0
Consorzio Conegliano	1	0	0	0	0	0	0	0
Consorzio Palermo	196	0	89	0	0	0	0	0
Consorzio Crema	31	0	4	0	0	0	3	0
Consorzio Sarca	1	0	0	0	0	0	0	0
Virtus College	0	378	0	0	0	0	0	0
Iniziative Bologna Nord	0	673	0	0	0	0	0	0
Total	**887**	**1,203**	**2,489**	**12,912**	**28,856**	**1,869**	**71**	**0**
Amount reported	**92,208**	**1,223**	**19,636**	**20,475**	**1,094,556**	**31,307**		
Total increase/decrease for the period							**25,866**	**57**
% of total	**0.96%**	**98.39%**	**12.67%**	**63.06%**	**2.64%**	**5.97%**	**0.28%**	**0.00%**

Related-party disclosures	Revenue – other income	Financial income	Costs	Financial expenses
Coop Adriatica S.c.a.r.l.	23,235	0	2,105	1,363
Robintur S.p.A.	236	0	0	0
Librerie.Coop S.p.A.	650	0	0	0
Unicoop Tirreno S.c.a.r.l.	5,426	0	102	48
Vignale Comunicazione S.r.l.	496	0	0	0
Ipercoop Tirreno S.p.A.	2,166	0	0	23
Ipercoop Sicilia	4,841	0	0	0
Rgd Ferrara 2013 S.r.l.	148	1	0	0
Viaggia con noi	15	0	0	0
Cons. Proprietari Leonardo	227	0	0	0
Consorzio Bricchi	112	0	541	0
Consorzio Lame	177	0	4	0
Consorzio Katanè	199	0	158	0
Consorzio Conegliano	162	0	167	0
Consorzio Palermo	194	0	224	0
Consorzio Crema	101	0	48	0
Consorzio Sarca	231	0	0	0
Total	**38,616**	**1**	**3,349**	**1,434**
Amount reported	**126,995**	**338**	**42,985**	**46,667**
% of total	**30.41%**	**0.31%**	**7.79%**	**3.07%**

Year ended 31 December 2012

Related-party disclosures	Receivables and other current assets	Financial receivables	Current payables and other liabilities	Non-current payables and other liabilities	Financial liabilities	Other non-current assets	Fixed assets – increases	Fixed assets – decreases
Coop Adriatica S.c.a.r.l.	52	22	4,144	9,322	36,783	3,689	136	0
Robintur S.p.A.	1	0	0	0	0	0	0	0
Librerie.Coop S.p.A.	14	0	0	0	0	0	0	0
Unicoop Tirreno S.c.a.r.l.	51	0	14	2,367	0	0	0	10
Vignale Comunicazione S.r.l.	55	0	0	25	0	0	0	0
Ipercoop Tirreno S.p.A.	0	0	0	1,128	0	0	0	0
Ipercoop Sicilia	24	0	0	0	0	0	0	0
Viaggia con noi	4	0	0	0	0	0	0	0
Cons.Forte di Brondolo	2	0	31	0	0	0	198	0
Cons. Proprietari Leonardo	1	0	9	0	0	0	11	0
Consorzio Bricchi	1	0	0	0	0	0	0	0
Consorzio Lame	1	0	38	0	0	0	97	0
Consorzio Katanè	119	0	82	0	0	0	0	0
Consorzio Conegliano	1	0	0	0	0	0	0	0
Consorzio Palermo	164	0	40	0	0	0	0	0
Consorzio Crema	31	0	15	0	0	0	41	0
Consorzio Sarca	10	0	0	0	0	0	0	0
Iniziative Bologna Nord	0	712	0	0	0	0	0	0
Total	**531**	**734**	**4,373**	**12,842**	**36,783**	**3,689**	**483**	**10**
Amount reported	**96,155**	**775**	**19,606**	**20,240**	**1,097,976**	**33,587**		
Total increase/decrease for the period							**13,805**	**30**
% of total	**0.55%**	**94.71%**	**22.31%**	**63.45%**	**3.35%**	**10.98%**	**3.50%**	**33.33%**

Related-party disclosures	Revenue – other income	Financial income	Costs	Financial expenses
Coop Adriatica S.c.a.r.l.	22,848	0	2,229	2,165
Robintur S.p.A.	253	0	19	0
Librerie.Coop S.p.A.	638	0	0	0
Unicoop Tirreno S.c.a.r.l.	5,384	0	102	0
Vignale Comunicazione S.r.l.	468	0	0	0
Ipercoop Tirreno S.p.A.	2,134	0	0	72
Ipercoop Sicilia	4,580	0	0	0
Viaggia con noi	3	0	0	0
Cons.Forte di Brondolo	0	0	0	0
Cons. Proprietari Leonardo	222	0	12	0
Consorzio Bricchi	109	0	636	0
Consorzio Lame	174	0	3	0
Consorzio Katanè	195	0	174	0
Consorzio Conegliano	159	0	163	0
Consorzio Palermo	190	0	129	0
Consorzio Crema	99	0	2	0
Consorzio Sarca	225	0	0	0
Iniziative Bologna Nord	0	9	0	0

Total	**37,680**	**9**	**3,470**	**2,237**
Amount reported	**123,257**	**554**	**43,492**	**48,124**
% of total	**30.57%**	**1.71%**	**7.98%**	**4.65%**

Year ended 31 December 2011

Related-party disclosures	**Receivables and other current assets**	**Financial receivables**	**Current payables and other liabilities**	**Non-current payables and other liabilities**	**Financial liabilities**	**Other non-current assets**	**Fixed assets – increases**	**Fixed assets – decreases**
Coop Adriatica S.c.a.r.l.	40	0	1,855	9,322	65,469	1,869	23,843	0
Robintur S.p.A.	1	0	0	0	0	0	0	0
Librerie.Coop S.p.A.	16	0	1	0	0	0	0	0
Unicoop Tirreno S.c.a.r.l.	95	0	14	2,319	0	0	0	0
Vignale Comunicazione S.r.l.	116	0	0	25	0	0	0	0
Ipercoop Tirreno S.p.A.	13	0	0	1,105	0	0	0	0
Ipercoop Sicilia	23	0	4	0	0	0	36,000	0
Cons.Forte di Brondolo	2	0	317	0	0	0	650	0
Cons. Proprietari Leonardo	2	0	10	0	0	0	9	0
Consorzio Bricchi	29	0	201	0	0	0	0	0
Consorzio Lame	1	0	58	0	0	0	127	0
Consorzio Katanè	58	0	27	0	0	0	0	0
Consorzio Conegliano	3	0	60	0	0	0	0	0
Consorzio Palermo	165	0	114	0	0	0	0	0
Consorzio Crema	1	0	0	0	0	0	0	0
Consorzio Sarca	418	0	0	0	0	0	0	0
Iniziative Bologna Nord	0	1,426	0	0	0	0	0	0
Total	**983**	**1,426**	**2,661**	**12,771**	**65,469**	**1,869**	**60,629**	**0**
Amount reported	**96,636**	**1,704**	**19,858**	**20,096**	**1,145,348**	**22,308**		
Total increase/decrease for the period							**127,905**	**385**
% of total	**1.02%**	**83.67%**	**13.40%**	**63.55%**	**5.72%**	**8.38%**	**47.40%**	**0.00%**

Related-party disclosures	**Revenue – other income**	**Financial income**	**Costs**	**Financial expenses**
Coop Adriatica S.c.a.r.l.	21,645	9	2,197	1,104
Robintur S.p.A.	252	0	68	0
Librerie.Coop S.p.A.	618	0	1	0
Unicoop Tirreno S.c.a.r.l.	5,139	0	102	0
Vignale Comunicazione S.r.l.	545	0	0	0
Ipercoop Tirreno S.p.A.	2,087	0	0	43
Ipercoop Sicilia	3,341	0	0	0
Cons.Forte di Brondolo	2	0	0	0
Cons. Proprietari Leonardo	217	0	2	0
Consorzio Bricchi	107	0	704	0
Consorzio Lame	169	0	0	0
Consorzio Katanè	191	0	134	0
Consorzio Conegliano	158	0	198	0
Consorzio Palermo	186	0	105	0
Consorzio Crema	73	0	0	0
Consorzio Sarca	641	0	0	0
Iniziative Bologna Nord	0	18	0	0
Total	**35,371**	**27**	**3,511**	**1,147**
Amount reported	**130,253**	**809**	**45,489**	**44,144**
% of total	**27.16%**	**3.36%**	**7.72%**	**2.60%**

CHAPTER XX – FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, LIABILITIES, FINANCIAL POSITION, PROFITS AND LOSSES

20.1 Financial information for the years ended 31 December 2013, 2012 and 2011

Information on the income statement, financial position and cash flows of the IGD Group is reported below for the years ended 31 December 2013, 2012 and 2011, as well as for the quarters ended 31 March 2014 and 2013. This information has been taken from the directors' report and consolidated financial statements of the IGD Group for the year ended 31 December 2013 (the "**2013 Financial Statements**"), the directors' report and consolidated financial statements of the IGD Group for the year ended 31 December 2012 (the "**2012 Financial Statements**"), the directors' report and consolidated financial statements of the IGD Group for the year ended 31 December 2011 (the "**2011 Financial Statements**" and, jointly with the 2013 Financial Statements and the 2012 Financial Statements, the "**Financial Statements**"), as well as the interim financial report as at 31 March 2014 which is not subject to auditing by the External Auditors. The 2012 Financial Statements and the 2011 Financial Statements have been audited by Reconta Ernst & Young S.p.A., which issued its reports on 25 March 2013 and 23 March 2012, respectively. The 2013 Financial Statements have been audited by the External Auditors, who issued their report on 20 March 2014.

The Issuer opts for incorporation by reference of the documents specified above, pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Commission Regulation (EC) No 809/2004, with reference to Chapter IX – Operating and financial review, Chapter X– Capital resources, and Chapter XX – Financial information concerning the issuer's assets and liabilities, financial position and profits and losses. These documents have been published and filed with CONSOB and are available to the public on the Issuer's website (www.ubibanca.it) or from the registered offices of the Issuer and Borsa Italiana.

CONSOB may conduct inspections on the 2013 Financial Statements under the terms provided for by the law.

Interim financial report of the IGD Group for the period ended 31 March 2014, not subject to an audit, and related annexes:

- Consolidated income statement: p. 22.
- Consolidated balance sheet: p. 24.
- Statement of changes in consolidated net equity: p. 25.
- Consolidated statement of cash flows: p. 26.

Group consolidated financial statements at 31 December 2013 (fully audited) and their annexes:

- Consolidated income statement: p. 138.
- Consolidated statement of financial position: p. 140.
- Consolidated statement of changes in equity: p. 141.
- Consolidated statement of cash flows: p. 142.
- Notes to the financial statements: p. 143.
- External Auditors' report: p. 202.

Group consolidated financial statements at 31 December 2012 (fully audited) and their annexes:

- Consolidated income statement: p. 166.

- Consolidated statement of financial position: p. 168.
- Consolidated statement of changes in equity: p. 169.
- Consolidated statement of cash flows: p. 170.
- Notes to the financial statements: p. 171 *et seq*.
- External Auditors' report: p. 228.

Group consolidated financial statements at 31 December 2011 (fully audited) and their annexes:

- Consolidated income statement: p. 136.
- Consolidated statement of financial position: p. 138.
- Consolidated statement of changes in equity: p. 139.
- Consolidated statement of cash flows: p. 140.
- Notes to the financial statements: p. 141 *et seq*.
- External Auditors' report: p. 200-201.

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<u>Period ended 31 March 2014</u>

The following table presents the consolidated income statement for the periods ended 31 March 2014 and 2013.

Consolidated income statement	**31/03/2014**	**31/03/2013**	**Change**
(€/000)	(A)	(B)	(A-B)
Revenue	28,486	29,181	(695)
Other income	1,267	1,259	8
Revenue from property sales	1,278	0	1,278
Total revenue and EBIT	**31,031**	**30,440**	**591**
Change in work-in-progress inventories	(664)	1,629	(2,293)
Total revenue and change in inventory	**30,367**	**32,069**	**(1,702)**
Cost of work in progress	429	1,497	(1,068)
Service costs	5,000	4,620	380
Staff costs	2,183	2,109	74
Other operating costs	2,273	2,156	117
Total operating costs	**9,885**	**10,382**	**(497)**
(Depreciation, amortisation and provisions)	(796)	(873)	77
(Impairment)/reversals on work in progress and goodwill	0	0	0
Change in fair value – increases/(decreases)	(453)	(275)	(178)
Total depreciation, amortisation, provisions, impairment and change in fair value	**(1,249)**	**(1,148)**	**(101)**
EBIT	**19,233**	**20,539**	**(1,306)**
Capital gains/(losses) on disposals	**120**	**(413)**	**533**
Capital gains/(losses) on disposals	120	(413)	533

Financial income	20	84	(64)
Financial expenses	11,622	11,313	309
Net financial income (expenses)	**(11,602)**	**(11,229)**	**(373)**
PRE-TAX PROFIT	**7,751**	**8,897**	**(1,146)**
Income taxes for the period	1,377	700	677
NET PROFIT FOR THE PERIOD	**6,374**	**8,197**	**(1,823)**
Profit/(loss) for the period attributable to non-controlling interests	(180)	40	(220)
Profit/(loss) for the period attributable to the parent company	**6,194**	**8,237**	**(2,043)**

The following table presents the consolidated statement of financial position for the periods ended 31 March 2014 and 31 December 2013.

Consolidated statement of financial position	**31/03/2014**	**31/12/2013**	**Change**
(€/000)	(A)	(B)	(A-B)
NON-CURRENT ASSETS:			
Intangible assets			
Intangible assets with a finite useful life	89	92	(3)
Goodwill	12,727	11,427	1,300
	12,816	**11,519**	**1,297**
Property, plant and equipment			
Investment property	1,675,693	1,723,693	(48,000)
Buildings	9,045	9,105	(60)
Plant and machinery	1,113	1,200	(87)
Equipment and other assets	1,659	1,785	(126)
Leasehold improvements	1,461	1,503	(42)
Assets under construction	109,842	100,249	9,593
	1,798,813	**1,837,535**	**(38,722)**
Other non-current assets			
Prepaid tax assets	29,446	27,774	1,672
Sundry receivables and other non-current assets	1,522	1,992	(470)
Equity investments	364	309	55
Non-current financial assets	916	850	66
Derivatives	87	382	(295)
	32,335	**31,307**	**1,028**
TOTAL NON-CURRENT ASSETS (A)	**1,843,964**	**1,880,361**	**(36,397)**
CURRENT ASSETS:			
Work-in-progress inventory and advances	72,337	73,009	(672)
Trade and other receivables	16,285	15,530	755
Other current assets	3,691	3,669	22
Financial receivables and other current financial assets	374	373	1
Cash and cash equivalents	15,791	8,446	7,345
TOTAL CURRENT ASSETS (B)	**108,478**	**101,027**	**7,451**
TOTAL ASSETS (A + B)	**1,952,442**	**1,981,388**	**(28,946)**
NET EQUITY:			
Share capital	336,028	325,052	10,976
Share premium reserve	147,730	147,730	0
Other reserves	244,778	246,916	(2,138)
Group profit	39,346	33,152	6,194
Total Group net equity	**767,882**	**752,850**	**15,032**
Capital and reserves attributable to non-controlling interests	11,022	10,842	180
TOTAL NET EQUITY (C)	**778,904**	**763,692**	**15,212**
NON-CURRENT LIABILITIES:			
Liabilities for derivatives	37,893	33,684	4,209
Non-current financial liabilities	829,955	817,406	12,549
Provision for employee severance indemnities	1,463	1,403	60
Deferred tax liabilities	46,283	44,832	1,451
Provisions for future liabilities and expenses	2,026	1,809	217
Sundry payables and other non-current liabilities	20,540	20,475	65
TOTAL NON-CURRENT LIABILITIES (D)	**938,160**	**919,609**	**18,551**
CURRENT LIABILITIES:			

Current financial liabilities	209,556	277,150	(67,594)
Trade and other payables	17,102	14,558	2,544
Current tax liabilities	3,249	1,301	1,948
Other current liabilities	5,471	5,078	393
TOTAL CURRENT LIABILITIES (E)	**235,378**	**298,087**	**(62,709)**
TOTAL LIABILITIES (F = D + E)	**1,173,538**	**1,217,696**	**(44,158)**
TOTAL NET EQUITY AND LIABILITIES (C + F)	**1,952,442**	**1,981,388**	**(28,946)**

The following table presents the consolidated statement of changes in equity for the quarter ended 31 March 2014.

	Share capital	**Share premium reserve**	**Other reserves**	**Group profit**	**Group net equity**	**Capital and reserves attributable to non-controlling interests**	**Total net equity**
Balance as at 01/01/2014	**325,052**	**147,730**	**246,916**	**33,152**	**752,850**	**10,842**	**763,692**
Profit for the period				6,194	6,194	180	**6,374**
Valuation of cash flow hedge derivatives			(3,226)		(3,226)		**(3,226)**
Other comprehensive income (losses)			(10)		(10)		**(10)**
Total comprehensive income (losses)			**(3,236)**	**6,194**	**2,958**	**180**	**3,138**
Sale of treasury shares	10,976		1,098		12,074		**12,074**
Balance as at 31 March 2014	**336,028**	**147,730**	**244,778**	**39,346**	**767,882**	**11,022**	**778,904**

The following table presents the consolidated statement of cash flows for the quarters ended 31 March 2014 and 2013.

CONSOLIDATED STATEMENT OF CASH FLOWS	**31/03/2014**	**31/03/2013**
(€/000)		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**7,751**	**8,897**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Non-monetary items	2,756	4,080
(Depreciation, amortisation and provisions)	796	873
Change in fair value – increases/(decreases)	453	275
Capital gains/(losses) on disposals	(120)	413
CASH FLOW FROM OPERATIONS	**11,636**	**14,538**
Current income tax	(352)	(342)
CASH FLOW FROM OPERATIONS AFTER TAX	**11,284**	**14,196**
Change in inventories	672	(1,471)
Net change in current assets and liabilities	3,682	(3,426)
Net change in non-current assets and liabilities	779	759
CASH FLOW FROM OPERATING ACTIVITIES	**16,417**	**10,058**
(Investments) in fixed assets	(10,041)	(2,233)
Disposals of fixed assets	46,823	0
(Investments) in equity investments	(55)	0
CASH FLOW USED IN INVESTMENT ACTIVITIES (b)	**36,727**	**(2,233)**
Change in non-current financial assets	(66)	(113)
Change in financial receivables and other current financial assets	(1)	43
Dividend reinvestment option	(45)	0

Sale of treasury shares	12,050	0
Change in current debt	(69,896)	(62,769)
Change in non-current debt	12,149	52,433
CASH FLOW FROM FINANCING ACTIVITIES (c)	**(45,809)**	**(10,406)**
Exchange gains/(losses) on cash and cash equivalents	10	6
NET INCREASE (DECREASE) ON CASH AND CASH EQUIVALENTS	**7,345**	**(2,575)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**8,446**	**7,545**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**15,791**	**4,970**

Year ended 31 December 2013

The following table presents the consolidated income statement for the years ended 31 December 2013 and 2012.

Consolidated income statement	**31/12/2013**	**31/12/2012**	**Change**
(€/000)	(A)	(B)	(A-B)
Revenue:	**115,529**	**117,979**	**(2,450)**
- from third parties	78,400	81,778	(3,378)
- from related parties	37,129	36,201	928
Other income:	5,303	5,278	25
- from third parties	3,816	3,799	17
- from related parties	1,487	1,479	8
Revenue from property sales	**6,163**	**0**	**6,163**
Total revenue and EBIT	**126,995**	**123,257**	**3,738**
Change in work-in-progress inventories	754	7,976	(7,222)
Total revenue and change in inventory	**127,749**	**131,233**	**(3,484)**
Cost of work in progress	5,743	7,313	(1,570)
Service costs	19,611	19,451	160
- third parties	16,262	15,981	281
- related parties	3,349	3,470	(121)
Staff costs	8,432	8,217	215
Other operating costs	9,199	8,511	688
Total operating costs	42,985	43,492	(507)
(Depreciation, amortisation and provisions)	(3,531)	(3,864)	333
(Impairment)/reversals on work in progress and goodwill	1,015	(1,211)	2,226
Change in fair value – increases/(decreases)	(34,502)	(29,383)	(5,119)
Total depreciation, amortisation, provisions, impairment and change in fair value	**(37,018)**	**(34,458)**	**(2,560)**
EBIT	**47,746**	**53,283**	**(5,537)**
Profit/(loss) from equity investments	**(498)**	**(746)**	**248**
Profit/(loss) from equity investments	(498)	(746)	248
Financial income:	**338**	**554**	**(216)**
- third parties	337	545	(208)
- related parties	1	9	(8)
Financial expenses:	**46,666**	**48,124**	**(1,458)**
- third parties	45,232	45,887	(655)

- related parties	1,434	2,237	(803)
Net financial income (expenses)	**(46,328)**	**(47,570)**	**1,242**
PRE-TAX PROFIT	**920**	**4,967**	**(4,047)**
Income taxes for the period	(3,244)	(6,185)	2,941
NET PROFIT FOR THE PERIOD	**4,164**	**11,152**	**(6,988)**
Profit/(loss) for the period attributable to non-controlling interests	834	136	698
Profit/(loss) for the period attributable to the parent company	**4,998**	**11,288**	**(6,290)**
- basic earnings per share	0.015	0.036	
- diluted earnings per share	0.015	0.062	

The following table presents the consolidated statement of financial position for the years ended 31 December 2013 and 2012.

Consolidated statement of financial position *(€/000)*	**31/12/2013** (A)	**31/12/2012** (B)	**Change** (A-B)
NON-CURRENT ASSETS:			
Intangible assets			
Intangible assets with a finite useful life	92	98	(6)
Goodwill	11,427	11,427	0
	11,519	**11,525**	**(6)**
Property, plant and equipment			
Investment property	1,723,693	1,754,550	(30,857)
Buildings	9,105	9,349	(244)
Plant and machinery	1,200	1,271	(71)
Equipment and other assets	1,785	2,179	(394)
Leasehold improvements	1,503	1,317	186
Assets under construction	100,249	76,376	23,873
	1,837,535	**1,845,042**	**(7,507)**
Other non-current assets			
Prepaid tax assets	27,774	29,280	(1,506)
Sundry receivables and other non-current assets	1,992	3,828	(1,836)
Equity investments	309	304	5
Non-current financial assets	850	25	825
Derivatives	382	150	232
	31,307	**33,587**	**(2,280)**
TOTAL NON-CURRENT ASSETS (A)	**1,880,361**	**1,890,154**	**(9,793)**
CURRENT ASSETS:			
Work-in-progress inventory and advances	73,009	78,039	(5,030)
Trade and other receivables	14,643	14,441	202
Related-party trade and other receivables	887	531	356
Other current assets	3,669	3,144	525
Related-party financial receivables and other current financial assets	353	734	(381)
Financial receivables and other current financial assets	20	41	(21)
Cash and cash equivalents	8,446	7,545	901
TOTAL CURRENT ASSETS (B)	**101,027**	**104,475**	**(3,448)**
TOTAL ASSETS (A + B)	**1,981,388**	**1,994,629**	**(13,241)**
NET EQUITY:			
Share capital	325,052	311,569	13,483
Share premium reserve	147,730	147,730	0
Other reserves	246,916	240,938	5,978
Group profit	33,152	41,653	(8,501)
Total Group net equity	**752,850**	**741,890**	**10,960**
Capital and reserves attributable to non-controlling interests	10,842	11,676	(834)
TOTAL NET EQUITY (C)	**763,692**	**753,566**	**10,126**
NON-CURRENT LIABILITIES:			
Liabilities for derivatives	33,684	54,125	(20,441)
Non-current financial liabilities	802,406	559,359	243,047
Related-party non-current financial liabilities	15,000	15,000	0

Provision for employee severance indemnities	1,403	1,191	212
Deferred tax liabilities	44,832	45,422	(590)
Provisions for future liabilities and expenses	1,809	1,667	142
Sundry payables and other non-current liabilities	7,563	7,398	165
Related-party sundry payables and other non-current liabilities	12,912	12,842	70
TOTAL NON-CURRENT LIABILITIES (D)	**919,609**	**697,004**	**222,605**
CURRENT LIABILITIES:			
Current financial liabilities	263,294	501,834	(238,540)
Related-party current financial liabilities	13,856	21,783	(7,927)
Trade and other payables	12,083	8,287	3,796
Related-party trade and other payables	2,475	4,359	(1,884)
Current tax liabilities	1,301	836	465
Other current liabilities	5,064	6,946	(1,882)
Related-party other current liabilities	14	14	0
TOTAL CURRENT LIABILITIES (E)	**298,087**	**544,059**	**(245,972)**
TOTAL LIABILITIES (F = D + E)	**1,217,696**	**1,241,063**	**(23,367)**
TOTAL NET EQUITY AND LIABILITIES (C + F)	**1,981,388**	**1,994,629**	**(13,241)**

The table below shows the consolidated statement of changes in equity for the year ended 31 December 2013.

	Share capital	**Share premium reserve**	**Other reserves**	**Group profit**	**Group net equity**	**Capital and reserves attributable to non-controlling interests**	**Total net equity**
Balance as at 01/01/2013	**311,569**	**147,730**	**240,938**	**41,653**	**741,890**	**11,676**	**753,566**
Profit for the period	0	0		4,998	4,998	(834)	4,164
Valuation of cash flow hedge derivatives			15,235	0	15,235	0	15,235
Other comprehensive income (losses)	0	0	(422)	0	(422)	0	(422)
Total comprehensive income (losses)	**0**	**0**	**14,813**	**4,998**	**19,811**	**(834)**	**18,977**
Allocation of 2012 profit							
dividends paid	0	0	0	(22,333)	(22,333)	0	(22,333)
capital increase	13,483	0	0	0	13,483	0	13,483
to legal reserve	0	0	1,019	(1,019)	0	0	0
to other reserves	0	0	(9,854)	9,854	0	0	0
Balance as at 31 December 2013	**325,052**	**147,730**	**246,916**	**33,152**	**752,850**	**10,842**	**763,692**

The following table presents the consolidated statement of cash flows for the years ended 31 December 2013 and 2012.

CONSOLIDATED STATEMENT OF CASH FLOWS	**31/12/2013**	**31/12/2012**
(€/000)		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**920**	**4,967**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Non-monetary items	9,582	8,186
(Depreciation, amortisation and provisions)	3,531	3,864
(Impairment)/Reversal of assets under construction and inventories	(1,015)	1,211
Change in fair value – increases/(decreases)	34,502	29,383
Equity investments	0	746

CASH FLOW FROM OPERATIONS	**47,520**	**48,357**
Current income tax	(1,588)	(1,270)
CASH FLOW FROM OPERATIONS AFTER TAX	**45,932**	**47,087**
Change in inventories	(322)	(6,880)
Net change in third-party current assets and liabilities	(1,642)	(6,115)
Net change in related-party current assets and liabilities	(2,240)	2,164
Net change in third-party non-current assets and liabilities	2,285	(1,486)
Net change in related-party non-current assets and liabilities	70	71
CASH FLOW FROM OPERATING ACTIVITIES	**44,083**	**34,841**
(Investments) in fixed assets	(25,866)	(13,805)
Disposals of fixed assets	57	30
Disposals of equity investments	55	0
(Investments) in equity investments	(60)	(108)
CASH FLOW USED IN INVESTMENT ACTIVITIES (b)	**(25,814)**	**(13,883)**
Change in non-current financial assets	(826)	15
Change in third-party financial receivables and other current financial assets	21	237
Change in related-party financial receivables and other current financial assets	381	692
Dividend reinvestment option	13,070	12,712
Dividend payments	(22,333)	(23,862)
Change in third-party current debt	(127,206)	317,387
Change in related-party current debt	(7,927)	(28,686)
Change in third-party non-current debt	127,477	(306,298)
Change in related-party non-current debt	0	0
CASH FLOW FROM FINANCING ACTIVITIES (c)	**(17,343)**	**(27,803)**
Exchange gains/(losses) on cash and cash equivalents	(25)	(43)
NET INCREASE (DECREASE) ON CASH AND CASH EQUIVALENTS	**901**	**(6,888)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**7,545**	**14,433**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**8,446**	**7,545**

Year ended 31 December 2012

The following table presents the consolidated income statement for the years ending 31 December 2012 and 2011.

Consolidated income statement	31/12/2012	31/12/2011	Change
(€/000)	(A)	(B)	(A-B)
Revenue:	**117,979**	**115,800**	**2,179**
- from third parties	81,778	82,336	(558)
- from related parties	36,201	33,464	2,737
Other income:	**5,278**	**5,447**	**(169)**
- other income	3,799	4,095	(296)
- from related parties	1,479	1,352	127
Revenue from property sales	**0**	**1,726**	**(1,726)**
Total revenue and EBIT	**123,257**	**122,973**	**284**
Change in work-in-progress inventories	7,976	7,356	620

Total revenue and change in inventory	**131,233**	**130,329**	**904**
Cost of work in progress	7,313	8,061	(748)
Service costs	19,451	18,305	1,146
- third parties	15,981	14,794	1,187
- related parties	3,470	3,511	(41)
Staff costs	8,217	7,850	367
Other operating costs	8,511	5,734	2,777
Total operating costs	**43,492**	**39,950**	**3,542**
(Depreciation, amortisation and provisions)	(3,864)	(2,893)	(971)
(Impairment)/reversals on work in progress and goodwill	(1,211)	28	(1,239)
Change in fair value – increases/(decreases)	(29,383)	(14,150)	(15,233)
Total depreciation, amortisation, provisions, impairment and change in fair value	**(34,458)**	**(17,015)**	**(17,443)**
EBIT	**53,283**	**73,364**	**(20,081)**
Profit/(loss) from equity investments	**(746)**	**(887)**	**141**
Profit/(loss) from equity investments	(746)	(887)	141
Financial income:	**554**	**809**	**(255)**
- third parties	545	782	(237)
- related parties	9	27	(18)
Financial expenses:	**48,124**	**44,144**	**3,980**
- third parties	45,887	42,997	2,890
- related parties	2,237	1,147	1,090
Net financial income (expenses)	**(47,570)**	**(43,335)**	**(4,235)**
PRE-TAX PROFIT	**4,967**	**29,142**	**(24,175)**
Income taxes for the period	(6,185)	(876)	(5,309)
NET PROFIT FOR THE PERIOD	**11,152**	**30,018**	**(18,866)**
Profit/(loss) for the period attributable to non-controlling interests	136	39	97
Profit/(loss) for the period attributable to the parent company	**11,288**	**30,057**	**(18,769)**
- basic earnings per share	0.036	0.101	
- diluted earnings per share	0.062	0.112	

The table below shows the consolidated statement of financial position at 31 December 2012 and 2011.

Consolidated statement of financial position	**31/12/2012**	**31/12/2011**	**Change**
(€/000)	(A)	(B)	(A-B)
NON-CURRENT ASSETS:			

Intangible assets			
Intangible assets with a finite useful life	98	78	20
Goodwill	11,427	11,427	0
	11,525	11,505	20
Property, plant and equipment			
Investment property	1,754,550	1,779,445	(24,895)
Buildings	9,349	9,592	(243)
Plant and machinery	1,271	1,388	(117)
Equipment and other assets	2,179	2,467	(288)
Leasehold improvements	1,317	1,460	(143)
Assets under construction	76,376	69,834	6,542
	1,845,042	1,864,186	(19,144)
Other non-current assets			
Prepaid tax assets	29,280	19,888	9,392
Sundry receivables and other non-current assets	3,828	1,965	1,863
Equity investments	304	212	92
Non-current financial assets	25	41	(16)
Derivatives	150	202	(52)
	33,587	22,308	11,279
TOTAL NON-CURRENT ASSETS (A)	**1,890,154**	**1,897,999**	**(7,845)**
CURRENT ASSETS:			
Work-in-progress inventories and advances	78,039	71,152	6,887
Inventories	-	7	(7)
Trade and other receivables	14,441	13,101	1,340
Related-party trade and other receivables	531	983	(452)
Other current assets	3,144	11,393	(8,249)
Related-party financial receivables and other current financial assets	734	1,426	(692)
Financial receivables and other current financial assets	41	278	(237)
Cash and cash equivalents	7,545	14,433	(6,888)
TOTAL CURRENT ASSETS (B)	**104,475**	**112,773**	**(8,298)**
TOTAL ASSETS (A + B)	**1,994,629**	**2,010,772**	**(16,143)**
NET EQUITY:			
Share capital	311,569	298,273	13,296
Share premium reserve	147,730	147,730	0
Other reserves	240,938	252,347	(11,409)
Group profit	41,653	56,891	(15,238)
Total Group net equity	**741,890**	**755,241**	**(13,351)**
non-controlling interests	11,676	11,812	(136)
TOTAL NET EQUITY (C)	**753,566**	**767,053**	**(13,487)**
NON-CURRENT LIABILITIES:			
Liabilities for derivatives	54,125	34,773	19,352
Non-current financial liabilities	559,359	860,659	(301,300)
Related-party non-current financial liabilities	15,000	15,000	0
Provision for employee severance indemnities	1,191	796	395
Deferred tax liabilities	45,422	48,366	(2,944)
Provisions for future risks and charges	1,667	1,386	281
Sundry payables and other non-current liabilities	7,398	7,325	73
Related-party sundry payables and other non-current liabilities	12,842	12,771	71
TOTAL NON-CURRENT LIABILITIES (D)	**697,004**	**981,076**	**(284,072)**
CURRENT LIABILITIES:			
Current financial liabilities	501,834	184,447	317,387
Related-party current financial liabilities	21,783	50,469	(28,686)
Trade and other payables	8,287	11,215	(2,928)

Related-party trade and other payables	4,359	2,643	1,716
Current tax liabilities	836	7,869	(7,033)
Other current liabilities	6,946	5,982	964
Related-party other current liabilities	14	18	(4)
TOTAL CURRENT LIABILITIES (E)	**544,059**	**262,643**	**281,416**
TOTAL LIABILITIES (F = D + E)	**1,241,063**	**1,243,719**	**(2,656)**
TOTAL NET EQUITY AND LIABILITIES (C + F)	**1,994,629**	**2,010,772**	**(16,143)**

Below is the consolidated statement of changes in equity for the year ended 31 December 2012.

	Share capital	**Share premium reserve**	**Other reserves**	**Group profit**	**Group net equity**	**Minority interests**	**Total net equity**
Balance as at 01/01/2012	**298,273**	**147,730**	**252,347**	**56,891**	**755,241**	**11,812**	**767,053**
Profit for the period	0	0		11,288	11,288	(136)	11,152
Valuation of cash flow hedge derivatives			(13,215)	0	(13,215)	0	(13,215)
Other comprehensive income (losses)	0	0	(858)	0	(858)	0	(858)
Total comprehensive income (losses)	**0**	**0**	**(14,073)**	**11,288**	**(2,785)**	**(136)**	**(2,921)**
Allocation of 2011 profit							
dividends paid	0	0	0	(23,862)	(23,862)	0	(23,862)
capital increase	13,296	0	0	0	13,296	0	13,296
to retained earnings	0	0	0	0	0	0	0
to legal reserve	0	0	1,437	(1,437)	0	0	0
to other reserves	0	0	1,227	(1,227)	0	0	0
Balance as at 31 December 2012	**311,569**	**147,730**	**240,938**	**41,653**	**741,890**	**11,676**	**753,566**

The following table shows the consolidated statements of cash flows for the years ended 31 December 2012 and 2011.

CONSOLIDATED STATEMENT OF CASH FLOWS	**31/12/2012**	**31/12/2011**
(€/000)		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	4,967	29,142
Adjustments to reconcile profit for the period to cash flow generated (used) by operating activities:		
Non-monetary items	8,186	6,343
(Depreciation, amortisation and provisions)	3,864	2,893
(Impairment)/reversals on work in progress and goodwill	1,211	(29)
(devaluation of work-in-progress inventories)	0	0
Change in fair value - increases/(decreases)	29,383	14,150
Equity investments	746	528
CASH FLOW FROM OPERATIONS	**48,357**	**53,027**
Current income tax	(1,270)	(1,049)
CASH FLOW FROM OPERATIONS AFTER TAX	**47,087**	**51,978**
Change in inventories	(6,880)	(6,863)

Net change in third-party current assets and liabilities	(6,115)	22,242
Net change in related-party current assets and liabilities	2,164	(2,546)
Net change in third-party non-current assets and liabilities	(1,486)	(4,324)
Net change in related-party non-current assets and liabilities	71	833
CASH FLOW FROM OPERATING ACTIVITIES	**34,841**	**61,320**
(Investments) in fixed assets	(13,805)	(127,905)
Disposals of fixed assets	30	385
Disposals of equity investments	0	0
(Investments) in equity investments	(108)	-
CASH FLOW FROM INVESTING ACTIVITIES (b)	**(13,883)**	**(127,520)**
Change in non-current financial assets	15	(22)
Change in third-party financial receivables and other current financial assets	237	5,695
Change in related-party financial receivables and other current financial assets	692	(335)
Dividend reinvestment option	12,712	0
Dividend payments	(23,862)	(22,370)
Change in third-party current financial debt	317,387	(2,889)
Change in related-party current financial debt	(28,686)	46,342
Change in third-party non-current financial debt	(306,298)	21,961
Change in related-party non-current financial debt	0	0
CASH FLOW FROM FINANCING ACTIVITIES (c)	**(27,803)**	**48,382**
Exchange gains/(losses) on cash and cash equivalents	(43)	(13)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(6,888)**	**(17,831)**
CASH AND CASH EQUIVALENTS BALANCE AT BEGINNING OF THE FINANCIAL YEAR	**14,433**	**32,264**
CASH AND CASH EQUIVALENTS DISPOSED OF ON THE SALE OF EQUITY INVESTMENTS	**0**	**0**
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**7,545**	**14,433**

Year ended 31 December 2011

The following table presents the consolidated income statement for the years ending 31 December 2011 and 2010.

Consolidated income statement	**31/12/2011**	**31/12/2010**	**Change**
(€/000)	(A)	(B)	(A-B)
Revenue:	**117,541**	**109,882**	**7,659**
- from third parties	84,077	78,956	5,121
- from related parties	33,464	30,926	2,538
Other income:	**10,986**	**12,559**	**(1,573)**
- other income	9,079	11,487	(2,408)
- from related parties	1,907	1,072	835
Revenue from property sales	**1,726**	**0**	**1,726**
Total revenue and EBIT	**130,253**	**122,441**	**7,812**
Change in work-in-progress inventories	7,356	3,434	3,922
Total revenue and change in inventory	**137,609**	**125,875**	**11,734**
Cost of work in progress	8,061	3,154	4,907
Material and service costs:	23,844	25,641	(1,797)
- material and service costs	20,333	21,551	(1,218)
- related-party material and service costs	3,511	4,090	(579)
Staff costs	7,850	7,529	321
Other operating costs	5,734	5,355	379
Total operating costs	**45,489**	**41,679**	**3,810**
(Depreciation, amortisation and provisions)	(4,634)	(3,482)	(1,152)
(Impairment)/reversals on work in progress and goodwill	28	(3,842)	3,870
Change in fair value - increases/(decreases)	(14,150)	(8,746)	(5,404)
Total depreciation, amortisation, provisions, impairment and change in fair value	**(18,756)**	**(16,070)**	**(2,686)**
EBIT	**73,364**	**68,126**	**5,238**
Profit/(loss) from equity investments	**(887)**	**(1,140)**	**253**
Profit/(loss) from equity investments	(887)	(1,140)	253
Financial income:	**809**	**2,675**	**(1,866)**
- third parties	782	2,644	(1,862)
- related parties	27	31	(4)
Financial expenses:	**44,144**	**37,879**	**6,265**
- third parties	42,997	36,949	6,048
- related parties	1,147	930	217
Net financial income (expenses)	**(43,335)**	**(35,204)**	**(8,131)**
PRE-TAX PROFIT	**29,142**	**31,782**	**(2,640)**
Income taxes	(876)	2,510	(3,386)
NET PROFIT	**30,018**	**29,272**	**746**
Profit/(loss) for the period attributable to non-controlling interests	39	68	(29)
Profit/(loss) for the period attributable to the parent company	**30,057**	**29,340**	**717**

- basic earnings per share	0.101	0.098	
- diluted earnings per share	0.112	0.113	

Below is the consolidated statement of financial position for the years ending 31 December 2011 and 2010.

Consolidated statement of financial position	31/12/2011	31/12/2010	Change
(€/000)	(A)	(B)	(A-B)
NON-CURRENT ASSETS:			
Intangible assets			
- Intangible assets with a finite useful life	78	69	9
- Goodwill	11,427	11,427	0
	11,505	**11,496**	**9**
Property, plant and equipment			
- Investment property	1,779,445	1,666,630	112,815
- Buildings	9,592	7,668	1,924
- Plant and machinery	1,388	1,130	258
- Equipment and other assets	2,467	1,549	918
- Leasehold improvements	1,460	1,640	(180)
- Assets under construction	69,834	74,291	(4,457)
	1,864,186	**1,752,908**	**111,278**
Other non-current assets			
- Prepaid tax assets	19,888	13,104	6,784
- Sundry receivables and other non-current assets	2,177	4,581	(2,404)
- Non-current financial assets	243	4,399	(4,156)
	22,308	**22,084**	**224**
TOTAL NON-CURRENT ASSETS (A)	**1,897,999**	**1,786,488**	**111,511**
CURRENT ASSETS:			
Work-in-progress inventory and advances	71,152	64,289	6,863
Inventories	7	7	0
Trade and other receivables	13,101	12,265	836
Related-party trade and other receivables	983	714	269
Other current assets	11,393	43,812	(32,419)
Related-party financial receivables and other current financial assets	1,426	1,091	335
Financial receivables and other current financial assets	278	6,001	(5,723)
Cash and cash equivalents	14,433	32,264	(17,831)
TOTAL CURRENT ASSETS (B)	**112,773**	**160,443**	**(47,670)**
TOTAL ASSETS (A + B)	**2,010,772**	**1,946,931**	**63,841**
NET EQUITY:			
attributable to the parent company	755,241	761,603	(6,362)
attributable to non-controlling interests	11,812	11,851	(39)
TOTAL NET EQUITY (C)	**767,053**	**773,454**	**(6,401)**
NON-CURRENT LIABILITIES:			
Non-current financial liabilities	895,432	854,374	41,058
Related-party non-current financial liabilities	15,000	15,000	0
Provision for employee severance indemnities	796	612	184
Deferred tax liabilities	48,366	48,910	(544)
Provisions for future risks and charges	1,386	1,645	(259)
Sundry payables and other non-current liabilities	7,325	13,687	(6,362)
Related-party sundry payables and other non-current liabilities	12,771	11,938	833
TOTAL NON-CURRENT LIABILITIES (D)	**981,076**	**946,166**	**34,910**
CURRENT LIABILITIES:			
Current financial liabilities	184,447	187,336	(2,889)
Related-party current financial liabilities	50,469	4,127	46,342
Trade and other payables	11,215	15,733	(4,518)
Related-party trade and other payables	2,643	4,924	(2,281)
Current tax liabilities	7,869	8,266	(397)
Other current liabilities	5,982	6,911	(929)
Related-party other current liabilities	18	14	4
TOTAL CURRENT LIABILITIES (E)	**262,643**	**227,311**	**35,332**
TOTAL LIABILITIES (F = D + E)	**1,243,719**	**1,173,477**	**70,242**
TOTAL NET EQUITY AND LIABILITIES (C + F)	**2,010,772**	**1,946,931**	**63,841**

Below is the consolidated statement of changes in equity for the year ended 31 December 2011.

	Share capital	**Share premium reserve**	**Legal reserve**	**Euro conversion reserve**	**Merger reserve**	**Cash flow hedge reserve**	**Reserve for treasury shares**	**Bond issue reserve**	**Fair value reserve**	**Translation reserve**	**Undistributed earnings reserve**	**Profit (losses) carried forward**	**Group net equity**	**Minority interests**	**Total net equity**
Balance at 1 January 2011	**298,273**	**147,730**	**7,618**	**23**	**13,736**	**(3,137)**	**(11,276)**	**29,699**	**233,757**	**(3,945)**	**14,006**	**35,120**	**761,603**	**11,851**	**773,454**
Profit for the period	0	0	0	0	0	0	0	0	0	0	0	30,057	**30,057**	(39)	**30,018**
Other comprehensive income (losses)	0	0	0	0	0	(12,427)	0	94	0	0	(1,716)	0	**(14,049)**	0	**(14,049)**
Total comprehensive income (losses)	**0**	**0**	**0**	**0**	**0**	**(12,427)**	**0**	**94**	**0**	**0**	**(1,716)**	**30,057**	**16,008**	**(39)**	**15,969**
<u>Allocation of 2010 profit</u>															
dividends paid	0	0	0	0	0	0	0	0	0	0	0	(22,370)	**(22,370)**	0	**(22,370)**
to retained earnings	0	0	0	0	0	0	0	0	0	0	(3,504)	3,504	**0**	0	**0**
to legal reserve	0	0	1,385	0	0	0	0	0	0	0	0	(1,385)	**0**	0	**0**
to other reserves	0	0	0	0	0	0	0	0	5,143	0	0	(5,143)	**0**	0	**0**
Balance at 31 December 2011	**298,273**	**147,730**	**9,003**	**23**	**13,736**	**(15,564)**	**(11,276)**	**29,793**	**238,900**	**(3,945)**	**8,786**	**39,782**	**755,241**	**11,812**	**767,053**

The following table shows the consolidated statements of cash flows for the years ended 31 December 2011 and 2010.

Consolidated statement of cash flows	**31/12/2011**	**31/12/2010**
(€/000)		
CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit for the year	**30,018**	**29,272**
Adjustments to reconcile profit for the period to cash flow generated (used) by operating activities:		
(Capital gains)/losses and other non-monetary items	4,602	3,878
Depreciation, amortisation and provisions	4,634	3,482
(Impairment)/reversals on work in progress and goodwill	(28)	3,842
Net change in (prepaid tax assets)/provision for deferred tax liabilities	(1,928)	(543)
Change in fair value of investment property	14,150	8,746
Change in inventories	(6,863)	(6,472)
Net change in current assets and liabilities	22,242	12,843
Net change in current assets and liabilities with related parties	(2,546)	1,944
Net change in non-current assets and liabilities	(2,960)	(8,127)
Net change in non-current assets and liabilities with related parties	833	229
CASH FLOW FROM OPERATING ACTIVITIES (a)	**62,154**	**49,094**
(Investments) in fixed assets	(127,905)	(128,331)
Disposals of fixed assets	385	11,515
Disposals of equity investments in subsidiaries		72,311
CASH FLOW FROM INVESTING ACTIVITIES (b)	**(127,520)**	**(44,505)**
Change in non-current financial assets	(22)	(0)
Change in financial receivables and other current financial assets	5,695	(6,001)
Change in related-party financial receivables and other current financial assets	(335)	(761)
Exchange gains/(losses) on cash and cash equivalents	(13)	(27)
Dividend payments	(22,370)	(14,914)
Change in current debt	(2,889)	18,310
Change in related-party current debt	46,342	(21,614)
Change in non-current debt	21,127	20,369
CASH FLOW FROM FINANCING ACTIVITIES (c)	**47,535**	**(4,638)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(17,831)**	**(49)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**32,264**	**35,856**
CASH (DISPOSED OF)/ACQUIRED THROUGH THE SALE/PURCHASE OF EQUITY INVESTMENTS		**(3,543)**
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**14,433**	**32,264**

20.2 Auditing of historical annual financial information

The consolidated financial statements of the IGD Group for the years ended 31 December 2012 and 2011, prepared in accordance with International Accounting Standards, have been fully audited by the external auditors Reconta Ernst & Young & S.p.A., which issued its reports on 25 March 2013 and 23 March 2012 respectively. The consolidated financial statements of the IGD Group for the year ended 31 December 2013, prepared in accordance with international accounting standards, were audited by the External Auditors, which issued its report on 20 March 2014.

There were no qualifications or adverse opinions from the External Auditors, or Reconta Ernst & Young, regarding the consolidated financial statements of the IGD Group mentioned above.

20.3 Age of the latest financial information

The most recent financial information presented in the Registration Document and subject to a full audit relates to the consolidated financial statements of the Group for the year ended 31 December 2013.

20.4 Dividend policy

In April 2008, the Company opted for treatment under the special SIIQ rules as of 1 January 2008. These rules require, *inter alia*, that each year the SIIQ distribute to shareholders at least 85% of the net profits from exempt operations.

Accordingly, when approving the financial statements for 2013, 2012 and 2011, IGD's Ordinary Shareholders' Meeting voted to pay dividends of €0.065, €0.070 and €0.080, respectively, for each ordinary IGD share, which corresponds to a minimum percentage of 85% of the distributable income from exempt operations. With specific reference to 2013, on 15 April 2014, IGD's Ordinary Shareholders' Meeting voted to pay a total dividend of €22,620,112. This amount is made up as follows: (*i*) approximately €13,118,467 from 100% of the distributable income from exempt operations made available following the appropriations required by law; (*ii*) €3,777,180 from profits from exempt operations, made available for distribution following the negative changes in fair value of the investment property, which, against a reduction in the profits for the year, resulted in a commensurate reduction, in accordance with Article 6, paragraph 3 of Legislative Decree 38 of 28 February 2005, of the fair value reserve already recognised under equity; and (*iii*) €5,724,465 from profit reserves carried forward from exempt operations.

With reference to the dividend for 2013, since Article 83-*terdecies* of the TUF came into effect, as amended by Legislative Decree 91 of 18 June 2012, the right to distribute profits is determined based on the results of accounts ending on the accounting date identified by the Issuer (i.e. the record date); this date must be the second trading day following one of the ex-dividend dates recognised by the Borsa Italiana calendar.

Therefore, the ex-dividend date will be 19 May 2014 and the payment of the dividend will take place from 22 May 2014.

20.5 Legal and arbitration proceedings

During the ordinary course of business, the Group is a party to various governmental and legal proceedings in which the relief sought is not always determined or determinable.

As at 31 December 2013, the amounts set aside during the year for outstanding disputes totalled around €125 thousand, amounting to total funds of approximately €1,064 thousand. These funds cover the liabilities considered probable for:

- tax assessments still pending before the tax tribunal;

- IMU/ICI dispute;

- dispute relating to the postponement of the opening date of the Guidonia Shopping Centre: the postponement of the opening of the Shopping Centre (originally scheduled for December 2008), linked to multiple contributory factors such as the state of natural catastrophe declared by the municipality of Guidonia and delays in obtaining documentation regarding fitness for use, has exposed the Company to compensation claims from the commercial operators to whom spaces in the Shopping Arcade had been leased. The risk of liabilities associated with these disputes has been reduced by reaching settlement agreements with most of the operators concerned;
- other outstanding disputes, such as proceedings relating to contractual liability under contracts with individual operators and appeals against injunctions.

Tax dispute

Following the tax audit conducted by the Regional Office of the Tax Agency, completed on 11 September 2008, the Company was issued with a formal notice of assessment, without significant findings, which, *inter alia*, proposed a reassessment of closing inventories of approximately €645,000, representing approximately €213.1 thousand in IRES and approximately €27.4 thousand in IRAP, of which two thirds has already been paid, together with fines of €240.5 thousand. Regardless of the outcome of the dispute, a request for reimbursement of the tax will be filed, as the dispute is carried over from one financial year to the next.

Subsequently the Company has been sent a notice of assessment which contained an incorrect interpretation of the contract type (sale of future assets rather than a tender contract), and the consequent classification of the inventory itself which, for tax purposes, influences the correct method used to calculate the tax. The Company appealed to the Ravenna Provincial Tax Commission against this notice of assessment and, in January 2011, a decision was filed with the secretariat of the Commission to dismiss the appeal and rule that each party bear its own legal costs.

In September 2011, the Issuer lodged an appeal and a simultaneous plea for a public hearing before the Regional Tax Commission against the above decision, requesting that the notice of assessment be declared unlawful and/or annulled. At the Date of this Registration Document, the dispute is still ongoing.

IMU/ICI dispute

Following notices of assessment from the Land Agency on 22 March 2012, 27 October 2011, 3 November 2011 and 18 April 2013, mainly relating to the assignment of new classifications and land rentals to two Shopping Centres, the Company has filed appeals with the competent Tax Commissions, which are still pending.

Given that, if it loses the case, the Issuer could be liable for a charge for the years to which the municipal housing tax (previously ICI, now IMU) refers of approximately €460,000 in increased tax (fines and interest are not notified in the assessment documents), the Company has allocated funds totalling approximately 70% of said amount.

Magazzini Darsena dispute

Following the agreement to terminate the joint venture with Beni Stabili on 15 December 2010, with the consequent transfer by Immobiliare Larice (now IGD Management S.r.l.) of 50% of the stake in RGD S.r.l. (now Beni Stabili SIIQ) and the purchase under joint ownership of the “Darsena City” Shopping Centre, IGD has committed to RGD (now Beni Stabili) to assume a proportional share of all income and expenses associated with the contracts signed on 15 March 2006 and transferred to RGD (now Beni Stabili) on 29 March 2007.

Actions taken by RGD in agreement with IGD

In view of the debts accrued towards RGD (now Beni Stabili), in agreement with IGD it has brought the following legal action against Magazzini Darsena S.p.A. and Darsena F.M. S.r.l, both declared bankrupt at the Date of the Registration Document:

- RGD (now Beni Stabili) has filed an action for an injunction for non-payment by Magazzini Darsena S.p.A. of rentals for the building in Ferrara, part of the "Darsena City" Shopping Centre, owned by Riqualificazione Grande Distribuzione S.p.A. SIINQ (later merged into Beni Stabili). Following that judgment, an injunction was obtained for payment of an amount equal to €6,984 thousand – later confirmed at appeal – and subsequently appealed by Magazzini Darsena S.p.A. This appeal resulted in Magazzini Darsena S.p.A. being ordered to pay the sum specified in the injunction, net of tax accruing in the interim, paid on execution of the surety to guarantee payment of the rental, for a total amount of €3,640 thousand;
- RGD (now Beni Stabili) has requested and obtained a garnishee order for €35 million against Magazzini Darsena S.p.A. and for €38 million against Darsena F.M. S.r.l. (owner of the business that traded in the Shopping Centre and on which a sale had been agreed);
- RGD (now Beni Stabili) has initiated two proceedings pursuant to Article 447-*bis* of the Code of Civil Procedure before the Court of Ferrara seeking an order against Magazzini Darsena S.p.A. and Darsena F.M. S.r.l. to pay the rental instalments accrued since the injunction.

  The case against Magazzini Darsena S.p.A. concluded with an order to pay €5.2 million (equal to the total unpaid rental instalments as at 4 April 2012), plus VAT, interest and legal costs; the case against Darsena F.M. S.r.l. was suspended when it filed for bankruptcy;
- RGD (now Beni Stabili) had filed a request for arbitration with the Chamber of Arbitration in Milan for the assessment of the legality of the contractual clause for adjustment of the purchase price of the "Darsena City" Shopping Centre and the determination of the extent of this adjustment, as well as an order for Magazzini Darsena S.p.A., Darsena F.M. S.r.l. and its parent company Partxco S.p.A. (jointly and severally liable with Darsena F.M. S.r.l.) to pay future instalments and the accrued penalty for delay in delivering a further part of the Shopping Centre ("Part B").

  On 8 July 2013, the arbitration proceedings ended with the filing of the award by the arbitral tribunal, which, in the main, ordered: (*i*) Partxco S.p.A. to pay €12.5 million by way of compensation for non-payment of rental instalments by Magazzini Darsena S.p.A.; (*ii*) Magazzini Darsena S.p.A. and Partxco S.p.A. to pay €16 million by way of a penalty for delay in the delivery of "building B"; (*iii*) Magazzini Darsena S.p.A., Darsena F.M. S.r.l. and Partxco S.p.A. to pay €2,500 thousand by way of a price adjustment (an amount already received from Beni Stabili through the execution of the above-mentioned guarantee). Finally, the parties have been ordered to reimburse the Company for certain litigation costs as well as three quarters of the costs of the arbitration proceedings.

  During the aforementioned proceedings, the bank guarantee for €2,500 thousand was also executed, issued by Magazzini Darsena S.p.A. to guarantee payment of the adjustment of the purchase price and collected as a result of the judgment in favour of Beni Stabili in the application for enforcement proceedings brought by Magazzini Darsena S.p.A. and won at appeal.

Following regular updates on the bankruptcy situation facing the opposing parties, and in the absence of proposals from them that would bring about a settlement to the dispute, IGD, together with Beni Stabili, filed, pending the aforementioned judgments, bankruptcy petitions against the companies involved in order to gain access to the businesses trading in the Shopping Centre, with a view to regenerating this. The bankruptcy proceedings concluded with Magazzini Darsena S.p.A. and Darsena FM S.r.l. being declared bankrupt on 26 and 29 July 2013.

Actions taken directly by IGD

In November 2011, IGD filed an application under Article 447-*bis* of the Code of Civil Procedure before the Court of Ferrara, seeking an order for Magazzini Darsena S.p.A. to pay the outstanding rentals accrued from 1 January 2011; the proceedings were suspended after Magazzini Darsena S.p.A. filed for bankruptcy.

In July 2013, IGD filed an application under Article 447-*bis* of the Code of Civil Procedure against Darsena F.M. S.r.l. in subrogation, for the rentals due to Magazzini Darsena S.p.A.; again the proceedings were suspended after Darsena FM S.r.l. filed for bankruptcy.

Bankruptcy of Magazzini Darsena S.p.A. and Darsena FM S.r.l.

With the judgments of 26 and 29 July 2013, the Court of Ferrara declared the companies Magazzini Darsena S.p.A. and Darsena F.M. S.r.l. bankrupt.

Following the above-mentioned bankruptcy declaration, IGD and Beni Stabili managed to reach a partial settlement agreement with the trustee in bankruptcy, signed on 29 October 2013.

Pursuant to this settlement agreement, the two companies obtained the restitution of property from the bankruptcy trustee acting for Magazzini Darsena S.p.A. and, through a joint venture 50% owned by IGD and Beni Stabili, acquired the business (with the related trading permits) from the bankruptcy trustee acting for Darsena F.M. S.p.A., for the amount of €255 thousand plus taxes. They also terminated the preliminary agreement for the purchase of the adjacent "building B" and related contracts and obtained the definitive acceptance by Magazzini Darsena of a reduction of €2,500 thousand in the purchase price for "building A" (an amount already received from Beni Stabili through the enforcement of the above-mentioned guarantee).

However, the companies have not waived all of the claims accrued prior to the bankruptcy declaration by virtue of the judgments issued against the bankrupt companies, which have therefore nearly all been admitted to the bankruptcy proceedings.

Finally, it should be noted that in 2012, IGD was sued by Magazzini Darsena S.p.A., Darsena FM S.r.l. and Partxco S.p.A. in connection with the management mandate for the "Darsena City" Shopping Centre; IGD responded by filing a notice of appearance and preliminary statements. The Company has not established provisions for liabilities in this regard, partly based on the opinions expressed by the Issuer's legal advisors, who do not consider there to be sufficient factual and legal grounds for the case. On 17 July 2013, a judgment was issued by the Court of Ferrara dismissing the applicants' claims and ordering Magazzini Darsena S.p.A., Darsena F.M. S.r.l. and Partxco S.p.A. to reimburse IGD for litigation costs amounting to €20,000.00.

On 8 October 2013, Partxco S.p.A., obliged to indemnify IGD, informed the Company that an appeal had been filed with the Court of Appeal in Bologna. The hearing was set for 27 February 2014, automatically adjourned until 4 March 2014 and then adjourned again until 18 December 2018 for the submission of closing arguments.

Vibo Valentia dispute

In May 2013, GAM S.p.A. ("**GAM**") brought an action against the Issuer before the Court of Milan in relation to the Framework Agreement signed between the parties in May 2007, concerning the purchase by IGD of 50% of the shares of a NewCo, the owner of a Shopping Centre in Vibo Valentia, to be built by the vendor GAM within a certain timeframe and subject to the successful outcome of the due diligence. In June 2012, IGD informed GAM that the Framework Agreement had lapsed, since the time limits had expired and in view of the negative outcome of the due diligence.

The dispute concerns GAM's objection to the termination of the Framework Agreement due to the alleged failure by IGD to acquire a stake in the NewCo, resulting in an application for an order to pay some damages allegedly suffered by GAM; the alleged damages (for which grounds were challenged by IGD) were imputed by the claimant, for €19.3 million, to an alleged damage arising from the lost sale (from which it would be in any event necessary to deduct the current value of the Shopping Centre, which remained in GAM's property) and, for the remainder (€66.3 million), to an alleged indirect damage due to loss of chance in relation to potential income from the successful outcome of a business plan that GAM had intended to develop between 2011 and 2015.

At the hearing of 10 December 2013, the Judge assigned the terms for the filing of the briefs pursuant to Article 183, paragraph 6 of the Italian Code of Civil Procedure; upon the outcome of this filing, the Judge, by order of 5 March 2014; (*i*) rejected all the preliminary motions submitted by GAM; (*ii*) admitted certain witness evidence put forward by IGD (with the related counter-evidence from GAM); and (*iii*) rejected the official expert opinion requested by the claimant to determine the damages claimed by the same.

The date of the next hearing has been set for 17 June 2014.

IGD holds that the proceedings launched by GAM are entirely groundless both on the merits and, in any event, on the quantification of the alleged damages, there being no obligation to proceed with the negotiations, taking into account, *inter alia*, the expiry of the terms provided for in the Framework Agreement and the negative outcome of due diligence, which latter circumstance, pursuant to the Framework Agreement, attributed a specific right of withdrawal to IGD. Consequently, including on the basis of special legal opinions, the Company did not deem it necessary to set aside any provision for this specific dispute under liabilities.

For more information about the dispute with Magazzini Darsena S.p.A., Darsena FM S.r.l. and GAM, please see the Group’s consolidated financial statements as at 31 December 2013, Note 45, incorporated by reference in the Registration Document and available to the public at the registered office of IGD and on the website www.gruppoigd.it.

20.6 Significant changes in the Issuer’s financial or trading position

On 10 April 2014, the Company's Board of Directors approved the issuance of unsecured senior bonds for a total amount of €150,000,000. The bonds have a nominal unit value of €100,000 and multiples of €1,000 up to a maximum of €199,000, and mature in January 2019. They carry entitlement to the payment of fixed-rate interest at 3.875%, payable annually in arrears on 7 January of each year. The bonds were placed in the context of a private placement aimed exclusively at qualified investors in Italy and abroad, to the exclusion of jurisdictions in which the offer or sale of financial instruments is prohibited under the applicable law. The issuance and settlement of the bonds took place on 7 May 2014. The bonds are quoted on the regulated market of the Irish Stock Exchange.

Apart from the foregoing, the Issuer is not aware of any other significant changes in the Group’s financial or trading position since 31 December 2013.

CHAPTER XXI – SUPPLEMENTARY INFORMATION

21.1 Share capital

21.1.1 Subscribed and paid-up share capital

At the Date of the Registration Document, the Issuer's subscribed and paid-up share capital amounted to €336,028,239.08, consisting of 348,001,715 ordinary shares with no indicated nominal value.

21.1.2 Existence of shares not representing capital, specification of their number and main characteristics

At the Date of the Registration Document, the Issuer has issued no shares that do not represent capital.

21.1.3 Treasury shares

At the Date of the Registration Document, the Company holds no treasury shares. On 15 April 2014, subject to revocation of the resolution authorising the purchase and disposal of treasury shares handed down by the Ordinary Shareholders' Meeting of 18 April 2013, the Shareholders' Meeting vested the Board of Directors with the authorisation to purchase and dispose of treasury shares pursuant to Article 2357, paragraph 2 of the Italian Civil Code.

The authorisation to purchase treasury shares, on one or more occasions, also via negotiation of options or financial instruments including derivatives on IGD shares, up to the maximum number permitted by law, is valid for eighteen months from the date of the resolution of the Shareholders' Meeting. Shares must be purchased in the manners provided for by Article 144-*bis*, paragraph 1(b) and (c) of the Issuers' Regulation, at prices compliant with the provisions laid down by Article 5, paragraph 1 of Commission Regulation (EC) No 2273/2003 of 22 December 2003.

The authorisation to dispose of the shares was granted indefinitely and may be exercised by (*i*) cash transactions, on the stock exchange and/or outside the stock exchange, at a price not lower than 90% of the reference price recorded by the IGD share on the MTA during the trading day preceding each individual transaction; (*ii*) swaps, exchanges, conferral or any other assignment transaction, as part of business plans or extraordinary finance transactions carried out; in this case the economic terms for the disposal transaction will be determined according to the nature and characteristics of the transaction, also taking into account the performance of IGD shares on the market.

21.1.4 Amount of any convertible or exchangeable securities or securities with warrants, with an indication of the conditions and procedures for conversion, exchange or subscription

At the Date of the Registration Document, the Issuer holds no convertible bond loans, exchangeable securities or securities with warrants.

21.1.5 Existence of purchase rights and/or obligations on authorised but not issued capital or of an undertaking to increase the capital

On 15 April 2014, the Extraordinary Shareholders' Meeting resolved, *inter alia*, to approve a divisible capital increase for cash to be completed by 30 September 2014 for a maximum total of €18,096,089.60 including any premium and in any case for an amount not exceeding 10% of the Company's existing share capital, through the issue of ordinary shares with no indicated nominal value and with regular dividend rights, excluding pre-emption rights, pursuant to Article 2441, paragraph 4(2) of the Italian Civil Code, available for subscription to all parties entitled to receive the dividend for 2013.

The Issuer’s Extraordinary Shareholders' Meeting of 19 April 2012, subject to revocation of the previous authorisation granted to the Board of Directors on 23 April 2007, resolved to grant the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, the right, to be exercised by 19 April 2017, to increase the share capital for payment in one or more tranches for an amount not exceeding 10% of the existing share capital, reserved for subscription by those parties to be named by the Board of Directors – including qualified, industrial and/or financial investors in Italy or abroad or shareholders of the Company – excluding pre-emption rights pursuant to Article 2441, paragraph 4(2) of the Italian Civil Code, provided that the issue price corresponds to the market price of the shares and this is confirmed in a special report issued by the External Auditors.

21.1.6 Information regarding the capital of any members of the Group offered under option

At the Date of the Registration Document, the Issuer is not aware of any Group transactions regarding capital under option or agreed conditionally or unconditionally to be put under option.

21.1.7 Trend of the share capital over the last three financial periods

During 2013, following the share capital increase excluding option rights under Article 2441, paragraph 4(2) of the Italian Civil Code, resolved by the Extraordinary Shareholders' Meeting on 18 April 2013, reserved for those entitled to receive dividends for the year 2012, the share capital increased from €322,545,915.08, divided into 330,025,283 ordinary shares with no indicated nominal value to €336,028,239.08, divided into 348,001,715 ordinary shares with no indicated nominal value.

On 19 April 2012, the Issuer's Extraordinary Shareholders' Meeting resolved to eliminate the indicated nominal value of ordinary IGD shares.

During 2012, following the share capital increase excluding option rights under Article 2441, paragraph 4(2) of the Italian Civil Code, resolved by the Extraordinary Shareholders' Meeting on 19 April 2012, reserved for those entitled to receive dividends for the year 2011, the share capital increased from €309,249,261.00, divided into 309,249,261 ordinary shares with no indicated nominal value to €322,545,915.08, divided into 330,025,283 ordinary shares with no indicated nominal value.

21.2 Memorandum of association and Bylaws

21.2.1 Corporate objective and Issuer's purposes

The Company's corporate purpose is defined in Article 4 of the Bylaws, which provides the following:

“*4.1 The Company's sole purpose is any activity and operation in the real estate sector, whether on its own account or on account of third parties, including but not limited to the purchase, sale, swap, construction, renovation and restoration, management and administration of properties for any use or purpose including through the assumption and/or assignment of contracts or concessions; the development of initiatives in the real estate sector; the submission of bids in national or international calls for tenders; and the establishment, purchase, sale, swap, and cancellation of real estate rights; this excludes real estate agency and brokerage activities and the trading or operation of businesses or business concerns.*

4.2 Within the scope of its corporate purpose, the Company may conduct surveys and research as well as commercial, industrial, financial, securities and real estate transactions; it may acquire equity investments and interests in other companies and businesses with activities similar or related to its own, excluding transactions with the public; it may enter into mortgage agreements and make recourse to financing of any form or duration, issue collateral or personal guarantees, backed by securities and real property, including *sureties, pledges and mortgages securing its own obligations or those of companies and enterprises in which it holds interests or equity investments; and it may engage in all other activities or transactions that are related to, associated with or useful for the fulfilment of corporate objective.*

The foregoing excludes all public solicitations of investment governed by Legislative Decree 385 of 1 September 1993, and investment services as defined by Legislative Decree 58 of 24 February 1998.

*4.3 The aforesaid activities will be carried out in compliance with the following rules relating to investments and to limits on risk concentration and financial leverage: (*i*) the Company shall not, either directly or through its subsidiaries, invest more than 30% of its assets in a given property with single zoning and functional specifications, except in the case of development plans covered by a single urban planning scheme, where portions of the property covered by individual, functionally independent building permits, or equipped with urban works that are sufficient to guarantee connection to public services cease to have single zoning specifications; (*ii*) income from a single tenant or from tenants belonging to a single group may not exceed 60% of total rental income; and (*iii*) the maximum permitted financial leverage, at company or group level, is 85% of equity.*

*The above limits may be exceeded in exceptional circumstances or in circumstances beyond the Company's control. Unless otherwise in the interests of the shareholders and/or the Company, the limits in paragraphs (*i*) and (*ii*) may not be exceeded for more than 24 months, or the limit in paragraph (*iii*) for more than 18 months.*"

21.2.2 Summary of the provisions of the Issuer's Bylaws relating to the members of the Board of Directors and Board of Statutory Auditors

The main provisions laid down by the Bylaws relating to the members of the Issuer's Board of Directors and Board of Statutory Auditors are provided below. For further information, please refer to the Bylaws (available on the Issuer's website, www.gruppoigd.it) and the applicable regulations.

Board of Directors

Pursuant to Article 16 of the Bylaws, the Company is managed by a Board of Directors consisting of a number of members to be determined by the Ordinary Shareholders' Meeting and that, in any event, may not be lower than seven or higher than nineteen. Directors shall remain in office for three years, until the date that the Shareholders' Meeting is convened to approve the financial statements for the last year of their appointment, and they may be re-elected pursuant to Article 2383 of the Italian Civil Code.

The Board of Directors' duties are described in Article 22 of the Bylaws, based on which the Company's management falls within the exclusive purview of the Board of Directors, which is vested with the broadest powers of ordinary and extraordinary administration of the Company and may take all actions it deems necessary for implementing and achieving the corporate objective, excluding only those that are reserved for the Shareholders' Meeting by law or these Bylaws. The Board of Directors may adopt resolutions with regard to (*i*) the merger or demerger of subsidiaries where this is permitted by law; (*ii*) the amendments to the Bylaws made in order to comply with the law. The Board of Directors may submit resolutions in this regard to the Shareholders' Meeting for approval. In accordance with the Procedure for Related-Party Transactions adopted by the Company:

a) the Shareholders' Meeting, in accordance with Article 2364, paragraph 1(5) of the Italian Civil Code, may authorise the Board of Directors to undertake material transactions with related parties, which are not reserved for the Shareholders' Meeting, despite the negative opinion of the Committee for Related-Party Transactions as long as, without prejudice to the majorities established by the law, the majority of the non-related shareholders with voting rights do not vote against the transaction and as long as said non-related shareholders attending the meeting represent at least 10% of the share capital with voting rights;

b) in the event that the Board of Directors intends to submit a significant related-party transaction which is reserved for the shareholders to the Shareholders' Meeting for approval, despite notice to the contrary or without taking account of the findings raised by the Committee for Related-Party Transactions, the transaction may be entered into only in the event that the resolution is approved by a majority and in fulfilment of the conditions referred to in *a*) above;

c) the Board of Directors or the delegated bodies may, in accordance with the exemptions listed in the Procedure, authorise the Company, directly or through its subsidiaries, to enter into urgent related-party transactions which are not reserved for the Shareholders' Meetings and which do not require the approval of the latter.

Pursuant to Article 20 of the Bylaws, for the resolutions of the Board of Directors to be deemed legitimate, the Board meeting must be attended by the majority of directors in office. Resolutions are passed with the majority of the votes of the members attending the meeting; in case of dead-lock, the Chairman of the meeting shall have the casting vote. Resolutions concerning the sale of properties or portions of buildings used for the retail sale of food and non-food products (Hypermarkets or Supermarkets) must be passed by at least two thirds of the members of the Board of Directors.

Appointment of the members of the Board of Directors

Pursuant to Article 16 of the Bylaws, directors are appointed on the basis of lists in order to ensure that the Board of Directors' composition complies with current law relating to gender equality.

The lists may be presented by shareholders who, individually or jointly with other shareholders, hold voting shares in compliance with the required amount of share capital under the CONSOB regulations, and must be filed at the Company's registered office at least 25 days before the day in which the meeting is to be held in first call as advised in the notice of call. The certification as to the ownership of the required number of shares must be filed by the shareholders at the Company's registered office by the deadline for the publication of the list.

Every list must include at least two clearly indicated candidates who qualify as independent in accordance with the law. The lists containing a number equal to or in excess of three candidates must include candidates of different genders, as specified in the notice of call, in order to guarantee that the Board of Directors' composition complies with the current law relating to gender equality.

Any lists submitted without complying with the provisions of the Bylaws shall be deemed not to have been submitted.

All shareholders, the controlling entity, subsidiaries and companies subject to joint control pursuant to Article 93 of the TUF, including members of a shareholders' agreement relevant under the terms of Article 122 of the TUF, may not submit more than one list, including through an intermediary or trust company, nor vote on different lists than the ones submitted either individually or collectively, including through an intermediary or trust company. The names of persons included in voting lists prepared in breach of the above prohibition, and the votes cast in similar breach, shall not be assigned to any list. When submitting their lists, shareholders must also file the candidates' irrevocable acceptance of office (should they be elected); the curriculum vitae of each candidate; and statements confirming that there are no reasons for ineligibility, incompatibility and/or disqualification and that each candidate meets the requirements for the specific office set by law and the Bylaws.

Each candidate may only be part of one list. If the above condition is not met, the candidate shall not be eligible.

Each entitled shareholder may vote for one list only. The votes obtained by each list are then divided by one, two, three, four, five, etc. according to the number of directors to be elected. The ratios thus calculated are progressively assigned to the candidates on the list, in the order in which they appear, and are then listed in decreasing order.

The candidates obtaining the highest ratios shall be elected. In case of a tie for the last director's office to be filled, the winning candidate is the one from the list with the highest number of votes; if the number of votes is equal, the most senior candidate shall prevail. If only one list is submitted, or if no list is submitted, the Shareholders' Meeting shall vote by legal majority. If more than one list is submitted, at least one director must be drawn from a minority list; therefore, if in accordance with the above criteria all of the winning candidates come from a single list, the last candidate in the ranking will be replaced by the candidate from the minority lists who has obtained the highest ratio.

If, after the outcome of the voting and the procedures described above, the current regulations on gender equality are not complied with, the candidates of the most represented gender who, taking into account the order in which they are listed, would be elected last on the list that obtained the majority of votes, are replaced by the first unelected candidates from the same list who are of the least represented gender, in the number necessary to ensure compliance with the requirement, without prejudice to the need to comply with the minimum number of directors with the requirements of independence provided for by the law. In the absence of a sufficient number of candidates from the least represented gender in the majority list to allow replacement, the Shareholders' Meeting will appoint the missing Board Members by majority vote according to law, to ensure that the requirement is met.

Pursuant to Article 16.8 of the Bylaws, in the event whereby one third of its members leave office, excluding from this count any co-opted directors not yet confirmed by the Shareholders' Meeting, the entire Board of Directors shall step down and the Chairman shall call a Shareholders' Meeting to elect a new Board of Directors.

Without prejudice to the above, if one or more directors leave office during the course of a financial year, the replacement procedure indicated below shall be followed pursuant to Article 2386 of the Italian Civil Code:

i) the Board of Directors appoints replacements from the same list of candidates as the directors who have ceased to hold office, starting with the first unsuccessful candidate, taking care to ensure that the Board of Directors includes the minimum number of independent members as required by the law and regulations in force, as well as the laws regulating gender equality;

ii) if there are no candidates left on this list who have not already been elected, the Board of Directors replaces the directors who have ceased to hold office without observing the procedure specified in *i)*, ensuring that the Board of Directors includes the minimum number of independent members as required by the law and regulations in force as well as the laws regulating gender equality.

Board of Statutory Auditors

The Shareholders' Meeting appoints the Board of Statutory Auditors, comprised of three Statutory Auditors, and determines their fees. The Shareholders' Meeting also appoints three Alternate Auditors. The Statutory Auditors must be in possession of the requirements set forth by the law, the Bylaws, and all other applicable regulations. Auditors must possess the professional experience and integrity requirements laid down in Ministerial Decree 162 of 30 March 2000. For the purposes of the provisions laid down by Article 1, paragraph 2(b) and (c) of this decree, all the legal, economic, financial and technical-scientific activities connected to the real estate business and the activities related to the economic sectors in connection with the real estate sector, are considered strictly relevant to the activities carried out by the Company. The economic sectors deemed relevant to the real estate sector are those in which the parent companies, or those which may be subject to control or affiliated with companies active in the real estate sector, operate.

With regard to ineligibility and the maximum number of administration and control offices that Statutory Auditors may hold in other companies, the law and regulations in force shall apply.

Appointment of the members of the Board of Statutory Auditors

Statutory Auditors and Alternate Auditors are elected on the basis of lists, which are submitted and filed in accordance with the procedures laid down for the appointment of the members of the Board of Directors.

The lists containing a number equal to or greater than three candidates must include candidates of different genders, as specified in the notice of call, in order to guarantee that the Board of Statutory Auditors' composition complies with the current law relating to gender equality. For each list, by the respective deadlines mentioned above, a statement must be filed in which the individual candidates declare, under their own responsibility, that they would not hold more than the maximum number of offices permitted by the law, along with thorough documentation on each candidate's personal and professional background.

Two Statutory Auditors and two Alternate Auditors shall be drawn from the list obtaining the highest number of shareholders’ votes, in the sequential order with which they are listed on the list. The third Statutory Auditor and the third Alternate Auditor will be drawn from the list with the second highest number of votes, in the order in which they appear.

If, upon the outcome of the vote, the composition of the Board of Auditors does not comply with current regulations on gender equality, the candidates of the most represented gender who, taking into account the order in which they are listed in their respective section, would be elected last on the list that obtained the majority of votes, are replaced by the first unelected candidates from the same list and section who are of the least represented gender, in the number necessary to ensure compliance with the requirement. In the absence of a sufficient number of candidates from the least represented gender in the relevant section of the majority list to allow replacement, the Shareholders' Meeting will appoint the missing Statutory Auditors or Alternate Auditors by majority vote according to law, to ensure that the requirement is met.

In the event of a tie between lists, a new ballot is held between these lists on which all shareholders present in the Shareholders' Meeting shall vote. The candidates on the list winning a simple majority of votes shall be elected, in any event in such a way as to ensure that the composition of the Board of Statutory Auditors complies with current regulations on gender equality.

The Chairman of the Board of Statutory Auditors is the first candidate on the list receiving the second highest number of votes.

If only one list has been submitted, the Shareholders' Meeting casts its vote on that list. If the list obtains the relative majority, the first three candidates appearing on it are elected as Statutory Auditors, while the fourth, fifth and sixth names are appointed as Alternate Auditors, in any event in such a way as to ensure that the composition of the Board of Statutory Auditors complies with current regulations on gender equality; the candidate at the top of the list shall be elected as the Chairman of the Board of Statutory Auditors.

If no lists are submitted, the Board of Statutory Auditors and its Chairman are elected by the Shareholders' Meeting according to the majorities established by law, in any event in such a way as to ensure that the composition of the Board of Statutory Auditors complies with current regulations on gender equality.

If the Board of Statutory Auditors has been elected via the voting list system, any outgoing Auditor is replaced by the first Alternate Auditor drawn from the same list. If the incoming Auditor, selected according to the paragraph above, does not allow the composition of a Board of Statutory Auditors in compliance with current regulations on gender equality, the second Alternate Auditor drawn from the same list will take over. Should it later be necessary to replace the other Auditor drawn from the majority list, the other Alternate Auditor from that list will take over in any case.

If both the Statutory Auditor elected from the minority list and the first Alternate Auditor elected from that list cease to hold office, the Auditor is replaced by the other Alternate Auditor from that same list or, if that person is unavailable, by the first candidate on the minority list receiving the second highest number of votes. If the Chairman of the Board of Statutory Auditors needs to be replaced, the chairmanship is assumed by the other Statutory Auditor drawn from the list to which the outgoing Chairman belonged.

If a replacement cannot be made in the manner described above, a Shareholders' Meeting shall be called to complete the Board of Statutory Auditors by relative majority vote.

The appointment of the Statutory and Alternate Auditors, and the replacement thereof, must be done in such a way as to ensure that the composition of the Board of Statutory Auditors complies with the law regulating gender equality.

Pursuant to Article 31, paragraph 2 of the Bylaws, the number of Alternate Auditors, amounting to three, will be applied during the first three renewals of the Board of Statutory Auditors following the date on which the provisions of said Article 1 of the Law of 12 July 2011 become effective. Upon the appointment of the new Board of Statutory Auditors following expiry of the term in office of the Board of Statutory Auditors appointed at the time of the third renewal following the date on which the provisions of said Article 1 of Law 120 of 12 July 2011 become effective, the number of Alternate Auditors to be elected will be equal to two.

21.2.3 Rights and privileges associated with shares

The share capital is comprised of indivisible ordinary shares with voting rights at Ordinary and Extraordinary Shareholders' Meetings in accordance with the law and the Bylaws.

The shares may be transferred or subject to encumbrance as provided for by law.

21.2.4 Provisions of the Bylaws and regulations on amending shareholders' rights

The Bylaws do not provide for any conditions other than those provided pursuant to the law on amending shareholders' rights.

Pursuant to Article 3 of the Bylaws "*the right of withdrawal does not apply to shareholders who have not voted in favour of the extension of the Company's duration*".

21.2.5 Regulations and provisions of the Bylaws on the Shareholders' Meetings of the Issuer

The main provisions of the Bylaws regulating Ordinary and Extraordinary Shareholders' Meetings of the Issuer are set out below. For further information, please refer to the Company's Bylaws and the applicable regulations.

Pursuant to Article 10 of the Bylaws, the validly convened Shareholders' Meeting represents all shareholders, and the resolutions passed at the meeting, in accordance with the law and the Bylaws, are binding for all shareholders even if absent or dissenting from the vote.

Shareholders' meetings are ordinary or extraordinary as provided for by the law and are held at the registered office, or at another location in Italy unless otherwise resolved upon by the Board of Directors.

The protocol for Shareholders' Meetings is formalised in a set of Regulations. The resolutions for approval and amendments, if any, to the Regulation are adopted at the Ordinary Shareholders' Meeting.

Pursuant to Article 11 of the Bylaws, the Ordinary Shareholders' Meeting is called at least once a year, to approve the financial statements, within 120 days of the close of the financial year or within 180 days if the conditions set forth in Article 2364 of the Italian Civil Code are met.

Shareholders' Meetings are called by publishing a notice on the company's website in accordance with the law. The same notice may set another date for a possible second call of the meeting, as well as any other sessions, should a quorum not be reached at the previous meetings.

Albeit in the absence of a formal convocation, the Shareholders' Meeting is considered duly convened where the entire share capital is represented and the majority of the members of the Board of Directors and Board of Statutory Auditors are in attendance. In this case, timely communication of the resolutions taken shall be made to the absent members of the Board of Directors and of the Board of Statutory Auditors.

Pursuant to Articles 12 and 13 of the Bylaws, Shareholders' Meetings may be attended by all shareholders with voting rights. In order to attend and vote at the Shareholders' Meetings, shareholders must provide the Company with the certification issued by a qualified intermediary in favour of the person entitled to the voting right, indicating the shareholdings recorded as of the seventh trading day prior to the date set for the Shareholders' Meeting in first call. Shareholders holding voting rights at the Shareholders' Meeting may be represented via written proxy submitted, including via email in accordance with the law in force. The proxy may also be submitted via the specific form and section found on the Company's website or, alternatively, via certified email to the email address specified in the notice of call for each meeting.

For each Shareholders' Meeting, the Company may appoint, disclosing it in the notice of call, a party on whom holders of voting rights can confer a proxy with instructions to vote on all or some of the items on the agenda, in accordance with the terms of applicable regulatory provisions.

Pursuant to Article 14 of the Bylaws, Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, if that person is absent or unavailable, by the Deputy Chairman (if appointed) or, if the latter is absent or unavailable, by the most senior director in terms of age. In default of the above, the Shareholders' Meeting elects its own Chairman by majority vote.

The validity of Shareholders' Meetings and their resolutions is determined as provided for by law.

21.2.6 Provisions of the Bylaws that could have the effect of delaying, postponing or preventing the amendment of the Issuer’s ownership structure

The Bylaws do not contain provisions of the Bylaws that could have the effect of delaying, postponing or preventing the amendment of the Issuer’s ownership structure.

21.2.7 Reporting obligations for significant holdings

The Bylaws do not provide for any particular rules relating to reporting obligations concerning shareholdings in the share capital of the Issuer. The amount of shareholdings to which the reporting obligation applies is the amount provided for by law.

21.2.8 Amendments to the share capital

The Bylaws do not provide for any conditions regarding amendments to the share capital which are more restrictive than those provided for by law.

CHAPTER XXII – MATERIAL AGREEMENTS

22 Material agreements

At the Date of the Registration Document, the Issuer and the Group companies have not entered into important contracts other than those entered into as part of the normal course of business. For more information in this regard please refer to Chapters V, VI, X and XX of the Registration Document.

CHAPTER XXIII – INFORMATION ORIGINATING WITH THIRD PARTIES, EXPERT OPINIONS AND DECLARATIONS OF INTEREST

23.1 Expert reports

The Registration Document does not contain any expert opinions or reports.

23.2 Information originating with third parties

Where specified, the information contained in the Registration Document comes from third parties.

The Company confirms that this information was accurately reproduced and that, to the extent of the Issuer's knowledge based on the information published by the third parties in question, no facts have been omitted which would have caused the information reproduced to be false or misleading.

CHAPTER XXIV – DOCUMENTS AVAILABLE TO THE PUBLIC

For the period in which the Registration Document is deemed valid, copies of the following documents may be consulted at the Issuer's registered office at Via Agro Pontino 13, Ravenna, during office hours and weekdays, as well as on the website www.gruppoigd.it:

a) Bylaws;

b) Registration Document;

c) Interim financial report of the Group for the first quarter ended 31 March 2014;

d) the Issuer's separate and consolidated financial statements, as well as the related report on operations, for the year ended 31 December 2013, prepared in accordance with the IFRS adopted by the European Union, along with the External Auditors' report;

e) the Issuer's separate and consolidated financial statements, as well as the related report on operations, for the year ended 31 December 2012, prepared in accordance with the IFRS adopted by the European Union, along with the external auditors' report by Reconta Ernst & Young S.p.A.;

f) the Issuer's separate and consolidated financial statements, as well as the related report on operations, for the year ended 31 December 2011, prepared in accordance with the IFRS adopted by the European Union, along with the external auditors' report by Reconta Ernst & Young S.p.A.;

g) the 2013 Report on Corporate Governance and Ownership Structure;

h) the Board of Directors' Remuneration Report, approved by the Issuer's Board of Directors on 27 February 2014;

i) excerpt from the shareholders' agreement which establishes a voting block of the Issuer's shares stipulated by Coop Adriatica S.c.a r.l. and Unicoop Tirreno Società Cooperativa on 20 December 2013, as disclosed to the CONSOB in accordance with Article 122 of the TUF on 10 March 2014;

j) External Auditors' Report, issued on 25 March 2014, in accordance with Article 2441, paragraph 4(2) of the Italian Civil Code;

k) Minutes of the Shareholders' Meeting of 15 April 2014.

CHAPTER XXV – INFORMATION ON EQUITY INVESTMENTS

For information on equity investments, please refer to Chapter VII, paragraph 7.2 of the Registration Document, as well as the IGD Group's consolidated financial statements as at 31 December 2013, incorporated by reference in the Registration Document and available to the public at the Issuer's registered office and on the website www.gruppoigd.it.

Annexes

External Auditors' Report on the separate financial statements as at 31 December 2013

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Immobiliare Grande Distribuzione SIIQ SpA

1 We have audited the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter also the "Company") as of 31 December 2013 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The directors of Immobiliare Grande Distribuzione SIIQ SpA are responsible for the preparation of these separate financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to the report issued by other auditors on 25 March 2013.

3 In our opinion, the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA as of 31 December 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, the result of operations and the cash flows of Immobiliare Grande Distribuzione SIIQ SpA for the period then ended.

4 As required by law, the Company included in the notes to the separate financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA does not extend to those figures.

5 The directors of the Company are responsible for the preparation of the Report on operations and the Report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on operations and of the information referred to in paragraph 1, letters c), d), f), l), and m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the Report on corporate governance and ownership structure, with the separate financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Report on operations and the information referred to in paragraph 1, letters c), d), f), l), and m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the Report on corporate governance and ownership structure are consistent with the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA as of 31 December 2013.

Bologna, 20 March 2014

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

External Auditors' Report on the consolidated financial statements as at 31 December 2013

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Immobiliare Grande Distribuzione SIIQ SpA

1 We have audited the consolidated financial statements of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter also the "Company") and its subsidiaries (hereinafter also the "IGD Group") as of 31 December 2013 which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. The directors of Immobiliare Grande Distribuzione SIIQ SpA are responsible for the preparation of these consolidated financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to the report issued by other auditors on 25 March 2013.

3 In our opinion, the consolidated financial statements of the IGD Group as of 31 December 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, the result of operations and the cash flows of IGD Group for the period then ended.

4 As required by law, the Company included in the notes to the consolidated financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the consolidated financial statements of Immobiliare Grande Distribuzione SIIQ SpA does not extend to those figures.

5 The directors of the Company are responsible for the preparation of the Report on operations and the Report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on operations and of the information referred to in paragraph 1, letters c), d), f), l), and m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the Report on corporate governance and ownership structure, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Report on operations and the information referred to in paragraph 1, letters c), d), f), l), and m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the Report on corporate governance and ownership structure are consistent with the consolidated financial statements of the IGD Group as of 31 December 2013.

Bologna, 20 March 2014

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

Annexes

Report of the external auditors Reconta Ernst & Young S.p.A. on the separate financial statements as at 31 December 2012

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
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40123 Bologna

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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders
of Immobiliare Grande Distribuzione
Società di Investimento Immobiliare Quotata S.p.A.

1. We have audited the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of 31 December 2012 and for the year then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 23 March 2012.

3. In our opinion, the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at 31 December 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. for the year then ended.

4. As required by the law, the Company included in the notes to the financial statements certain selected financial data derived from the financial statements of the company that exercises control and coordination activities. Our opinion on the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., does not cover such selected data.

5. The Directors of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. are responsible for the preparation of the Director's Report and the Report on Corporate Governance and the Ownership Structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Company's Ownership Structure, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and the Company's Ownership Structure, are consistent with the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at 31 December 2012.

Bologna, Italy
25 March 2013

Reconta Ernst & Young S.p.A.

Signed by: Gianluca Focaccia, Partner

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

Report of the external auditors Reconta Ernst & Young S.p.A. on the consolidated financial statements as at 31 December 2012

ERNST & YOUNG

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pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders
of Immobiliare Grande Distribuzione
Società di Investimento Immobiliare Quotata S.p.A.

1. We have audited the consolidated financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. and its subsidiaries, (the "IGD SIIQ S.p.A. Group") as of 31 December 2012 and for the year then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 23 March 2012.

3. In our opinion, the consolidated financial statements of the IGD SIIQ S.p.A. Group at 31 December 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the IGD SIIQ S.p.A. Group for the year then ended.

4. As required by the law, the Company included in the notes to the financial statements certain selected financial data derived from the financial statements of the company that exercises control and coordination activities. Our opinion on the consolidated financial statements of the IGD SIIQ S.p.A. Group, does not cover such selected data.

Reconta Ernst & Young S.p.A.
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Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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5. The Directors of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. are responsible for the preparation of the Director's Report and the Report on Corporate Governance and the Ownership Structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Company's Ownership Structure, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and the Company's Ownership Structure, are consistent with the consolidated financial statements of IGD SIIQ S.p.A. Group at 31 December 2012.

Bologna, Italy
25 March 2013

Reconta Ernst & Young S.p.A.

Signed by: Gianluca Focaccia, Partner

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

Report of the external auditors Reconta Ernst & Young S.p.A. on the separate financial statements as at 31 December 2011

ERNST & YOUNG
www.ey.com

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders
of Immobiliare Grande Distribuzione
Società di Investimento Immobiliare Quotata S.p.A.

1. We have audited the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of 31 December 2011 and for the year then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 24 March 2011.

3. In our opinion, the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at 31 December 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. for the year then ended.

4. As required by the law, the Company included in the notes to the financial statements certain selected financial data derived from the financial statements of the company that exercises control and coordination activities. Our opinion on the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., does not cover such selected data.

5. The Directors of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. are responsible for the preparation of the Directors' Report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Directors' Report and the specific section Report on Corporate Governance and Ownership Structure regarding the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l),

m) and paragraph 2, letter b), as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' Report and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the specific section of the report, are consistent with the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at 31 December 2011.

Bologna, Italy
23 March 2012

Reconta Ernst & Young S.p.A.

Signed by: Gianluca Focaccia, Partner

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

Report of the external auditors Reconta Ernst & Young S.p.A. on the consolidated financial statements as at 31 December 2011

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders
of Immobiliare Grande Distribuzione
Società di Investimento Immobiliare Quotata S.p.A.

1. We have audited the consolidated financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. and its subsidiaries, (the "IGD SIIQ S.p.A. Group") as of 31 December 2011 and for the year then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 24 March 2011.

3. In our opinion, the consolidated financial statements of the IGD SIIQ S.p.A. Group at 31 December 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the IGD SIIQ S.p.A. Group for the year then ended.

4. The Company included in the notes to the financial statements certain selected financial data derived from the financial statements of the company that exercises control and coordination activities. Our opinion on the consolidated financial statements of the IGD SIIQ S.p.A. Group, does not cover such selected data.

5. The Directors of IGD SIIQ S.p.A. Group are responsible for the preparation of the Directors' Report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Directors' Report and the specific section Report on Corporate Governance and Ownership Structure regarding the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian

Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' Report and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the specific section of the report, are consistent with the consolidated financial statements of IGD SIIQ S.p.A. Group at 31 December 2011.

Bologna, Italy
23 March 2012

Reconta Ernst & Young S.p.A.

Signed by: Gianluca Focaccia, Partner

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

External Auditors' Report on the projections referred to in Chapter XIII

REPORT OF THE AUDITORS ON THE PROJECTION

To the Board of Directors of
Immobiliare Grande Distribuzione SIIQ SpA

1 We have examined the consolidated projection relating to the "EBITDA Margin from the core business relating to the freehold shopping centres (freehold management)", defined as the ratio between the EBITDA from the core business relating to the freehold shopping centres and the related revenues, of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter "IGD" or the "Company") and its subsidiaries (hereinafter "IGD Group") for the financial year which will end as at 31 December 2016 (the "Projection"), as well as the elements and the assumptions upon which it has been prepared. The Projection has been extracted from the business plan of IGD Group relating to the period 2014-2016 approved by the Board of Directors of IGD on 19 December 2013 and communicated to the market by the press release on the same date (the "Business Plan").

This report is solely related to the Projection and does not extend to the Business Plan and the other forecast information included in the registration document prepared as part of the offer of ordinary shares of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter the "Registration Document") which have been examined by us only to obtain the elements and the other information to support the expression of our conclusion on the Projection.
The preparation of the Projection, as well as the assumptions on which it is based, and the preparation of the Registration Document is the responsibility of the Board of Directors of the Company.

2 The Projection is based on a set of assumptions related to future events and actions that should be taken by the Directors, which include, among others, hypothetical assumptions relating to future events and actions of the Directors which will not necessarily occur and events and actions over which the Directors have little or no influence, on the evolution of the major financial and economic trends or other factors that affect their performance, summarized in Chapter 13 of the Registration Document (hereinafter the "Hypothetical Assumptions"). The main hypotheses and assumptions on which the Projection is based are as follows:

a) the opening of new shopping centres in the reference area of IGD and the development efforts to reach the full profitability of the shopping centres recently opened;

b) the net revenue growth of the subsidiary Winmarkt in Romania, mainly thanks to the opportunities created by the redevelopment of the Gross Leasable Area ("GLA") and the positive impact of the most recent contracts, both in terms of step rent and in terms of index-linking mechanisms;

c) the gradual reduction in temporary discounts granted to the tenants and in the incidence of direct costs on revenues in line with an expected improvement in the macroeconomic environment;

d) the successful completion of the refinancing of maturing debt, particularly in view of the additional financing needs arising from the planned investments.

3 We conducted our work in accordance with International Standard on Assurance Engagements (ISAE) 3400 "The Examination of Prospective Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB).

4 Based on our examination of the evidence supporting the assumptions and the basis of preparation of the Projection, nothing has come to our attention which causes us to believe that, as at today, these assumptions do not provide a reasonable basis for the Projection, assuming that the Hypothetical Assumptions relating to future events and actions of the Directors described in Paragraph 2 above occur. Furthermore, in our opinion the Projection is properly prepared on the basis of the assumptions and elements mentioned above and is presented in accordance with the accounting standards used by the Company for the preparation of the consolidated financial statements as at 31 December 2013 that is International Financial Reporting Standards as adopted by the European Union.

5 It should be noted that, due to the uncertainty inherent in any future events related to the Projection, both in terms of materialisation of the event and the extent and timing thereof, actual results are likely to be different from those included in the Projection and the variations might be material, even if the events set forth in the Hypothetical Assumptions described in Paragraph 2 above do occur.

6 This report has been prepared in accordance with the provisions of Annex I, Paragraph 13.2 of the European Commission Regulation n° 809 of 29 April 2004, only for the inclusion in the Registration Document, and it should not be used, in whole or in part, for other purposes.

7 We do not assume any responsibility to update this report for events and circumstances that may occur after the date of this opinion.

Bologna, 22 April 2014

PricewaterhouseCoopers SpA

Signed by

Roberto Sollevanti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.