IMMOBILIARE GRANDE DISTRIBUZIONE SOCIETA' DI INVESTIMENTO IMMOBILIARE QUOTATA S.P.A.

Registered office in Ravenna (RA), Via Agro Pontino n. 13,

Headquarters in Bologna, Via Trattati Comunitari Europei1957-2007 n.13,

Tax ID, VAT no. 00397420399 and Ravenna Company Register no. 88573

Share capital subscribed and paid-in: EUR 749,738,139.26

Half-Year Financial Report

at 30/06/2018

Corporate and Supervisory Bodies

Board of Directors	Office	Executive	Non executive	Independent	Control and Risk Committee	Compensation and Remuneration Committee	Related Party Transaction Committee
Elio Gasperoni	Chairman	X					
Rossella Saoncella	Vice Chairman			X		X	
Claudio Albertini	Chief Executive Officer	X					
Gian Maria Menabò	Director		X				
Eric Jaen Veron	Director			X			X
Livia Salvini	Director			X		X	X
Luca Dondi Dall'Orologio	Director			X	X		X
Sergio Lugaresi	Director			X	X		
Timothy Guy Michele Santini	Director			X		X	
Elisabetta Gualandri	Director			X	X		
Alessia Savino	Director		X				

Board of Statutory Auditors	Office	Standing	Alternate
Anna Maria Allievi	Chairman	X	
Roberto Chiusoli	Auditor	X	
Daniela Preite	Auditor	X	
Pierluigi Brandolini	Auditor		X
Laura Macrì	Auditor		X
Paolo Prandi	Auditor		X

Supervisory Board

Gilberto Coffari (Chairman), Alessandra De Martino, Paolo Maestri.

External Auditors

PricewaterhouseCoopers S.p.A.

Financial Reporting Officer

Grazia Margherita Piolanti

1. The IGD Group's Interim Management Statement

1.1. Financial and Economic Highlights at 30 June 2018

74.1 € mn
Total revenues
+8.4%

60.7 € mn
Net rental income
+9.9%

55.6 € mn
Ebitda core business
+11.3%
Margin 72.1% + 230bps
Margine from Freehold 80.6% (+ 110bps)

34.8€ mn
Group Net Profit
-28.9%

38.9 mn
Funds From Operations (FFO)
+22.0%

46.4%
Loan to Value
31.12.2017: 47.4%

0.90
Gearing ratio
31.12.2017 : 0.94

2.70%
Average cost of Debt
31.12.2017: 2,82%

3.44x
Interest Cover Ratio
31.12.2017: 2,93X

1,132.1 mn
Net Debt
31.12.2017: 1,059.6

87.1%
Hedging on long term debt + bond
31.12.2017: +94.7%

1.2. Introduction

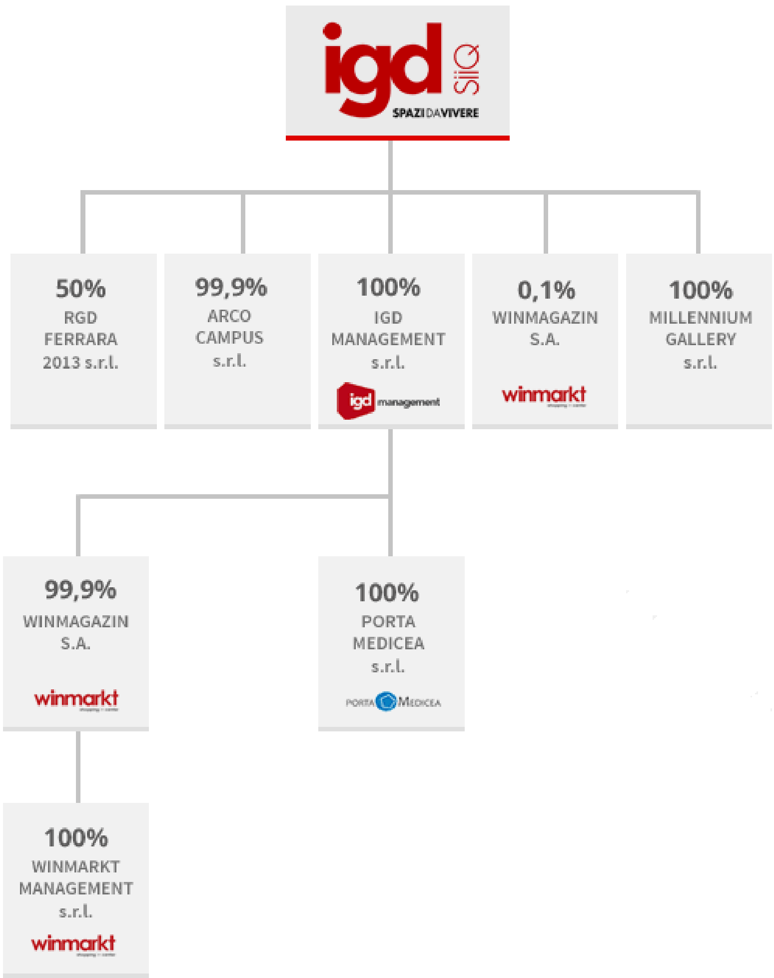
The Immobiliare Grande Distribuzione Group's Consolidated Half-Year Financial Report at 30 June 2018 was prepared pursuant to Art. 154-ter of Legislative Decree 58/1998 and in accordance with the valuation criteria and measurements established by the IFRS (International Financial Reporting Standards) adopted by the European Commission as per the procedure established in Art. 6 of EC Regulation n°1606/2002 issued by the European Parliament and the Council on 19 July 2002, and in particular with IAS 34 – Interim Financial Reporting. The Half-Year Financial Report, along with the notes to the accounts, consolidates the income statements and statements of financial position at 30 June 2018 of IGD Siiq S.p.A. and other Group companies described in the section on the scope of consolidation.

Alternative Performance Indicators

This report contains alternative performance indicators with respect to the conventional indicators required of audited financial statements which comply with IAS/IFRS. The alternative performance indicators do stem from financial statements prepared on an IAS/IFRS-compliant basis, but have also been calculated using other sources or alternative methods, where so indicated, which may not comply with the accounting standards used in financial statements subject to financial audit and may not reflect the requirements for reporting, recognition and presentation associated with these standards. The indicators viewed as important to the understanding of the Group's financial statements include like-for-like revenue, core business Ebitda, core business Ebitda margin, FFO, net financial position, interest cover ratio, average cost of debt (net of recurring and non-recurring transaction costs), gearing ratio, Loan to value, net asset value (NAV) and triple net asset value (NNNAV). The methods used to calculate these indicators are described in the Glossary.

1.3. The IGD Group

IGD was the first company in Italy to obtain SIIQ (Società di Investimento Immobiliare Quotata or real estate investment trust) status in 2008 and is still the only retail real estate company that qualifies as a SIIQ.
Most of the Group's real estate assets are in Italy (93%). The remainder is in Romania (7%), where IGD owns the Winmarkt chain of shopping centers through WinMagazin SA..



IGD SIIQ's perimeter of exempt operations includes the freehold assets found in Italy.

At 30 June 2018, the Parent Company also controlled:

- ✓ 100% of **Millennium Gallery**, (which holds part of the Rovereto shopping mall and a business division in the shopping center in Crema);
- ✓ 50% of **RGD Ferrara 2013**, formed on 30 September 2013, to manage the Darsena City Shopping Center in Ferrara;
- ✓ 99.9% di **Arco Campus srl,** company dedicated to the construction, leasing and management of properties used for sports;
- ✓ 100% of **IGD Management srl** which, in addition to owning the CentroSarca shopping mall in Milan, also holds the majority of the operations which are not included in the SIIQ's scope of consolidation:
- ✓ 99.9% of **WinMagazine SA**, the Romanian subsidiary, through which it controls 100% of **WinMarktManagement srl**, the company responsible for the team of Romanian managers;
- ✓ 100% of **Porta Medicea srl**, responsible for the requalification and real estate development project of Livorno's waterfront;
- ✓ management of the leasehold properties (Centro Nova and Centro Piave);
- ✓ service activities which include mandates for the management of freehold and leasehold properties.

1.4. Income Statement Review

There was a slight slowdown in the international economic cycle in the first six months of 2018; world trade continued to expand, but at a rate that was slower with respect to the robust pace recorded in 2017.[1] Forecasts for world growth continue, however, to be favorable even though the risks linked to an escalation in protectionism in the US and possible tensions in the financial markets in light of the expected interest rate hikes have increased.[2]

In **Italy**, in the wake of what happened on an international level, growth continued albeit at a slower pace than in 2017; in the first quarter of 2018 **GDP** growth slowed slightly, rising +0.3% against the prior quarter. This trend is expected to continue in coming months.[3]

Based on the estimates of the main research institutes **GDP is expected to increase by +1.1%/1.2%** by year-end, lower than the +1.5% recorded in 2017. This slowdown is attributable, above all, to the decrease in investments and export which were impacted by the trend in world trade[4], while lower inventories and higher household spending will contribute to GDP growth. Household spending will be supported by moderate inflation and solid employment (the unemployment rate was 10.7% at May 2018, 0.7% lower than May 2017[5]).

As for IGD, in the first six months of 2018 **sales of the retailers in the Group's Italian malls rose +3.8%**, while footfalls fell slightly. Occupancy was also good in Italy and slightly higher than at 31 December 2017, coming in at 97.1%.

Rental income also performed well, **rising 8.4**% (net rental income was +9.9% higher). This result reflects the contribution of the portfolio (comprising 4 shopping malls and a retail park) acquired in April 2018 and the full year contribution of the ESP extension in Ravenna which did not contribute for the entire year in 2017 as it was opened on 1 June. Like-for-like revenue rose 1.4% thanks also to effective pre-letting which was reflected in **an upside of 1.4% in the new leases**.

IGD's asset management activities continued in the first half of 2018. On 3 April the variant for the **Officine Storiche** section of the Porta a Mare project was finally approved by the Livorno City Council which will make it possible to resume work on the section.

The acquisition of the portfolio comprising 4 shopping malls and a retail park from Eurocommercial Properties also closed in April.

On 3 May the new midsize store adjacent to the mall in the **Gran Rondò Shopping Center in Crema** was opened and the complete restyling of the mall façade, as well as the multi-level parking garage, were also completed.

In **Romania** economic growth continues at a decidedly more robust pace than in Italy, but is expected to be lower than in 2017: in 2017 GDP rose by 6.7% and forecasts call for growth of 4.5% in 2018. The main growth driver continues to be family spending, which is expected to increase by more than 4% despite the forecast decrease in salaries and higher inflation[6]. The good economic results, along with the restyling work done by IGD and the constant updating of the merchandising mix, had a positive impact on the results posted by our shopping centers: occupancy reached 97.5% and the pre-letting and negotiations carried out in the first six months of 2018 resulted in **an average upside on new contracts of 1.1%**. These good results led to an **increase in rental income of 4.7%** compared to the first half of the prior year.

From a financial standpoint, financial expense fell further (-8.6% compared to the first six months of 2017) due also to the effective Asset Liability Management carried out in 2017 and despite a slight increase in net financial debt (which amounted to €1,132 thousand) linked to the acquisition made in April. The average cost of debt of 2.70%, as well as the ICR of 3.44X, are in line with the targets outlined in the Business Plan and testify to the good work done by IGD over the last few years.

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[1] Source: Bank of Italy – *Economic Bulletin 3/2018*, July 2018
[2] Source: IMF – *World Economic Outlook Update*, July 2018
[3] Source: Centro Studi Confidustria – Report "Dove va l'economia italiana e una proposta per l'Eurozona", June 2018
[4] Source: Bank of Italy – *Economic Bulletin 3/2018,* July 2018
[5] Source: ISTAT – *Employed and unemployed*, May 2018
[6] Source: European Commission – *European Economic Forecast*, May 2018

The above results, which will be described in greater detail later on, helped the Group record a **net profit** of €34,805 thousand in the first six months of 2018 and **FFO** of €38,891 thousand, an increase of 22.0%.

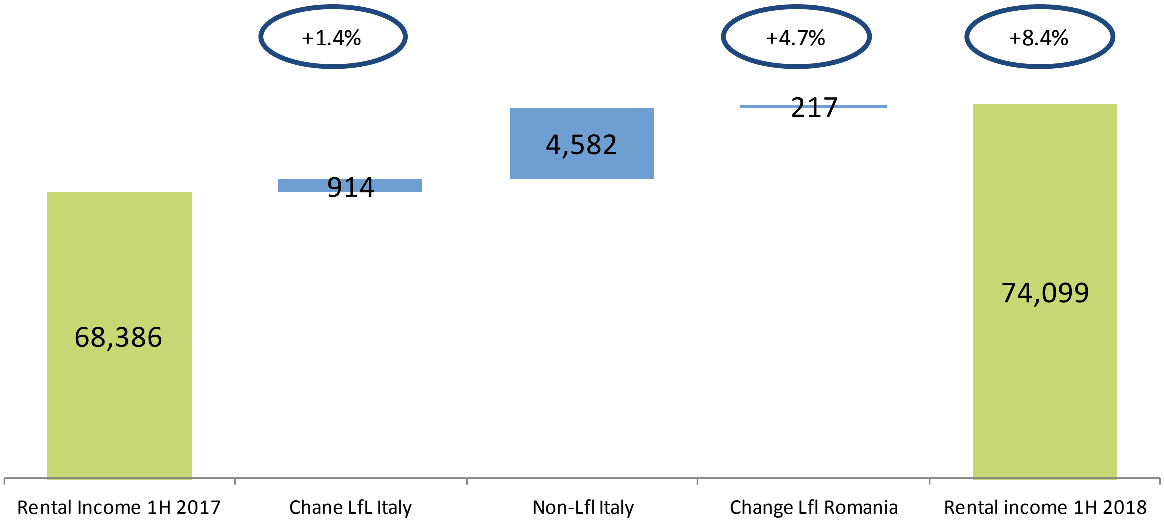
Consistent with the European Public Real Estate Association (EPRA)'s "Best Practices Recommendations" and the common practice of other sector companies, the Group decided to include a new operating item in the consolidated income statement which reflects, among other things, the rental income less the relative non-recoverable direct costs (the "Net Rental Income").

GROUP CONSOLIDATED	(a) 1H_CONS_2017	(b) 1H_CONS_2018	Δ (b)/(a)
Revenues from freehold rental activities	62,068	67,683	9.0%
Revenues from leasehold rental activities	6,318	6,416	1.5%
Total income from rental activities	**68,386**	**74,099**	**8.4%**
Rents and payable leases	-5,101	-5,126	0.5%
Direct costs from rental activities	-8,045	-8,279	2.9%
Net rental income	**55,240**	**60,694**	**9.9%**
Revenues from services	3,226	3,120	-3.3%
Direct costs from services	-3,029	-2,600	-14.1%
Net services income	**197**	**520**	**n.a.**
Headquarters personnel	-3,379	-3,365	-0.4%
G&A expenses	-2,076	-2,212	6.6%
CORE BUSINESS EBITDA (Operating income)	**49,982**	**55,637**	**11.3%**
Core business Ebitda Margin	*69.8%*	*72.1%*	
Revenues from trading	4,048	2,721	-32.8%
Cost of sale and trading costs	-4,341	-3,204	-26.2%
Operating result from trading	**-293**	**-483**	**64.8%**
EBITDA	**49,689**	**55,154**	**11.0%**
Ebitda Margin	*65.7%*	*69.0%*	
Impairments and Fair Value adjustments	18,933	-2,562	n.a.
Depreciations and provisions	-621	-485	-21.9%
EBIT	**68,001**	**52,107**	**-23.4%**
FINANCIAL MANAGEMENT	-17,544	-16,043	-8.6%
EXTRAORDINARY MANAGEMENT	-63	-20	-67.7%
PRE-TAX PROFIT/LOSS	**50,394**	**36,044**	**-28.5%**
Taxes	-1,450	-1,239	-14.5%
PROFIT FOR THE PERIOD	**48,944**	**34,804**	**-28.9%**
(Profit/Loss) for the period related to third parties	0	0	n.a.
GROUP NET PROFIT	**48,944**	**34,804**	**-28.9%**

Certain cost and revenue items have been reclassified or offset which explains the difference with respect to the financial statements (please refer to operating segment information). Payroll costs include ancillary expenses.

Net rental income

Rental income amounted to €74,099 thousand, an increase of 8.4% against the same period of the prior year.

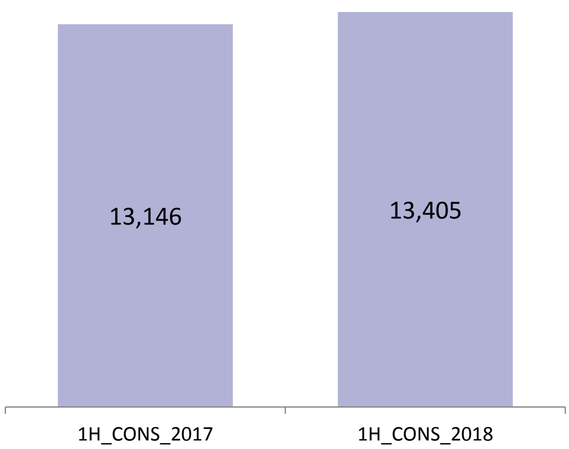


The increase of €5,713 thousand is explained by:

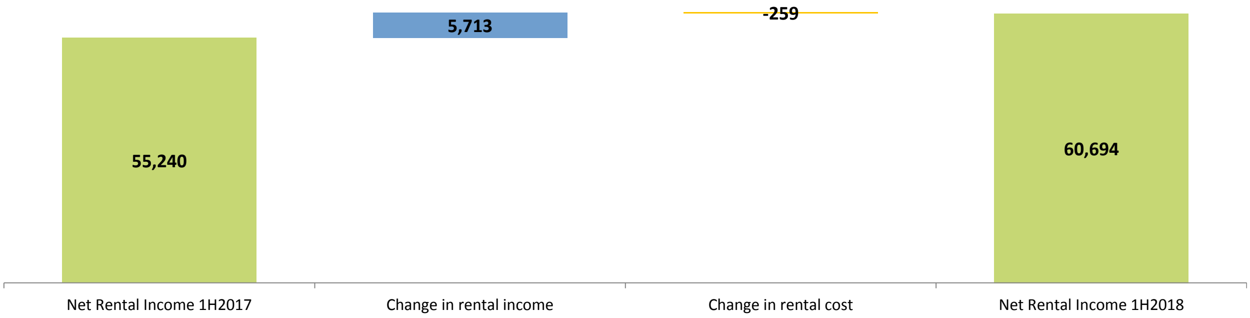
- for €914 thousand, like-for-like revenue in Italy (+1.4%). Malls were up (+1.7% as a result of the pre-letting carried out between year-end 2017 and the current half, as well as lower discounts) and hypermarkets were higher compared to the prior year (+1%). 101 new leases were signed in the period with **an average upside of +1.4%;** adjustments for inflation had a positive impact of around 90 pbs.
- for around €4,582 thousand, the expanded perimeter which includes the ESP extension opened in June 2017 and the 4 new malls acquired in April 2018 (Leonardo, Lame, CentroLuna and La Favorita);
- for around €217 thousand, higher like-for-like revenue in Romania (+4.7%) linked to pre-letting and renegotiations (120 renewals were signed with **an average upside of 1.1%**, along with 111 leases linked to turnover).

The direct costs for the rental business rose +2 % compared to the same period of the prior year to €13,405 thousand, but fell as a percentage of revenue (18.1% at 30 June 2018 compared to 19.2% in the same period of the prior year). The increase in costs is attributable mainly to condominium fees on capped leases, property tax (IMU) and provisions.

Rental Business direct cost



Net rental income amounted to €60,694 thousand, an increase of 9.9% against the same period of the prior year.

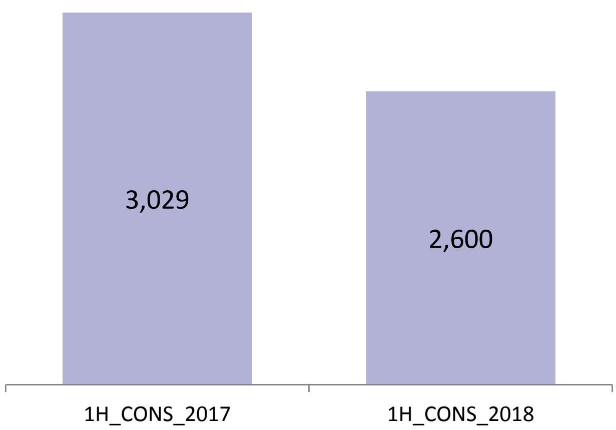


The rental of freehold properties generated a margin of €5,488 thousand, rising 10.2% against the same period of the prior year, and reaching an impressive 87.8% of revenue, higher than in the comparison period.
The rental of leasehold properties generated a margin of €1,151 thousand, down slightly compared to the same period of the prior year (-2.8%).

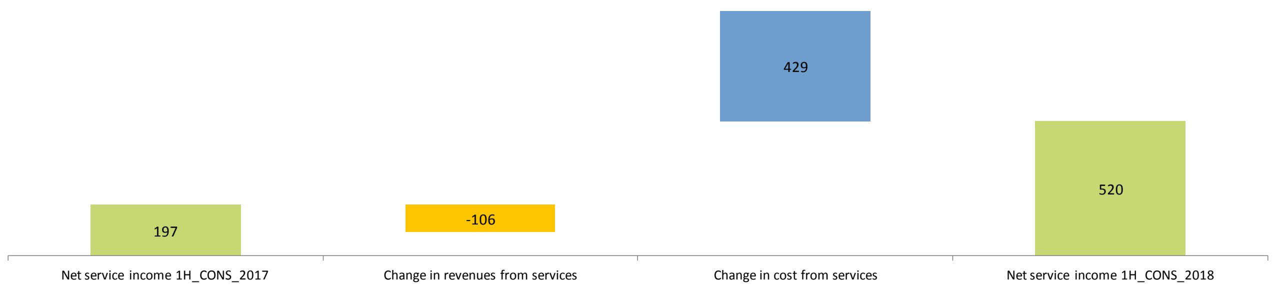
Net service income

Revenue from services amounted to €106 thousand, a decrease of 3.3% compared to the first half of 2017. Most of this revenue comes from the facility management business (88% of the total or €2,743 thousand), which was higher than in the comparison period (+3.9%) due mainly to new management mandates (ESP extension and Le Bolle). The decrease in revenue from services is explained by the drop in pilotage fees from the ESP extension (opened in June 2017) and revenue from agency management linked to the pre-letting of the Poseidon center in the first quarter of 2017.
The **direct costs for services** amounted to €2,600 thousand, a decrease of €429 thousand (-14.1%) compared to the same period of the prior year attributable mainly to the higher pilotage costs relating to the ESP extension incurred in 2017.

Direct costs for services

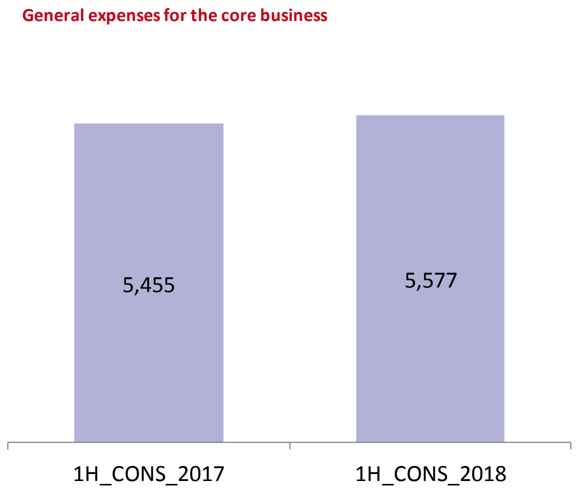


Net service income amounted to €520 thousand, an increase of €323 thousand compared to the same period of the prior year, rising as a percentage of revenue from services from the 6.1% recorded in the prior year to 16.7%.



General expenses for the core business

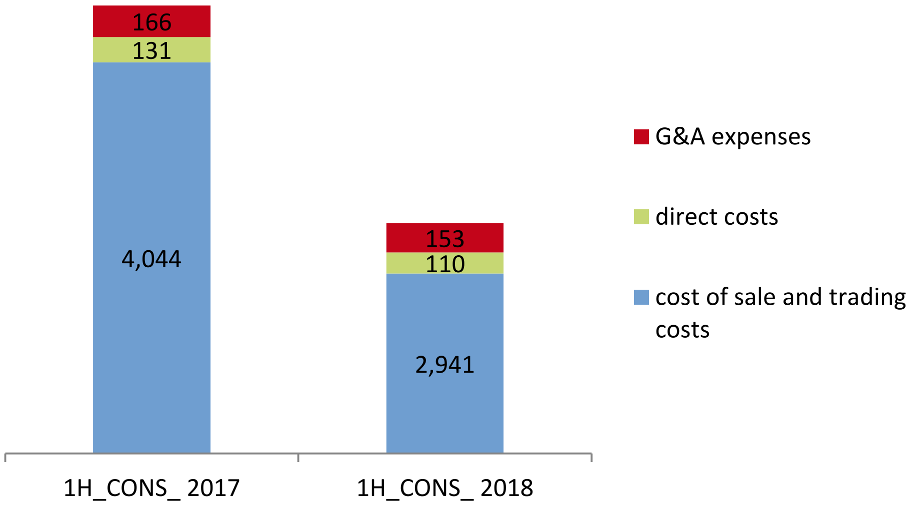
General expenses for the core business, including payroll costs at headquarters, came to €5,577 thousand, an increase (+2.2%) against the €5,455 thousand posted in the first half of 2017, but down as a percentage of revenue (7.9% at 30 June 2018 versus 8.4% in the same period of the prior year). The increase is attributable primarily to higher security expenses and one-offs recorded in the period linked to corporate projects.



Operating result for trading

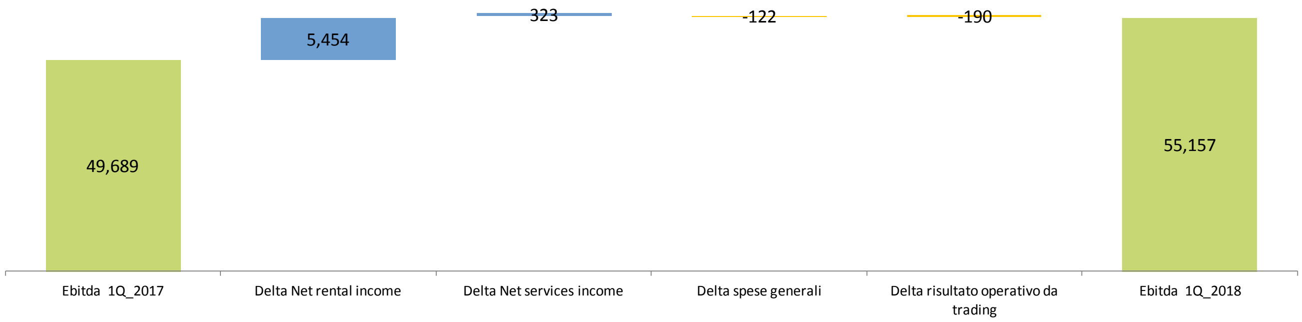
Trading posted an operating loss of €483 thousand, a decrease of about €190 thousand against first half 2017. Revenue from property sales reached €2,721 thousand in the first half and reflects the sale of 9 residential units, 9 garages and one parking place. At the approval date of this half-year report 2 other sales had closed and preliminary agreements for an additional 4 residential units had been signed; the total of the units sold/pledged has, therefore, reached 90.7% of the total saleable area.

The costs for the Porta a Mare project are broken down below:

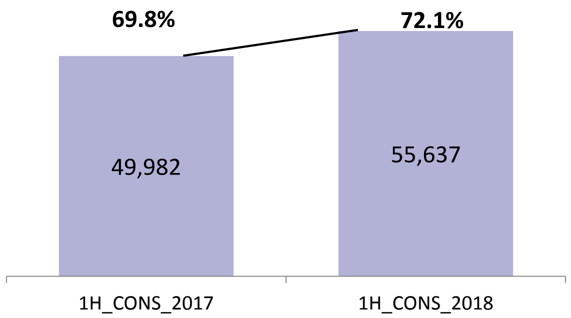


EBITDA

Core business EBITDA amounted to €55,637 thousand in the first half of 2018, an increase of 11.3% with respect to the same period of the prior year, while total EBITDA rose by 11.0% to €55,154 thousand. The changes in the components of total EBITDA during the first six months of 2018 are shown below.



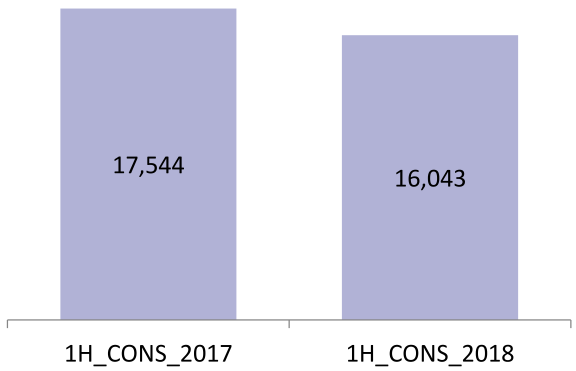
As mentioned above, total EBITDA was impacted substantially by the increase in core business revenue (as a result also of the expanded perimeter), offset by the less than proportional increase in direct costs and general expenses. The core business **EBITDA MARGIN** came in at 72.1%, an increase of 230 percentage points against the same period of the prior year.



EBIT

EBIT amounted to €52,107 thousand, a decrease of 23.4% against the same period 2017. In addition to the above mentioned rise in EBITDA, the result reflects the negative balance of write-downs and fair value adjustments.

Net financial income (expense)



Financial expense fell from the €17,544 thousand recorded at 30 June 2017 to €16,043 thousand at 30 June 2018. The decrease, of around €1,501 thousand, is attributable mainly to (i) lower interest expense on IRS due to the expiration of one IRS in April 2017 and the subsequent stipulation of a new IRS agreement at more favorable conditions, and (ii) a drop in financial liabilities relating to the amortized cost of bonds following application of the new IFRS 9 which resulted in an increase in liabilities for bond loans and a decrease in the relative financial expense.

The average cost of debt (without considering recurring and non-recurring transaction costs) at 30 June 2018 was 2.70%, down from 2.91% in the same period of the previous year, while the average effective cost of debt went from 3.21% at 30 June 2017 to 2.90%.

For more information please refer to the explanatory notes (note 9 of the Condensed interim consolidated financial statements).

Equity investments/non-recurring transactions

The result posted in the half, -€20 thousand, is attributable mainly to the results posted by equity investments accounted for using the equity method.

Taxes

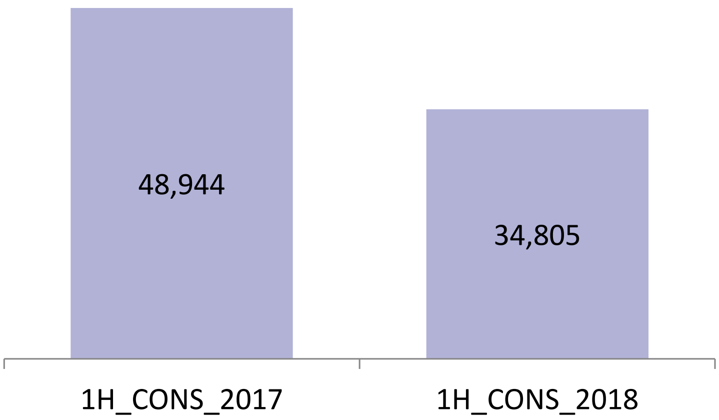
	30/06/2018	30/06/2017	*Change*
Current taxes	748	656	92
Irap tax credit	0	(13)	13
Deffered tax liabilities	365	707	(342)
Deffered tax assets	128	106	22
out-of-period income/charges -Provisions	(2)	(6)	4
Income taxes of the period	**1,239**	**1,450**	**(211)**

The tax burden, current and deferred, reached €1,239 thousand at 30 June 2018, a decrease of €211 thousand against 30 June 2017. The change is attributable primarily to the adjustment made to deferred tax assets and liabilities in order to align the fair value with the tax assessed value of a few real estate investments held by subsidiaries.

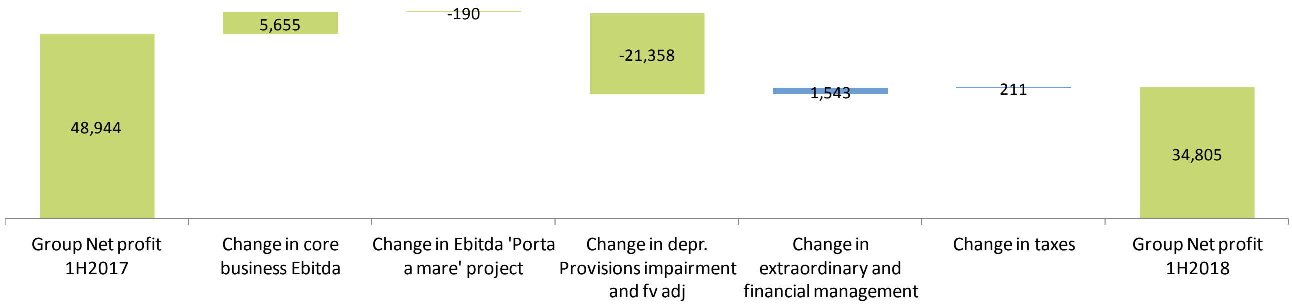
Group net profit

As a result of the above, the Group's net profit came to €34,805 thousand, a decrease of 28.9% against the €48,944 thousand recorded in first half 2017.

Net profit



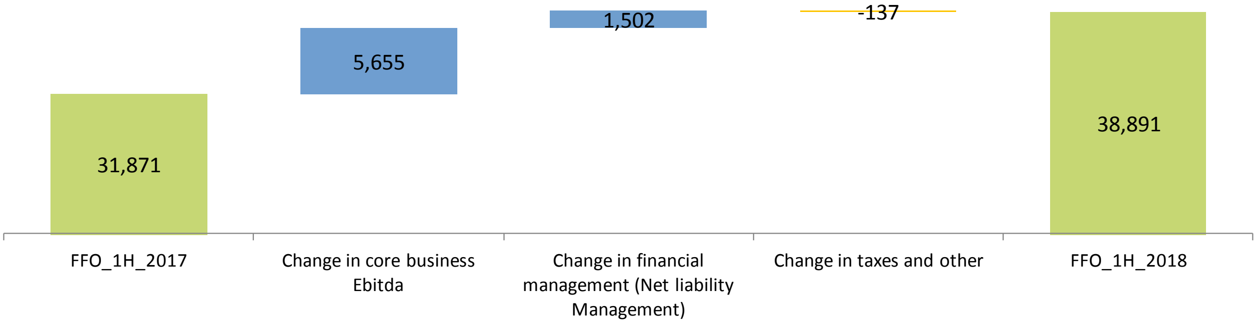
The change in net profit compared to the same period of the prior year is shown below.



Core business FFO

FFO (Funds from Operations), an indicator used widely in the real estate sector (REITs), which measures the cash flow generated by a company's core business, reached €38,891 thousand at 30 June 2018, an increase of €7,020 thousand or 22.0% compared to the same period of the prior year. The change is explained by the higher core business Ebitda and the drop in financial expense described above.

Funds from Operations	1H_2017	1H_2018	Δ vs cons 2017	Δ%
Core business EBITDA	**49,982**	**55,637**	**5,655**	**11.3%**
Adj Financial management	-17,548	-16,046	1,502	-8.6%
Adj extraordinary management	0	0	0	n.a.
Adj current taxes for the period	-563	-700	-137	24.3%
FFO	**31,871**	**38,891**	**7,020**	**22.0%**



1.5 Statement of Financial Position and Financial Review

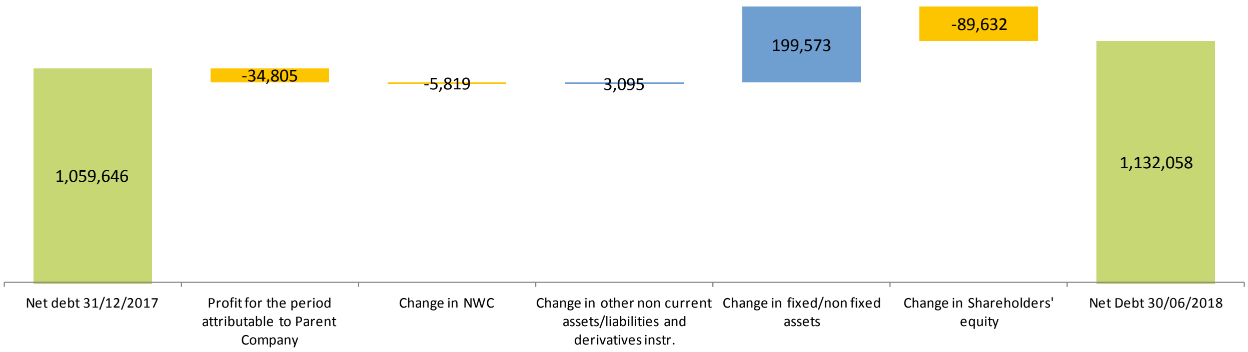
The IGD Group's statement of financial position at 30 June 2018 can be summarized as follows:

SOURCES-FUNDS	30/06/2018	31/12/2017	Δ	%
Fixed assets	2,358,369	2,157,176	201,193	9.33%
Assets under construction and advance	39,137	40,466	(1,329)	(3.28%)
Intangible assets	12,698	12,697	1	0.01%
Other tangible assets	9,912	10,204	(292)	(2.86%)
Sundry receivables and other non current assets	91	90	1	1.11%
Equity investments	343	254	89	35.04%
NWC	22,949	28,768	(5,819)	(20.23%)
Funds	(7,655)	(7,900)	245	(3.10%)
Sundry payable and other non current assets	(19,720)	(21,182)	1,462	(6.90%)
Net deferred tax (asstes)/liabilities	(25,822)	(24,777)	(1,045)	4.22%
Total use of funds	**2,390,302**	**2,195,796**	**194,506**	**8.86%**
Shareholders' equity	1,240,190	1,115,753	124,437	11.15%
Net (assets) and liabilities for derivative instruments	18,054	20,397	(2,343)	(11.49%)
Net debt	1,132,058	1,059,646	72,412	6.83%
Total sources of funds	**2,390,302**	**2,195,796**	**194,506**	**8.86%**

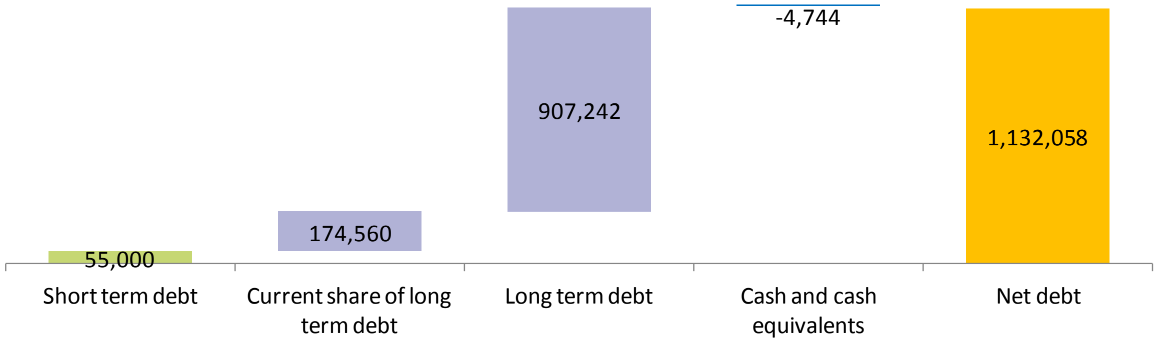
The principal changes in the first half of 2018, compared to 31 December 2017, are described below:

- ✓ **Investment property**, the increase of €201,193 thousand is explained primarily by:
  - ✓ for around €208,336 thousand, the fair value measurement, at the time of purchase, of the shopping malls and retail park pertaining to the 4 going concerns acquired in the first half of 2018 in northern Italy (Leonardo Shopping Center in Imola, Lame Shopping Center in Bologna, La Favorita Shopping Center and Retail Park in Mantua and CentroLuna in Sarzana).
  - ✓ for €5,757 thousand, the reclassification as investment property of the work completed on the extension of the mid-size store at Gran Rondò (Crema), inaugurated on 3 May 2018, on earthquake proofing at Darsena (Ferrara), as well as waterproofing of the roof at the Tiburtino mall;
  - ✓ fair value adjustments of investment property which was revalued in the amount of €4,685 thousand and written down by €19,516 thousand for a net negative impact of €14,831 thousand;
  - ✓ for around €1,936 thousand, extraordinary maintenance and fit outs at a few shopping centers, namely Città delle Stelle in Ascoli, Katanè in Catania, Centro Borgo in Bologna, ESP in Ravenna and Tiburtino in Rome.
- ✓ **Work in progress and advances,** the decline of €1,329 thousand is explained mainly by:
  - ✓ for around €4,938 thousand, investments including mainly: *(i)* the work done on completing the extension of the Gran Rondò shopping mall in Crema (around €1,336 thousand); *(ii)* ongoing work at Officine Storiche (around €961 thousand); *(iii)* earthquake proofing at Porto Grande and Centro d'Abruzzo (around €63 thousand); *(iv)* restyling of the mall in the Darsena, Casilino and Fonti del Corallo centers (arourd €364 thousand); *(v)* roofing at Tiburtino and Centro Sarca shopping centers (around €157 thousand); *(vi)* construction work on Arco Campus (around €1,596 thousand); *(vii)* extraordinary maintenance at various malls in Romania (around €414 thousand) and other minor improvements (€47 thousand).
  - ✓ for €5,814 thousand, the reclassification of works finished during the year as Investment Property, as described above;
  - ✓ for €82 thousand, the writedown of the Portogrande extension and the fair value adjustments of the projects in an advanced stage of construction, Officine Storiche (Progetto Porta a Mare) and Arco Campus, for -€421 thousand and +€104 thousand, respectively.
- ✓ **Other plant, property and equipment** and **intangible assets** changed due primarily to amortization and depreciation recognized in the period.

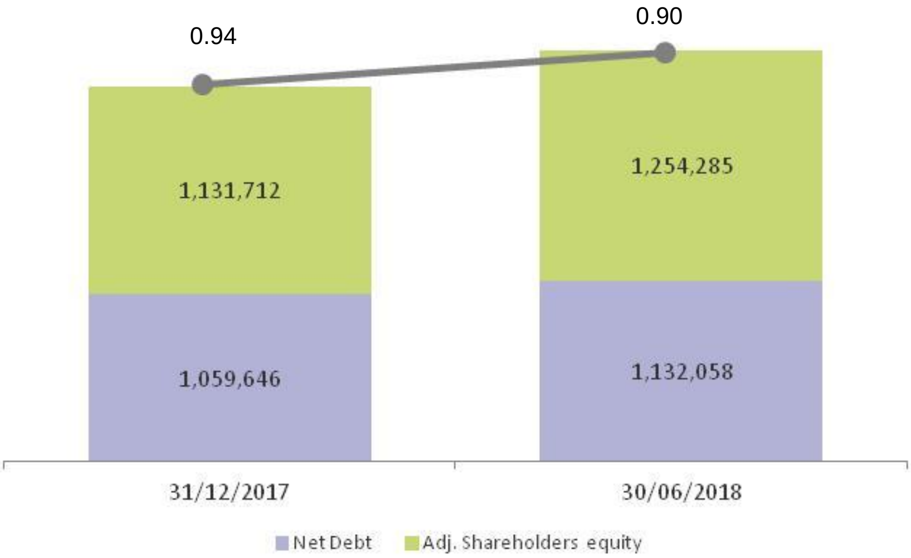
- ✓ **Net working capital** showed a decrease of €5,819 thousand against 31 December 2017 explained primarily by: *(i)* a decrease in work in progress inventory of €2,760 thousand attributable mainly to the sale of 9 residential units, 9 garages and 1 parking place and the writedown, of €205 thousand, to adjust carrying amount to the lower of cost and appraised fair value; *(ii)* a decrease in trade receivables payable by related parties of around €750 thousand, *(iii)* the decrease in trade and other payables, of €3,497 thousand, relating mainly to guarantees for the ESP extension and completion of the work on the Gran Rondò extension; *(iv)* an increase in tax liabilities of around €4,449 thousand, relating primarily to withholding charged on the dividends paid by the Parent Company; (*v)* the increase in other current liabilities of €843 thousand stemming from the security deposits made as a result of the acquisition made in the period of the 4 going concerns.
- ✓ **Provisions** which dropped by €245 thousand as a result of the bonuses paid in the period.
- ✓ **Payables and other non-current liabilities**, which show a change of €1,462 thousand stemming mainly from the reclassification as tax payables of the current portion (payable within one year) of the substitute tax.
- ✓ **Net deferred tax assets and liabilities**, went from €24,777 thousand to €25,822 thousand due primarily to tax misalignments relating to *(i)* adjustments to the fair value of investment properties which are not included in the SIIQ perimeter; *(ii)* taxed provisions, and *(iii)* hedges (IRS).
- ✓ The **Group's net equity** amounted to €1,240,190 thousand at 30 June 2018. The change of +€124,437 thousand is explained primarily by:
  - for €55,171 thousand, the distribution of the dividend for 2017;
  - for €150 million, the capital increase completed in April 2018;
  - for €4,194 thousand, the costs for the capital increase accounted for, net of the relative tax effect, in a specific negative capital reserve in accordance with the applicable accounting standards;
  - for €1,533 thousand, the positive effect of the sale of the unexercised rights stemming from the capital increase recognized as an increase in the share premium reserve;
  - adjustment of the CFH reserve linked to the derivatives accounted for using the cash flow hedge method which amounted to around +€1,962 thousand for the parent company and around -€99 thousand for a subsidiary;
  - for €126 thousand, the sale in February of all the treasury shares held, €159 thousand of which linked to the elimination of the relative reserve and €33 thousand of which explained by a contingent liability recognized following the sale of these shares;
  - for €146 thousand, the purchase of treasury shares in June and the recognition of the reserve for the same amount;
  - for -€4,354 thousand, the impact of first time application of the new IFRS 9;
  - for approximately -€3 thousand, movements in the translation reserve for the translation of foreign currency financial statements;
  - for €34,805 thousand, the profit for the half allocable to the Parent Company.
- ✓ **Net liabilities for derivatives** were down against the prior year due to the fair value measurement of hedging instruments.
- ✓ The **net financial position** at 30 June 2018 was about €72.4 million higher than in the prior year. The changes are shown below:



The breakdown of the net financial position is shown below:



The gearing ratio reflects the debt to equity ratio, including non-controlling interests, net of the CFH reserves. The ratio came to 0.90 at 30 June 2018, down against the 0.94 recorded at 31 December 2017.



EPRA Performance Indicators

The IGD Group decided to report on a few of the EPRA performance indicators [7], in accordance with the recommendations found in "*EPRA Best Practices Recommendations*"[8].

EPRA Vacancy Rate: the portfolio's vacancy rate calculated as the ratio between the estimated market rental value (ERV) of the vacant premises and the ERV of for the whole portfolio. Given the different characteristics of the portfolio and the Italian market with respect to the Romanian one, the vacancy rate was calculated separately for each asset class and for the two countries.

EPRA Net Asset Value (NAV): is the fair value of the net assets calculated over the long term and on a going concern basis, based on the equity pertaining to the Group (as shown in the financial statements in accordance with IFRS standards) net of certain assets and liabilities that are not part of normal operations, like the fair value of hedges or the deferred taxes on market appraisals of the properties and hedging instruments.

EPRA Triple Net Asset Value (NNNAV): is the EPRA NAV adjusted to include the fair values of (i) hedging instruments, (ii) financial debt and (iii) deferred taxes.

EPRA Cost Ratios: are ratios aimed at providing a consistent comparison base for a company's main structural and operating costs calculated by expressing operating costs and general overhead, net of management fees and a limited number of other items, as a percentage of gross rental income. There are two EPRA Cost Ratios, one which includes and one which excludes direct vacancy costs.

EPRA Earnings: is a measure of the underlying operating performance of an investment property company net of fair value gains, gains and losses from the sale of investment property and a limited number of other items that are not considered to be part of the company's core business.

EPRA Net Initial Yield (NIY): is a measure calculated as the annualized rental income (including variable and temporary revenue), less non-recoverable operating expenses, divided by the market value of the real estate assets, net of properties currently being developed.

EPRA "Topped-up" NIY: is a measure calculated by making an adjustment to EPRA NIY based on the annualized rental income (including variable and temporary revenue) excluding any other temporary incentives such as discounted rent free periods and step rents.

The results obtained by applying the EPRA Best Practices Recommendations are summarized below:

[7] European Public Real estate Association
[8] See www.epra.com

EPRA Performance Measure	31/12/2017	30/06/2018
EPRA NAV (€000)	1.162.667	1.285.690
EPRA NAV per share	14,30	€11,65
EPRA NNNAV	1.111.040	1.241.633
EPRA NNNAV per share	€13,67	€11,25
EPRA Net Initial Yield (NIY)	5,4%	5,5%
EPRA 'topped-up' NIY	5,5%	5,6%
EPRA Vacancy Rate Gallerie Italia	4,6%	4,1%
EPRA Vacancy Rate Iper Italia	0,0%	0,0%
EPRA Vacancy Rate Totale Italia	3,2%	2,9%
EPRA Vacancy Rate Romania	3,6%	2,5%

	30/06/2017	30/06/2018
EPRA Cost Ratios (including direct vacancy costs)	19,9%	18,5%
EPRA Cost Ratios (excluding direct vacancy costs)	17,8%	16,6%
EPRA Earnings (€000)	€29.923	€37.078
EPRA Earnings per share	€0,37	€0,34

The NAV and NNNAV per share calculations are shown below:

EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION NNNAV Calculation	31-Dec-17		31/12/2017 Restated (a)		30/06/2018 (b)		Δ% (a vs b)
	€'000	€ p.s.	€'000	€ p.s.	€'000	€ p.s.	
Total shares*		81,304,563		110,341,903		110,341,903	
1) **Group shareholders' equity**	**1,115,753**	**13.72**	**1,263,014**	**11.45**	**1,240,190**	**11.24**	**-1.8%**
Excludes							
Fair Value of financial instruments	20,397		20,397		18,054		-11.5%
Deferred taxes	26,517		26,517		27,446		3.5%
Goodwill as a result of deferred taxes							
2) **EPRA NAV**	**1,162,667**	**14.30**	**1,309,928**	**11.87**	**1,285,690**	**11.65**	**-1.9%**
Inculdes							
Fair Value of financial instruments	(20,397)		(20,397)		(18,054)		-11.5%
Fair Value of debt	(4,713)		(4,713)		1,443		-130.6%
Deferred taxes	(26,517)		(26,517)		(27,446)		3.5%
3) **EPRA NNNAV**	**1,111,040**	**13.67**	**1,258,301**	**11.40**	**1,241,633**	**11.25**	**-1.3%**

For the sake of better understanding, the figures at 31/12/2017 were restated as shown in the column "31/12/2017 restated" in order to reflect the effects of the capital increase (cash in and the number of newly issued shares).

Both the NAV and the NNNAV were down slightly against the prior year (-1.9% and -1.3% respectively). The decrease is attributable mainly to: *(i)* the decrease in the fair value of properties; *(ii)* the increase in FFO; *(iii)* the negative impact of the application of the new IFRS 9 *(iv)* the positive change in the fair value of debt, calculated by discounting cash flows at a risk free rate plus a market spread; this change is explained by the use of the risk free rate and a spread which were updated to reflect market conditions at 30 June 2018, as well as by a change in the composition, duration and cost of debt; *(v)* the increase in the cash flow hedge reserve, offset by the payment of dividends.

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

EPRA NIY and "topped-up" NIY disclosure		FULL YEAR 31-Dec-17			FULL YEAR 30-Jun-18		
€'000		*Italia*	*Romania*	*Totale*	*Italia*	*Romania*	*Totale*
Investment property – wholly owned		2,037,669	159,530	**2,197,199**	2,236,780	157,220	**2,394,000**
Investment property – share of JVs/Funds		0	0	**0**	0	0	**0**
Trading property (including share of JVs)		31,030	0	**31,030**	34,820	0	**34,820**
Less developments		-71,053	0	**-71,053**	-70,451	0	**-70,451**
Completed property portfolio		1,997,646	159,530	**2,157,176**	2,201,149	157,220	**2,358,369**
Allowance for estimated purchasers' costs		0	0	**0**	0	0	**0**
Gross up completed property portfolio valuation	***B***	***1,997,646***	***159,530***	***2,157,176***	***2,201,149***	***157,220***	***2,358,369***
Annualised cash passing rental income		121,031	9,707	**130,739**	135,439	9,744	**145,183**
Property outgoings		-13,260	-955	**-14,215**	-14,304	-1,055	**-15,359**
Annualised net rents	***A***	***107,772***	***8,752***	***116,524***	***121,135***	***8,689***	***129,824***
Add: notional rent expiration of rent free periods or other lease incentives		2,189	297	**2,486**	1,780	620	**2,400**
Topped-up net annualised	***C***	**109,961**	**9,049**	**119,009**	**122,915**	**9,309**	**132,224**
EPRA NIY	**A/B**	**5.4%**	**5.5%**	**5.4%**	**5.5%**	**5.5%**	**5.5%**
EPRA "topped-up" NIY	**C/B**	**5.5%**	**5.7%**	**5.5%**	**5.6%**	**5.9%**	**5.6%**

EPRA net initial yield is the annualized rents generated by the portfolio (including variable and temporary revenue), net of irrecoverable operating costs expressed as a percentage of the real estate portfolio's fair value, excluding development properties. Rental income includes all the adjustments the company is allowed to take under the leases at the end of each year (indexing and other changes).

The real estate assets considered for the purposes of NIY (the completed portfolio) include: (i) the properties held 100% by the Group; (ii) any properties held in joint venture and (iii) assets held for trading. Plots of land and properties under development are not included.

The EPRA "Topped-up" NIY is a measure calculated by making an adjustment to EPRA NIY based on the annualized rental income (including variable and temporary revenue) at capacity, namely excluding any temporary incentives such as discounted and step rents.

The calculations used to determine the Epra Cost Ratios are shown below:

EPRA Cost Ratios	30/06/2017	30/06/2018
Include:		
(i) Administrative/operating expense line per IFRS income statement	-21.928	-21.841
(ii) Net service charge costs/fees	1.530	1.646
(iii) Management fees less actual/estimated profit element	2.653	2.586
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	369	11
(v) Share of Joint Ventures expenses		
Exclude (if part of the above):		
(vi) Investment Property depreciation		
(vii) Ground rent costs	5.101	5.125
(viii) Service charge costs recovered through rents but not separately invoiced		
EPRA Costs (including direct vacancy costs) (A)	**-12.275**	**-12.473**
(ix) Direct vacancy costs	-1.309	-1.313
EPRA Costs (excluding direct vacancy costs) (B)	**-10.966**	**-11.160**
(x) Gross Rental Income less ground rent costs - per IFRS	63.285	68.973
(xi) Less: service fee and service charge costs components of Gross Rental Income (if relevant) (x)	-1.530	-1.646
(xii) Add: share of Joint Ventures (Gross Rental Income less ground rent costs)		
Gross Rental Income (C)	**61.755**	**67.327**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**19,9%**	**18,5%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**17,8%**	**16,6%**

The decrease in the EPRA cost ratios is linked to the drop in direct costs and general expenses as a percentage of gross rental income.

The calculation of the Epra Earnings per share is shown below:

EPRA Earnings & Earnings Per Share	30/06/2017	30/06/2018
Earnings per IFRS income statement	**48.944**	**34.805**
EPRA Earnings Adjustments:		
(i) Changes in value of investment properties, development properties held for investment and other interests	-18.933	2.561
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	63	20
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-4	221
(iv) Tax on profits or losses on disposals	1	-62
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	0	0
(vii) Acquisition costs on share deals and non-controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	-148	-467
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	0	0
(x) Non-controlling interests in respect of the above	0	0
EPRA Earnings	**29.923**	**37.078**
Company specific adjustments:		
(a) General provisions and depreciations	620	485
(b) Non-controlling interests in respect of the above	0	0
(c) Tax on profits or losses on disposals	-1	62
(d) Contingent tax	-18	0
(e) Other deferred tax	961	960
(f) Capitalized interests	-1	0
(G) Current Tax	152	151
(H) Other Adjstument for no core activities	235	156
Company specific Adjusted Earnings	**31.871**	**38.892**
Earnings Per Share (Numero Nuovo di azioni)		
Numero azioni*	81.304.563	110.341.903
Earnings Per Share	**€ 0,37**	**€ 0,34**

The figure at 30 June 2018 shows a significant increase of €7,155 thousand or +23.9% against the same period of the prior year, largely in line with the increase in FFO; the main differences with respect to the FFO (Company specific Adjusted Earnings) are shown in the table.

1.6 The Stock

IGD's shares are traded on the Mercato Telematico Azionario (MTA - screen-based stock market) managed by Borsa Italiana as part of the Super Sector Beni Immobili; IGD is also part of the STAR segment.

IGD is also part of the following indices:

FTSE All-Share Capped, FTSE Italia All-Share, FTSE Italia Mid Cap, FTSE Italia Finanza

FTSE EPRA/NAREIT Global Real Estate Index
EPRA: European Public Real Estate Association

IEIF Europe, IEIF Eurozone, IEIF Eurozone hors-France, IEIF Europe Continental, IEIF Italie
IEIF: Institut de l'Epargne Immobilière et Foncière

FTSE ECPI Italia SRI Benchmark

The minimum lot is €1.00 and its specialist is Banca IMI.

IGD's stock symbols:

RIC: IGD.MI
BLOOM: IGD IM
ISIN: IT0003745889

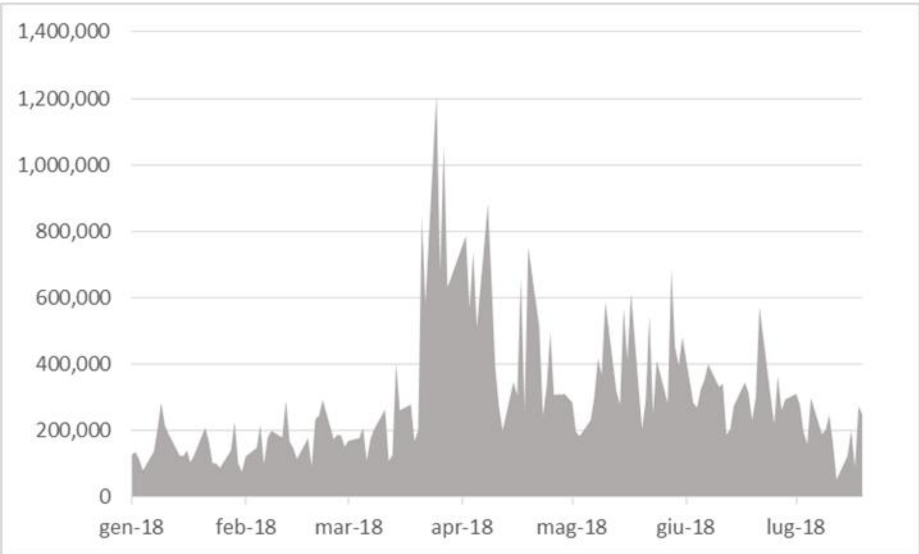
IGD SIIQ SpA 's share capital subscribed and paid-in at 30 June 2018 amounted to €749,738,139.26, broken down into 110,341,903 ordinary shares without a stated par value.

Performance of IGD's stock price

Source: Italian Stock Exchange data compiled by IGD

IGD's stock price fell 23.2% in the first half of 2018 from the €8.96 reported at 29 December 2017 to €6.88 at 29 June 2018. The price reached the period high of €9.32 on 9 January 2018 and the period low of €6.55 on 23 March.
Looking at the Total Shareholder Return, in the period shareholders were paid a dividend for 2017 of €0.50, with shares going ex-div on 11 June 2018. The dividend was paid on all outstanding shares, including the shares issued as a result of the capital increase,
After the end of the half, in the first three weeks of July IGD's stock price recovered about 5%.
After the noticeable increase in IGD's stock price **recorded in 2017 (+33.1%)**, the beginning of 2018 was dominated by the expectation that the capital increase needed to finance the €200 million acquisition of a property portfolio announced late 2017 would materialize.
The **Company's solid fundamentals**, confirmed by the results for FY 2017 and for first quarter 2018, along w**ith the successful completion of the capital increase** on 18 April, **fueled attempts at recovery** in the stock price, confirmed by the volatility recorded in first half 2018, which failed, however, to prevent the derating that characterized the stock in the period.
The increase in the stock price recorded in the first few weeks of July suggests that the market is beginning to pay more attention to the Company's solid fundamentals which will only be reinforced by the half-year results.

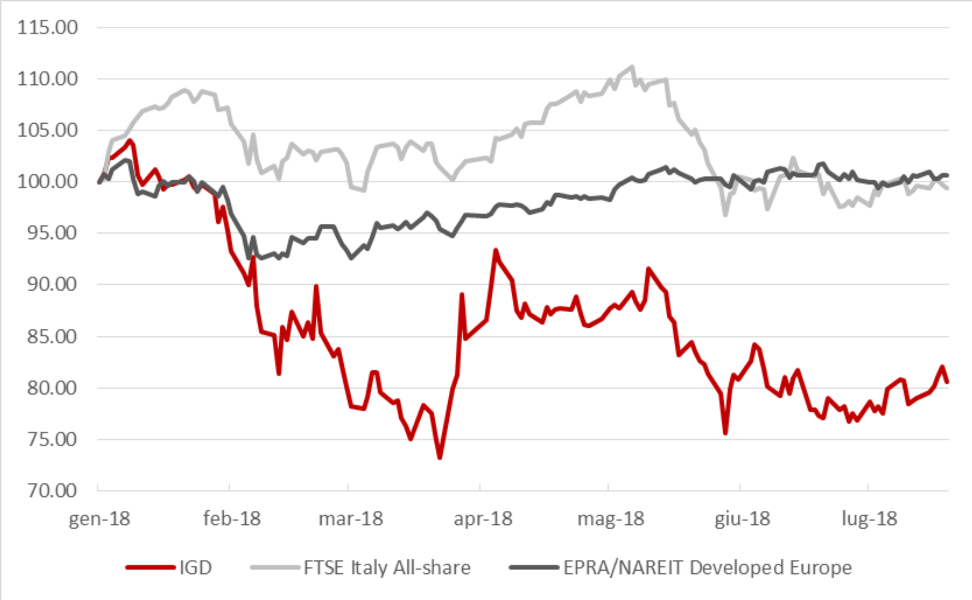
Volumes of IGD stock traded



Source: Italian Stock Exchange data compiled by IGD

In the first six months of 2018 an average of 312 thousand IGD shares were traded each day, with trading intensifying after 23 March following the launch of the capital increase.
Taking into account the reverse stock split at a ratio of 1:10 completed on 19 February 2018 and the subsequent adjustment of the figures for 2017, the figure is compared with an average of 160 thousand shares in the first half of 2017 and an average of 175 thousand in FY 2017 which **testifies to the stock's increased liquidity**.

IGD's stock vs. the indices FTSE Italy All- Share and EPRA NAREIT Europe (base 2.1.2018 = 100)



Source: Italian Stock Exchange and EPRA data compiled by IGD

The comparison of IGD's stock price with the Italian stock exchange index and the European real estate index shows that in the first half of 2018 IGD underperformed both indices, which at the end of June were in line with the levels recorded at the beginning of the year.

The context in which IGD successfully completed the €150 million **was not favorable**.

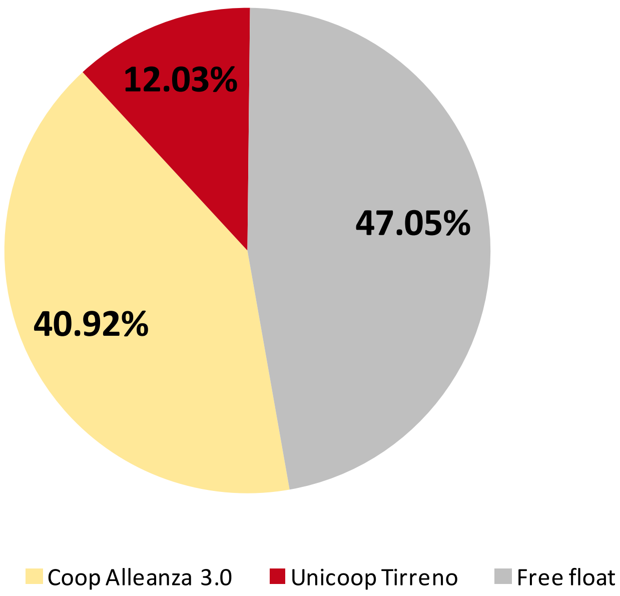
Overall the stock markets were impacted by **greater uncertainty and a number of factors which have resulted in less favorable global market conditions**: on the one hand, the normalization of monetary policies globally, along with an increase –albeit gradual – in **inflation**, driven also by a rise in the price of oil and the **downward revision of the growth forecast for the Euro zone**, on the other, the concerns relating to an escalation in the trade war between the USA and China as a result of the protectionism fostered by President Trump.

In Italy there are additional uncertainties linked to the economic policies of the new government, in place since 1 June, along with the downward revision of the estimates for GDP growth in 2018-2019 which was already expected to be weaker than the other European countries.

In this context IGD's stock returned to trading at a strong discount to both its NNAV, which was €11.25 per share at 30.06.2018, and the analysts' valuations: at the end of June 2018 the **consensus target price** of the six brokers covering the stock was € **9.51**. As these levels are well below the current stock price, the majority of the brokers have issued a "Buy" for the stock, with only one neutral rating and without any sell recommendations.

Interest rates continue to be low and economic growth is expected to continue, albeit it at a slower pace, which means the conditions exist for IGD to continue to deliver convincing results based on its operating and financial strategies, as well as return to trading at multiples which better reflect the ability to generate strong cash flow expressed in the FFO and closer to the independent experts' NNNAV.

Shareholders with interests of more than 5%



Source: Consob

The interests held by the two largest shareholders Coop Alleanza 3.0 (41.0%) and Unicoop Tirreno (12,0%) are unchanged with the respect to 31 December 2017. There are no other shareholders holding more than 5% of the share capital. The market float represents more than 47% of the capital.

Investor Relations

In the first part of 2018 IGD's Investor Relations focused on three European centers: London, Paris and Milan, where IGD's management met with a number of institutional investors in order to present the acquisition of the new real estate portfolio and the relative capital increase, as well as the results for FY 2017. The meetings were organized by the three Joint Global Coordinators: BNP Paribas, Morgan Stanley and Banca IMI.

During the first half of 2018 IGD also participated in the STAR Conference organized in Milan by Borsa Italiana, in the Mediobanca Italian CEO Conference, again in Milan, as well as in the Morgan Stanley Europe & EMEA Property Conference held in London.
Subsequent to 30 June, on 2 July 2018, IGD also participated in the Sustainability Day organized in Milan by Borsa Italiana, during which IGD presented its approach to ESG policies and performances to institutional investors in one-to-one meetings.

In the first part of the year IGD organized two conference calls:

- 22 February, to discuss the FY 2017 results;
- 9 May, to discuss the results for first quarter 2018.

In June 2018 the Company also organized a field trip to CentroSarca in Milan.
In the first half of 2018 IGD met with around 50 institutional investors.

1.7. Significant Events in the First Half of 2018

Corporate events

During the Extraordinary Shareholders' Meeting held on 12 February 2018 shareholders approved the proposal to increase share capital, against payment, on one or more occasions, by up to a maximum of €150 million, by 31 December 2018, through the issue of ordinary shares to be offered to shareholders in accordance with Art. 2441, first paragraph, of the Italian Civil Code, in proportion to the number of shares held. During the same meeting held in extraordinary session, shareholders also approved the reverse stock split of ordinary shares at a ratio of 1 new ordinary share with dividend rights for every 10 ordinary shares held.

On 19 February 2018, in execution of the shareholders' resolution of 12 February 2018, the reverse stock split of all 813,045,631 outstanding shares at a ratio of 1 new ordinary share, without a stated par value, for every 10 ordinary shares held, without a stated par value, was completed. With a view to a balanced transaction 1 ordinary share held by Coop Alleanza 3.0 Soc. Coop. was cancelled without a reduction in share capital. As a result of this transaction the share capital is unchanged at €599,760,278.16 and comprises 81,304,563 ordinary shares without a stated par value

On 22 February 2018 the Board of Directors approved the draft separate and consolidated financial statements for FY 2017, as well as the Annual Report on Corporate Governance and Ownership Structure, included in the annual report, and the Board of Director's Compensation Report. The Board of Directors also approved the Corporate Sustainability Report which was the first edition to have received certification from PricewaterhouseCoopers for compliance with the most important international standards (the GRI Standards).

On 21 March 2018 the Board of Directors approved the final terms and conditions of the share capital increase for a maximum of up to €150 million approved during the Extraordinary Shareholders' meeting held on 12 February 2018. The capital increase will take place through the issue of a maximum of 29,037,340 new ordinary shares, without a stated par value and dividend rights, at the subscription ratio of 5 new shares for every 14 ordinary shares held, at an issue price equal to €5.165 per each new share, for a total amount of €149,977,861.10. The Board of Directors also resolved to propose that shareholders, in the event the capital increase is successfully completed, approve payment of a dividend of € 0.50 per share.
On 22 March 2018 Consob approved the Registration Document, the Securities Note and the Summary Note relating to the rights issue and the listing of the shares issued as a result of the cash capital increase approved during the Shareholders' Meeting held on 12 February 2018.

On 23 April 2018 the rights offer of 29,037,340 newly issued shares was completed. During the offering period, which started on 26 March 2018 and ended on 13 April 2018, 79,668,540 option rights were exercised and 28,453,050 new shares were subscribed or 97.99% of the total offering, for a total amount equal to €146,960,003.50. Pursuant to Article 2441, paragraph 3, of the Italian Civil Code, at the end of the option period the 1,636,012 unexercised rights were auctioned on the stock exchange. All the rights were sold during the first trading session of the rights auction on 18 April 2018 and, subsequently, were all exercised resulting in the issue of 584,290 new shares, for a total of €3,017,857.85. The value of the sale of these rights, €1,532,943.24 based on the reference accounting standards, will be recognized in the share premium reserve. The offer was, therefore, completed with the full subscription of the new shares for a total amount of €149,977,861.10. The new share capital now amounts to € 749,738,139.26, divided into 110,341,903 ordinary shares without a stated par value.

On 9 May 2018 the Board of Directors examined and approved the Interim Financial Report at 31 March 2018.

During the Annual General Meeting held on 1 June 2018 IGD's shareholders approved the 2017 financial statements for IGD SIIQ S.p.A., as presented during the Board of Directors meeting held on 22 February 2018, which closed with a net profit of €86.5 million**,** and also resolved to pay a dividend of €0.50 per share. The dividend was payable as from 13 June 2018 with shares going ex-div on 11 June 2018. The total dividend payable amounted to €55,170,951.50 (€0.50 per share) and was taken from:

- for €36,704,390, distributable income generated by exempt operations which is equal to 70% of the distributable income from these operations subject to mandatory distribution;
- for €12,628,022, partial utilization of the reserve for retained earnings from exempt operations arising from the merger by incorporation of Punta di Ferro SIINQ S.p.A. and IGD Property SIINQ S.p.A., which equals 70% of these reserves and subject to mandatory distribution;
- for €5,838,539.50, partial utilization of the reserve for retained earnings from exempt operations.

Shareholders also set the number of Board members at 11 and appointed the new Board of Directors which will remain in office through the Annual General Meeting called to approve the 2020 Annual Report. During the same meeting, shareholders also appointed the new Board of Statutory Auditors and approved the relative compensation.
Shareholders also approved the first section of the Remuneration Report, already approved by the Board of Directors on 22 February 2018, pursuant to Art. 123-*ter* of Legislative Decree. 58/98, and renewed the Board of Director's authorization to purchase and sell treasury shares, on one or more occasions, up to the maximum allowed under the law.

On 6 June 2018 the Board of Directors confirmed Elio Gasperoni as Chairman of the Board of Directors and Claudio Albertini as Chief Executive Officer. Director Rossella Saoncella was also appointed Vice Chairman of the Board of Directors. The Board confirmed the pre-existing powers, granting the Chairman Elio Gasperoni and the Chief Executive Officer the same powers held during the prior term of office. The Board of Directors also appointed the Board Committees.

Investments

During the half the IGD Group finalized the purchase of a portfolio of 4 shopping malls and a retail park, inaugurated the Gran Rondò extension and continued with the development of the Porta a Mare – Officine Project, as well as extraordinary maintenance.

Acquisition of the 4 shopping malls and the retail park

On 18 April 2018 the definitive agreement for the purchase from Eurocommercial Properties Group of a portfolio of 4 shopping malls and a retail park found in northern Italy (Leonardo Shopping Center in Imola, Lame Shopping Center in Bologna, La Favorita Shopping Center and Retail Park in Mantua and CentroLuna in Sarzana) was finalized. These going concerns were purchased for €187 million, in addition to ancillary costs and transfer taxes of around €8.4 million.

The properties comprising the going concerns have a total leasable area of around 38,000 m^2 and are found in shopping centers which have a total leasable area of around 91,000 m^2.

Leonardo Shopping Center (Imola): the Group already owns the hypermarket anchoring the shopping center and managed the mall for the seller; the acquisition will make it possible to consolidate the ownership inside an important shopping which has a primary catchment area of around 240,000 inhabitants;

Lame Shopping Center (Bologna): the Group already owns the hypermarket anchoring the shopping center and managed the mall for the seller;

La Favorita Shopping Center and Retail Park (Mantua): the hypermarket anchoring the shopping center is owned by Coop Alleanza 3.0; the acquisition, therefore, will make it possible for the Group to strengthen operating synergies with Coop, Italy's leading retail food brand;

CentroLuna (Sarzana): the hypermarket anchoring the shopping center is owned by Coop Liguria, player known to IGD as it owns the hypermarket anchoring the Mondovicino Shopping Center (already owned by IGD).

In all the properties purchased there is a "Coop" brand hypermarket with high turnover (average annual sales in excess of €8,000 per square meter).

"Porta a Mare" Project

In the first half of 2018 9 residential units, 9 garages and one parking place at the Mazzini section were sold. At 30 June 2018 preliminary sales agreements for an additional 6 residential units had been signed; the total of the units sold/pledged has, therefore, reached 90.7% of the total saleable area.

Work on the Officine Storiche area (residential portion) continued for a total of around €340 thousand.

In April 2018 a variant for the retail portion was approved by the municipality of Livorno; work on this section, which is expected to be completed in the second half of 2019, totaled around €961 thousand.

Gran Rondò Extension

In the first half of 2018, work continued on the midsize store in the Gran Rondò shopping mall in Crema which amounted to around €3,142 thousand (€1,497 thousand in the first half). The midsize store was opened on 3 May 2018.

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Arco Campus

The development project calls for the construction of a building to be used for housing and offices for athletes and sports organizations which is expected to be completed in the second half of 2018. Work amounting to €1,596 thousand was carried out in the first half of 2018.

Restyling

Restyling continued in the first half for a total of around €365 thousand and was focused on the reconfiguration of the space inside the mall in the Darsena shopping center; at 30 June the costs incurred amounted to €276 thousand.

Restyling completed and extraordinary maintenance

During the first half of 2018 work was carried out and completed on the reformatting of spaces and fit outs (joining/separating stores) mainly in the Città delle Stelle mall in Ascoli where a midsize Scarpe&Scarpe store and a Roadhouse restaurant were opened early 2018.

Extraordinary maintenance also continued. Work was done on improving earthquake and water proofing, as well as the installation of electrical systems at the Esp, Borgo, Tiburtino, Fonti del Corallo, Darsena and Centro Sarca shopping centers and on fire alarm systems mainly at a few Romanian centers.

The investments made at 30 June 2018 are shown below:

	30/06/2018 Euro/mln
Acquisition:	
Investment for the acquisition of 4 business units (included charges)	195.46
Development project:	
Extension and restyling Gran Rondò	1.50
Arco Campus (work in progress)	1.59
Porta a Mare Project Sub area Officine Storiche retail (work in progress)	0.96
Porta a Mare Project (Trading) (work in progress)	0.34
Restyling work in progress	0.37
Extraordinary maintenance	2.39
Other	0.03
Total investments	**202.64**

Loans

The liabilities which IGD assumed as a result of the acquisition of the 4 going concerns described above include 5 loans granted by UBI Banca. The details of these loans are provided below:

- residual mortgage loan on the malls at Centro Lame and Centro La Favorita of €13,125,000 expiring on 17 July 2023, payable quarterly at 3M Euribor plus a spread of + 100 bps;
- residual mortgage loan on the malls at Centro Lame and Centro La Favorita of €11,875,000 expiring 17 October 2021, payable quarterly at 3M Euribor plus a spread of + 100 bps;
- residual mortgage loan on the La Favorita retail park of €11,666,667 expiring 17 October 2021, payable quarterly at 3M Euribor plus a spread of + 150 bps;

- residual mortgage loan on the Centro Lame mall of €1,875,000 expiring 17 October 2018, payable quarterly at 3M Euribor plus a spread of + 135 bps;
- bullet mortgage loan on the mall at Centro Leonardo of €50 million payable on 17 October 2022 at 3M Euribor plus a spread of + 135 bps.

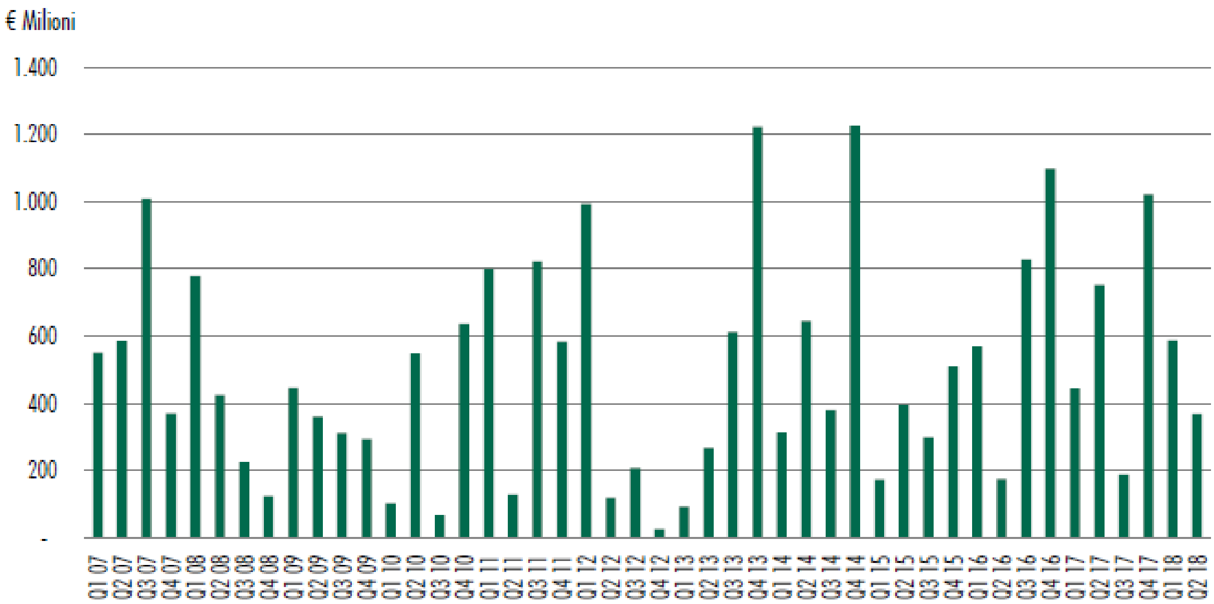
1.8 The Real Estate Portfolio

For a better understanding of IGD SIIQ SPA Group's real estate portfolio in both markets, below is a brief description of how the Italian and Romanian real estate markets performed in the first half of 2018.

The Italian real estate market

Investments amounted to a bit more than €1.0 billion in the first half of 2018, a slight decline compared to the prior year (around -13%) due to the postponement of a few large transactions which failed to close in the first half, as well as the wait and see attitude linked to political uncertainty which seems to have been overcome and indicates that the third quarter will be more in line with prior years.

Retail investments in Italy 2007-2018:



Source: CBRE

In first half 2018 72% of the retail transactions involved shopping centers, followed at a distance by High street properties and the remaining segments Outlet, Super and Retail Parks.

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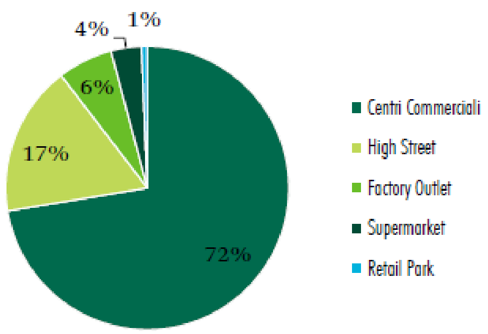


Fonte: CBRE Research, Q2 2018.

As for yields, the yields in the second quarter were in line with previous quarters with the exception of good secondary shopping centers and retail parks which were up slightly beginning in the first quarter of the year.

Rendimenti (%)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
High Street Prime	3,15	3,15	3,15	3,00	3,00	3,00
High Street Secondary	4,75	4,75	4,75	4,50	4,50	4,50
Shopping Centre Prime	4,90	4,90	4,90	4,90	4,90	4,90
SC Good Secondary	5,90	5,90	5,90	5,90	6,00	6,00
Retail Park Prime	5,90	5,90	5,90	5,90	5,90	5,90
Retail Park Good Secondary	6,50	6,50	6,50	6,50	6,75	6,75

Fonte: CBRE Research, Q2 2018.

The most important retail real estate investments made in Italy in the first half of 2018 are shown below:

NAME	TYPE	BUYER	VALUE (€)
Portfolio	Shopping centers	IGD	195 ML
Centro Sicilia	Shopping centers	GWM	140 ML

(Source: JLL-Cbre)

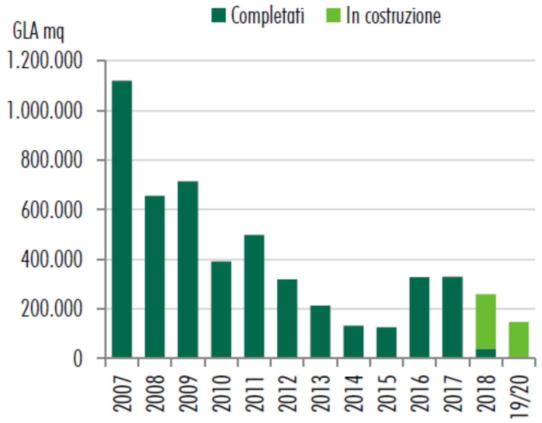
The stock and the retail sector pipeline

In the first half of 2018 a bit less than 30,000 m^2 of new GLA was completed and is expected to exceed 200,000 m^2 by the end of the year.

The main openings in the first half were "Aura" Shopping Center in Rome with a GLA of approximately 17,000 m^2 and the extension of Lot C at the Serravalle Retail Park with a GLA of approximately 10,000 m^2.

The pipeline for 2019/20 is expected to come in at slightly less than 200,000 m^2 of new GLA.

Grafico 4: Volume di nuovi sviluppi *retail* completati ed in costruzione (GLA > 10.000 mq) in Italia, Giugno 2018



Fonte: CBRE Research, Q2 2018.

The Romanian retail real estate market

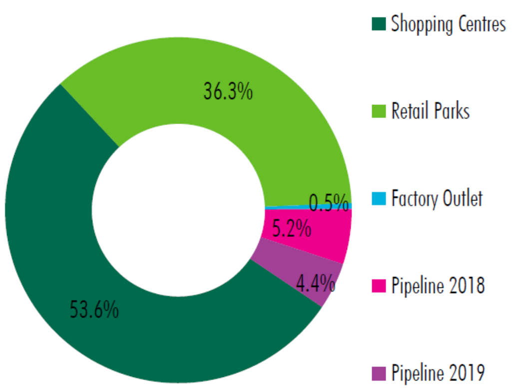
Total retail stock in Romania reached around 3.48 million m^2 GLA in the first half, broken down into Shopping Malls (53.6%) and Retail Parks (36.3%).

Development of new shopping centers continued in the first half of 2018 with the opening of the Bistrita Retail Park, but slowed (-16%) with respect to the same period 2017.

New GLA is expected to reach 200,000 m^2 by year-end 2018, with an additional 330,000 m^2 in 2019-20.

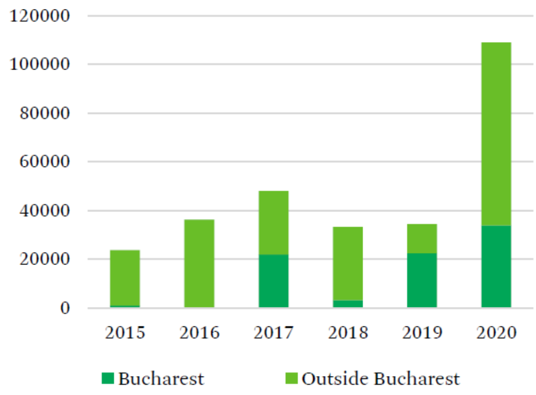
Extensions of existing shopping centers continued, mainly in Bucharest where expansions are expected to total 60,000 m^2 in 2018-2020 versus 170,000 m^2 in the rest of Romania (in the same period).

Chart 2: Modern stock per retail format as of H1 2018, including 2018 - 2019 pipeline



Source: CBRE Research, Q2 2018

Chart 3: Shopping centre extensions 2015 - 2020



Source: CBRE Research, Q2 2018

NOME	mq	Sviluppatore/ Proprietà	Apertura ext.
SM City Satu Mare	28.000	NEPI	2018
Openville (pase 1)	47.000	Iulius Group	2018
Electroputere Parc (extension)	21.000	Cantinvest	2018
Targoviste Mall	31.000	Prime Kapital	2018
Baia Mare Value Centre	22.000	Prime Kapital	2018
Roman Value Centre	15.000	Prime Kapital	2018
SM City Sibiu (extension)	10.000	NEPI	2019
SM City Targu Mures (fase 1)	32.000	NEPI	2019
AFI Brasow	45.000	Afi Europe	2019
Colosseum Bucharest (extension	15.000	Nova Immobilia	2019
Balotesti	46.000	Prime Kapital	2019
Ploiesti	25.000	Prime Kapital	2019

Yields for prime shopping centers fell 25 bps versus 31.12. 2017 to 6.50% , while prime rents rose to €70 m^2/month.

FREEHOLD ASSETS

Based on the appraisals at 30 June 2018, the fair value of the IGD SIIQ SPA Group's real estate portfolio came to €2,428.82 million

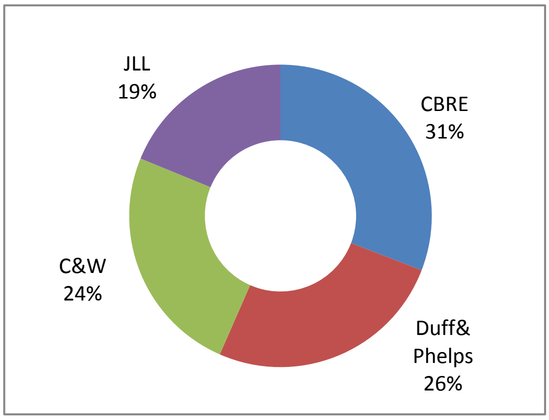
The IGD SIIQ SPA Group's real estate portfolio is comprised of commercial retail properties, of which 97.1% is already generating revenue, while the remainder is explained by assets under construction.

The assets generating revenue streams are found in Italy and Romania, while at 30 June 2018 the development projects were solely in Italy.

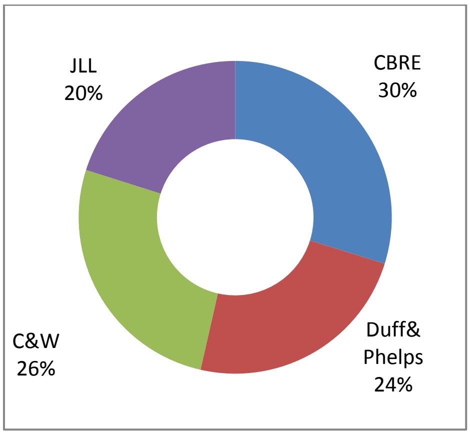
The Group's real estate portfolio at 30 June 2018 was appraised by CBRE Valuation S.p.A., Duff&Phelps Reag S.p.A., Cushman & Wakefield LLP and Jones Lang LaSalle S.p.A based on the following percentages of FV:

Breakdown of portfolio appraisers at 30/06/2018

ITALY



ITALY&ROMANIA



The breakdown of fair value by appraiser in Italy and Romania is shown below:

Amounts in Euro millions	Fair Value 30.06.2018 Total	Fair Value 30.06.2018 Italy	Fair Value 30.06.2018 Romania
CBRE	749.33	676.81	72.52
Duff&Phelps	624.75	540.05	84.70
JLL	456.88	456.88	0.00
C&W	597.86	597.86	0.00
Total Portfolio IGD	**2,428.82**	**2,271.60**	**157.22**

The fees paid at 30 June 2018 to the independent appraisers are shown below:

Amounts in thousands of euro	Appraisals fees 30.06.18	Other fees 30.06.18	Total fees 30.06.18
CBRE	44,000	.	44,000
Duff&Phelps	43,300	25,836	69,136
JLL	31,050	.	31,050
C&W	43,600	.	43,600
Total Portfolio IGD	**161,950**	**25,836**	**187,786**

The asset classes comprising the Group's real estate portfolio at 30 June 2018 are described below:

- ✓ "Hyper and super": 25 properties with a total GLA of about 265,000 m^2, found in 8 regions in Italy.
- ✓ "Malls and retail parks": 27 properties with a total GLA of about 400,000 m^2, found in 12 regions in Italy. In the first half of 2018 the GLA of this asset class increased by approx. 38,000 m^2 as a result of the acquisition of 4 shopping malls: Lame Mal (Bologna), Mall +Retail Park La Favorita (Mantua); Leonardo Mall (Imola) and CentroLuna Mall (Sarzana). The acquisition of the two malls in Emilia Romagna – Leonardo (Imola) and Lame (Bologna) – resulted in IGD gaining full ownership of the two centers where IGD already owned the respective hypermarkets. The acquisition of the Mall and Retail Park La Favorita in Mantua and the CentroLuna Mall in Sarzana (La Spezia) allowed IGD to increase the freehold assets in northern Italy and add the region of Liguria to its portfolio meaning that the IGD Group is now present in 12 Italian regions.
- ✓ "Other": five mixed use properties which are part of freehold shopping centers or office units with a total GLA of about 6,200 m^2. In the first half of 2018, the two stores created as a result of the downsizing of the Lame hypermarket in Bologna (GLA of around 580 m^2) were absorbed by the Lame mall which became part of the IGD Group's portfolio following the acquisition of the 4 going concerns.
- ✓ "Progetto Porta a Mare": a mixed use real estate complex under construction with a Gross Floor Area of approximately 57,258 m^2 located near Livorno's waterfront.
- ✓ "Development projects", at 30 June 2018 this asset class comprised a property located near the Porto Grande Shopping Center which will be used to expand the center by around 14,345 m^2 GLA, and the new Arco Campus project, namely housing and offices for athletes and sports organizations which will cover an area of around 1,400 m^2.
- ✓ "Winmarkt" a portfolio of 14 properties used primarily for retail purposes, and an office building, found throughout Romania covering a total area of approximately 92,100 m^2. The properties belonging to this asset class are centrally located in thirteen of Romania's largest cities, but none are found in the capital, Bucharest.

ANALYSIS OF THE FREEHOLD ASSETS

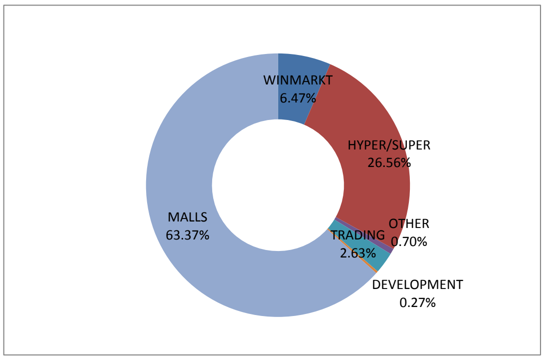
GEOGRAPHICAL BREAKDOWN AND COMPOSITION OF THE PORTFOLIO

IGD's properties in Italy total 60 (including 50% of the "Darsena" Shopping Center) and can be broken down by asset class as follows:

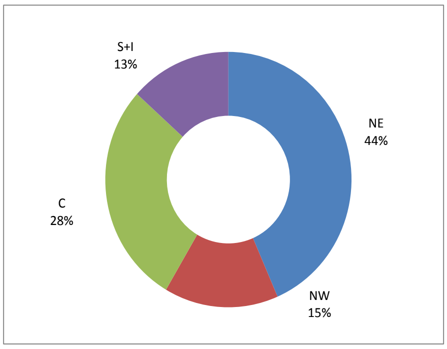
- 25 hypermarkets and supermarkets
- 27 shopping malls and retail parks
- 2 development projects
- 1 asset held for trading
- 5 other

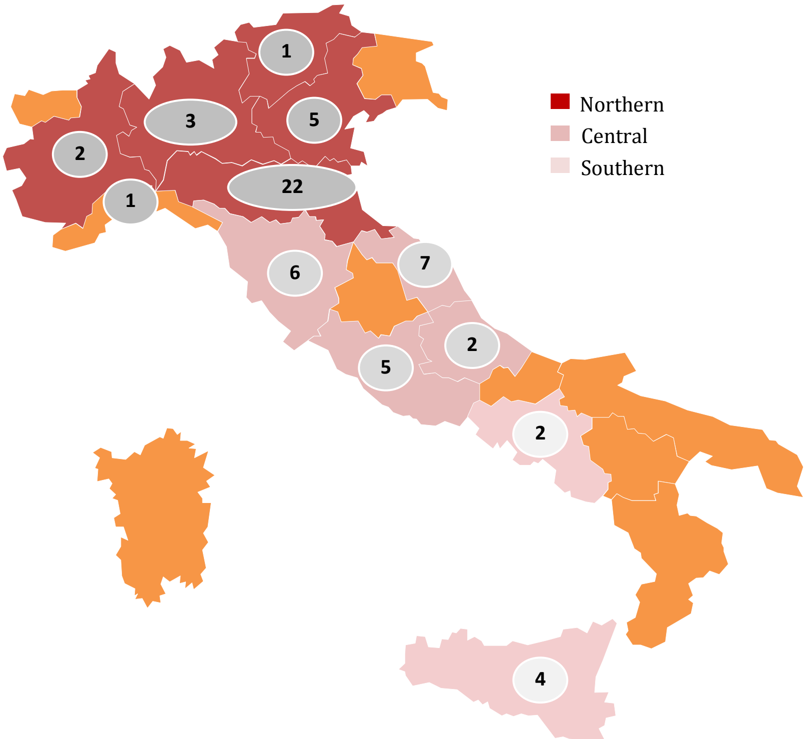
The fair value of the IGD SIIQ Group's Italian real estate portfolio at 30 June 2018 can be broken down by asset class and geographic area as follows:

Breakdown at 30.06.2018



Geographical distribution 30.06.2018





E.Romagna: 8 Malls, 9 Hyper-super, 1 development project; 4 Other
Piedmont: 2 Malls +RP;
Lombardy: 3 Malls;
Liguria: 1 Mall;
Trentino: 1 Mall;
Veneto: 2 Malls+RP; 3 Hyper;
Marche: 2 Malls, 4 Hyper, 1 Development project;
Abruzzo: 1 Mall; 1 Hyper;
Campania: 1 Mall; 1 Hyper;
Lazio: 2 Malls; 3 Hyper-super;
Tuscany: 2 Hyper-super, 1 Asset held for trading, 2 Malls; 1 Other;
Sicily: 2 Malls; 2 Hyper.

Note: **NE**: Trentino Alto Adige, Veneto, Emilia- Romagna; **NW**: Piedmont, Lombardy; Liguria **C**: Tuscany, Marche, Lazio, Abruzzo; **S+I**: Sicily, Campania.

IGD's real estate assets in **Romania** total 15, broken down as follows:

- 14 shopping centers
- 1 office building

The following tables provide the principal data relative to the real estate portfolios in Italy and Romania managed by the IGD Group:

ITALY

Asset	Location	malls and retail parks (gla)	other/external ownership areas (sqm)	ownership	opening date	last extension/restyling/remodeling date	% owned	form of ownership	no. Of shops	no. Of medium surfaces	no . Of other /external areas	parking places	Main brand s	food anchor	food anchor gla
Centro Commerciale Borgo	Bologna (BO)	6,975	//	IGD SIIQ SPA	1989	2015	100	Freehold property	32	4		1,450	Librerie Coop, Unieuro, Scarpe&Scarpe	Ipercoop	11,480
Ipermercato CC Miralfiore	Pesaro (PU)	//	//	IGD SIIQ SPA	1992	//	100	Freehold property (Hypermarket)					//	Ipercoop	10,412
Ipermercato CC Globo	Lugo di Romagna (RA)	//	//	IGD SIIQ SPA	1997	2005	100	Freehold property (Hypermarket)					//	Ipercoop	7,937
Centro Commerciale Porto Grande	Porto d'Ascoli (AP)	7,555	543	IGD SIIQ SPA	2001	//	100	Freehold property	36	2	1	1,730	Decathlon, Deichmann	Ipercoop	15,290
Centro Commerciale d'Abruzzo	San Giovanni Teatino (CH)	12,571	3,610	IGD SIIQ SPA	2001	2014	100	Freehold property	43	7	3	1,730	Decathlon, Euronics, Librerie Coop, Piazza Italia; Terranova; Intersport; Scarpamondo	Ipercoop	14,127
Centro Commerciale Lungo Savio	Cesena FC)	2,928	//	IGD SIIQ SPA	2002	//	100	Freehold property	23	1		850	Librerie Coop, Motivi, Primigi; Kiko	Ipercoop	7,476
Galleria Commerciale Millennium	Rovereto (TN)	7,683	//	MILLENNIUM GALLERY SRL	2004	//	100	Freehold property (excluding hypermarket and a portion of the mall=	28	4		900	Game 7 Athletics, Oviesse, Trony, Bata	Superstore Coop (non di proprietà)	//
Ipermercato CC I Malatesta	Rimini (RN)	//	882	IGD SIIQ SPA	2005	//	100	Freehold property (Hypermerket + wholesales area + fitness area)					//	Ipercoop	10,435
Ipermercato Schio	Schio (VI)	//		IGD SIIQ SPA	2008	//	100	Freehold property (only hypermarket)					//	Ipercoop	8,176
Centro Commerciale Le Maioliche	Faenza (RA)	22,313	//	IGD SIIQ SPA	2009	//	100	Freehold property	41	8		2,400	Deichmann, H&M, Trony, C&A, Decathlon, Bricofer	Ipercoop	9,277
Centro Commerciale Città delle Stelle	Ascoli Piceno (AP)	21,021	1,850	IGD SIIQ SPA	2002	2017	100	Freehold property	40	8	1	2,200	Piazza Italia, Unieuro, H&M; Multiplex Stelle; Kiabi, Casa, Clayton; Dverso	Ipercoop	9,614
Centro Commerciale Casilino	Roma (RM)	4,768	760	IGD SIIQ SPA	2002	//	100	Freehold property	22	3	1	1,260	Euronics, Piazza Italia, Satur;	Ipercoop	14,544
Centro Commerciale Tiburtino	Guidonia Montecelio (RM)	33,494	//	IGD SIIQ SPA	2009	//	100	Freehold property	99	13		3,800	Desigual; Azzurra Sport, Piazza Italia, Obi, Scarpamondo,New Yorker, Euronics	Ipercoop	7,663
Centro Commerciale La Torre	Palermo (PA)	15,250	//	IGD SIIQ SPA	2010	//	100	Freehold property	43	6		1,700		Ipercoop	11,217
Piastra Commerciale Mazzini	Livorno (LI)	6,097	//	IGD SIIQ SPA	2014	//	100	Freehold property	30	1			Unieuro/Coop	Coop	1,440
Centro Commerciale ESP	Ravenna (RA)	30,081	3,200	IGD SIIQ SPA	1998	2017	100	Freehold property	82	16	1	3,304	Deichmann, Game 7 Athletics, Unieuro, H&M, Piazza Italia, Bershka, Pull & Bear, OVS; Kiabi, Casa,	Ipercoop	16,536
Galleria CC Luna	Sarzana (SP)	3,576	//	IGD SIIQ SPA	1992	//	100	Freehold property (excluding hypermarket)	38	1			Piazza Italia, Kiko, GameStop, Camaieu	Ipercoop (non di proprietà)	//
Galleria CC Favorita	Mantova (MN)	7,400	//	IGD SIIQ SPA	1996	2007	100	Freehold property (excluding hypermarket)	34	4			Ovs, Piazza Italia, Calliope, Deichmann	Ipercoop (non di proprietà)	//
Retail Park CC Favorita	Mantova (MN)	6,214	//	IGD SIIQ SPA	1996	//	100	Freehold property (only building 1, 2A, 2B, 3)	4				Mediaworld,Terranova , Scarpe & Scarpe, Upim	//	//
Centro Commerciale Leonardo	Imola (BO)	14,731	//	IGD SIIQ SPA	1992	2012 (Zara p1)	100	Freehold property	59	6			OVS, Zara,Mediaworld	Ipercoop	15,862
Supermercato Cecina	Cecina (LI)	//	//	IGD SIIQ SPA	1994	//	100	Freehold property (only hypermarket)					//	Coop	5,749
Centro Commerciale Lame	Bologna (BO)	6,157	2,966	IGD SIIQ SPA	1996	2003	100	Freehold property	45	1			Benetton, Original Marines, Camaieu	Ipercoop	15,201
Ipermercato CC Il Maestrale	Cesano di Senigallia (AN)	//	//	IGD SIIQ SPA	1999	//	100	Freehold property (only hypermarket)					//	Ipercoop	12,501
Ipermercato CC Fonti del Corallo	Livorno (LI)	//	//	IGD SIIQ SPA	2003	//	100	Freehold property (only hypermarket)					//	Ipercoop	15,371
Centro Commerciale e Retail Park Conè	Conegliano (TV)	18,162	//	IGD SIIQ SPA	2010	//	100	Freehold property	56	9		1,550	Maison du Monde,Conbipel, H&M, Librerie Coop, Euronics, Scarpe&Scarpe,	Ipercoop	9,498
Supermercato Civita Castellana	Civita Castellana (VT)	//	//	IGD SIIQ SPA	2010	//	100	Freehold property (only hypermarket)					//	Coop	3,020
Galleria Commerciale Punta di Ferro	Forlì (FC)	21,223	//	IGD SIIQ SPA	2011	//	100	Freehold property (excluding hypermarket)	94	3		2,854	H&M, Unieuro, Toys, McDonald, Deichmann, Benetton	Conad (non di proprietà)	//
Galleria Commerciale Maremà	Grosseto (GR)	17,120	//	IGD SIIQ SPA	2016	//	100	Freehold property (excluding hypermarket)	45	6		3,000	Piazza Italia, Decathlon, Zara, Bershka, Stradivarius, Pull & Bear	Ipercoop (non di proprietà)	//
Galleria Commerciale Gran Rondò	Crema (CR)	14,467	//	IGD SIIQ SPA	1994	2006	100	Freehold property (excluding hypermarket)	38	4		1,280	Oviesse, Promenade calzature	Ipercoop (non di proprietà)	//
Centro Commerciale Le Porte di Napoli	Afragola (NA)	16,983	//	IGD SIIQ SPA	1999	2014	100	Freehold property	66	8		2,650	Desigual; Euronics, H&M, Piazza Italia; Rosso Pomodoro	Ipercoop	9,570
Galleria Commerciale Sarca	Sesto S. Giovanni (MI)	23,773	//	IGD MANAGEMENT SRL	2003	2015	100	Freehold property (excluding hypermarket)	72	8		2,500	OVS, H&M, Piazza Italia, Skyline cinema, Roadhouse, Scarpe&Scarpe , Rosso Pomodoro	Ipercoop (non di proprietà)	//
Galleria Commerciale e Retail Park Mondovicino	Mondovì (CN)	17,197	//	IGD SIIQ SPA	2007	//	100	Freehold property (excluding hypermarket)	42	8		4,500	Jysk,OVS, Librerie.Coop, Brico IO, Foot Loker	Ipercoop (non di proprietà)	//
Centro Commerciale Darsena City	Ferrara (FE)	12,552	//	IGD SIIQ SPA	2009	//	50	50% freehold property of mall and hypermaket	31	2		1,320	Pittarosso, Euronics	Despar	3,715
Centro Commerciale Katanè	Gravina di Catania (CT)	14,912	//	IGD SIIQ SPA	2009	//	100	Freehold property	64	6		1,320	Adidas, Euronics, H&M, Conbipel, Piazza Italia,	Ipercoop	13,663
Galleria Commerciale I Bricchi	Isola d'Asti (AT)	15,994	245	IGD SIIQ SPA	2009	//	100	Freehold property (excluding hypermarket)	24	7		1,450	Deichmann	Il Gigante (non di proprietà)	//
Retail Park Clodì	Chioggia (VE)	9,329	//	IGD SIIQ SPA	2015		100	Freehold property	9	6			OVS, Scarpe&Scarpe; Piazza Italia, Dechatlon	Ipercoop	7,490
Supermercato Aquileia	Ravenna (RA)	//	//	IGD SIIQ SPA		//	100	Freehold property (Supermarket)					//	Coop	2,250
Centro Piave	San Donà di Piave (VE)	11,618	//	CSII SPA	1995	2003	//	Master Leasing	48	5		1,500	Cisalfa, Librerie Coop, Oviesse, Piazza Italia, Scarpe&Scarpe; McDonald	Ipercoop	15,826
Centro Nova	Villanova di Castenaso (BO)	12,740	//	CSII SPA e COPAIN HOLDING SPA	1995	2008	//	Master Leasing	55	7		2,400	H&M, Librerie Coop, Bershka, Pittarosso, Benetton; McDonald	Ipercoop	18,188
Galleria CC Fonti del Corallo	Livorno (LI)	7,313	//	Fondo Mario Negri	2003	//	//	Master Leasing	55	2		1,600	Oviesse; Librerie Coop, Bata, Swarovski	Ipercoop	15,371

ROMANIA

shopping center	Location	shopping cener gla (sqm)	Net Salling Area	Circulation (sqm) Rented	Rentable Warehouse/office	ownership	opening data	date of extension/restyling	extension area	% wned	form of ownership	n of shops	no. Of medium surfaces	parking places	main brands	food anchor	food anchor gla	food anchor sales area
Winmarkt Grand Omnia Center	Ploiesti	18,308	16,870	309	1,129	Win Magazin SA	1986	2015		100	Freehold property	109	//	400	Adidas, Levi's, Domo, Vodafone, Carrefour Market, dm drogerie,Leonardo, Jolidon, Eponge, Banca Transilvania, KFC, Flanco, Pepco	Carrefour	1,215	1,215
Winmarkt Big	Ploiesti	4,233	2,776	442	1,016	Win Magazin SA	1976	2013		100	Freehold property	82	//		Banca Transilvania, Carrefour Market	Carrefour	882	700
Winmarkt	Galati	7,962	7,490	106	367	Win Magazin SA	1973	2005		100	Freehold property	36	//		H&M, B&B, Sevda, Jolidon, Bigotti, Massini, Pepco, CGS	Billa	827	569
Winmarkt	Ramnicu Valcea	7,902	7,684	51	166	Win Magazin SA	1973	2004		100	Freehold property	35	//		H&M, Carrefour Market, Eponge, Leonardo, Jolidon, dm drogerie Markt, Domo	Carrefour	900	900
Winmarkt	Piatra Neamt	6,055	4,879	337	839	Win Magazin SA	1985	2014		100	Freehold property	67	//		H&M, Sevda, B&B Collection, Billa, Leonardo, Eponge, Pepco, Reshoes	Billa	878	520
Winmarkt	Braila	7,263	6,349	93	821	Win Magazin SA	1978	2004		100	Freehold property	45	//		Carrefour Market, Leonardo, Jolidon, Altex, Vodafone, Sevda, Pepco	Carrefour	673	550
Winmarkt	Buzau	5,300	4,953	32	314	Win Magazin SA	1975	2013		100	Freehold property	29	//		H&M, Carrefour Market, Leonardo, Pepco	Carrefour	800	650
Winmarkt	Tulcea	3,964	3,777	5	182	Win Magazin SA	1972	2002		100	Freehold property	27	//		H&M, B&B Collection, Leonardo, Altex, Fraher, Vodafone	Fraher	405	405
Winmarkt	Cluj Napoca	7,299	5,704	85	1,510	Win Magazin SA	1983	2011		100	Freehold property	36	//		Carrefour Market, dm drogerie, Leonardo, Big Fitness	Carrefour	1,338	1,188
Winmarkt	Bistrita	5,252	4,799	61	392	Win Magazin SA	1984	2005		100	Freehold property	33	//		Altex, Leonardo, dm drogerie, fast-food Pizzamania, Pepco			
Winmarkt	Alexandria	3,410	3,302	33	74	Win Magazin SA	1978	2013		100	Freehold property	31	//		Carrefour Market, Pepco, Eponge, Leonardo, Jolidon, Vodafone	Carrefour	680	680
Winmarkt	Slatina	5,965	4,833	29	1,102	Win Magazin SA	1975	2005		100	Freehold property	22	//		Altex, Telekom, B&B	Carrefour	553	505
Winmarkt	Vaslui	3,667	3,452	23	192	Win Magazin SA	1973	2006		100	Freehold property	26	//		Carrefour, Reshoes, Jolidon	Carrefour	527	527
Winmarkt	Turda	2,515	2,231	-	284	Win Magazin SA	1981	2007		100	Freehold property	9	//		Pepco			
TOTAL Mall		89,094	79,099	1,607	8,388													
Winmarkt Junior	Ploiesti	3,012	2,137	544	331	Win Magazin SA				100	Freehold property	2						
TOTAL		**92,106**	**81,236**	**2,151**	**8,719**													

ITALY

ANALYSIS BY ASSET CLASS

The first half of 2018 was a period of growth for the Group's real estate portfolio marked by the closing of the acquisition of 4 going concerns with a total GLA of around 38,000 m^2 which strengthened the IGD Group's leadership in the malls/retail parks asset class, as well as its presence in the regions of northern Italy.

The main changes for each asset class in the year are described below.

Changes in property use in the first half of 2018 are summarized in the following table:

amount in million of Euro	IGD GROUP INVESTMENT PROPERTY						DIRECT DEVELOPMENT INTIATIVES	PORTA A MARE PROJECT	TOTAL INVESTMET PROPERTY, LAND AND DEVELOPMENT INITIATIVES, ASSET HELD FOR TRADING
	hypermarkets and supermarkets	shopping malls italy	Other	Total Italy	Total Romania	Total IGD Group			
Book value 31.12.2017	**647.20**	**1,331.60**	**18.85**	**1,997.65**	**159.53**	**2,157.18**	**4.99**	**66.06**	**2,228.23**
Increase due to additional costs	0.04	1.90	0.00	1.94	0.00	**1.94**	1.60	1.30	**4.83**
Increase due to acquisition/new openings	0.00	208.34	0.00	208.34	0.00	**208.34**	0.00	0.00	**208.34**
Change in consolidation area	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	**0.00**
Disposals	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	(2.89)	**(2.89)**
Reclassification	0.02	6.96	(1.95)	5.03	0.72	**5.75**	0.00	0.00	**5.75**
Net revaluation/write-downs	(2.12)	(9.72)	0.04	(11.80)	(3.03)	**(14.83)**	0.02	(0.63)	**(15.44)**
Book value 30.06.2018	**645.14**	**1,539.07**	**16.94**	**2,201.15**	**157.22**	**2,358.37**	**6.61**	**63.84**	**2,428.82**

HYPERMARKETS AND SUPERMARKETS

IGD's freehold hypermarkets and supermarkets are leased on a long-term basis to Coop Alleanza 3.0 Soc. Coop (formerly Coop Adriatica Scarl) and the Unicoop Tirreno Soc. Coop Group. Rent is indexed to 75% of the ISTAT index. Tenants are responsible for all routine and extraordinary maintenance on plants and the interiors of the buildings.

The hypermarkets and supermarkets were valued at 30 June 2018 by the appraisers CBRE Valuation S.p.A., Duff&Phelps Reag S.p.A., Cushman & Wakefield LLP and Jones Lang LaSalle S.p.A. based on the following percentages of FV:

Hypermarkets/Supermarkets	30/06/2018
CBRE Valuation S.p.A.	**22%**
Duff&Phelps Reag S.p.A.	**11%**
Cushman & Wakefield LLP	**37%**
Jones Lang LaSalle S.p.A.	**30%**
TOTAL	**100%**

The DCF method was used by all the appraisers for this asset class. CBRE Valuation S.p.A., Cushman & Wakefield LLP and Jones Lang LaSalle S.p.A. used a standard duration of 10 years for all the assets; Duff&Phelps Reag S.p.A. used a variable duration depending on the expiration of the lease held by the retailer and the estimated fair value of the space in the year the lease was up for renegotiation.

In first half 2018 there were no changes in the perimeter of this asset class.

The fair value of this class of property reached €645.139 million at 30 June 2018, a decrease of 0.32% (-€2.06 million) against the prior half 2017.

The gross initial yield rose 0.02%, due largely to the drop in FV, to 6.21%.

The discount and gross cap out rates were basically unchanged, rising +0.01% to 6.76% and 6.31%, respectively.

The slight drop in FV in the half is attributable to the higher rates used by the appraisers.

The occupancy rate of the hyper/supermarkets was unchanged at 100%.

SHOPPING MALLS AND RETAIL PARKS

The IGD Group's shopping malls and retail parks are leased on average for five years to businesses. Rent is indexed to 100% of the ISTAT index.

Leases of six + six years, with rent indexed to 75% of the ISTAT index, are reserved for services like newsstands, tobacco shops, dental studios, hair salons and beauty centers.

Shopping malls and retail parks were valued at 30 June 2018 by the appraisers CBRE Valuation S.p.A., Duff&Phelps Reag S.p.A., Cushman & Wakefield LLP and Jones Lang LaSalle S.p.A. based on the following percentages of FV:

Shopping malls and RP	30/06/2018
CBRE Valuation S.p.A.	30%
Duff&Phelps Reag S.p.A.	30%
Cushman & Wakefield LLP	23%
Jones Lang LaSalle S.p.A.	17%
TOTAL	100%

The DCF method was used by all the appraisers for this asset class.

In CBRE Valuation S.p.A.'s, C&W's and JLL's DCF model a standard duration of 10 years was used for all assets; Duff&Phelps Reag S.p.A. used a standard duration of 15 years for this asset class, with the exception of the Darsena Shopping Center for which a standard duration of 18 years was used.

The perimeter of this asset class increased in the first half of 2018 following the acquisition of 4 going concerns: Lame Mall (GLA of around 5,800 m^2) of the Lame Shopping Center in Bologna, where IGD Siiq already owns two stores for an additional 600 m^2 GLA (classified as "Other" in the previous half), and the hypermarket leased to Ipercoop (Coop Alleanza 3.0); Leonardo Mall (GLA around 15,100 m^2) of the Leonardo Shopping Center in Imola where IGD Siiq already owns the hypermarket leased to Ipercoop (Coop Alleanza 3.0) ; La Favorita Mall (GLA around 13,600 m^2) in the La Favorita Shopping Center in Mantua; CentroLuna Mall (GLA around 3,600 m^2) of the CentroLuna Shopping Center in Sarzana (SP).

The fair value of this asset class reached €1,539.1 million at 30 June 2018, an increase of +15.58% (+€207.5 million) with respect to 31 December 2017.

Like-for-like, namely excluding the four malls and the retail park acquired, fair value was down 0.26% against the prior year (-€3.478 million).

The gross initial yield for this asset class (like-for-like) rose 0.02% in the first half of 2018 to 6.30%, due basically to the decrease in FV. The average discount rate (like-for-like) was 6 bps, coming in at 7.09%, and the average gross cap out rate (like-for-like) was unchanged at 6.74%. The change in FV recorded in the half reflects the slight increase in the average discount rate and the lower profitability of a few malls at the appraisal date.

The financial occupancy rate came to 95.94% at 30 June 2018, an increase of 56 bps against 31 December 2017.

DEVELOPMENT PROJECTS

At 30 June 2018 this asset class comprised two assets which are being used for the following initiatives:

- extension of the Porto Grande Shopping Center in Porto d'Ascoli (AP) which calls for the construction of two midsize stores for a total GLA of 5,000 m^2. Planning has been completed for this project and all the permits obtained.
- Arco campus: building of housing and offices for athletes and sports organizations in Bologna which will have a GLA of around 1,400 m^2. This is the first time this project is included in the IGD Group's real estate portfolio.

"Development projects" were valued at 30 June 2018 by Duff&Phelps Reag S.p.A. and Cushman & Wakefield LLP based on the following percentages of fair value:

Development projects	30/06/2018
Duff&Phelps Reag S.p.A.	56%
Cushman & Wakefield LLP	44%
TOTAL	100%

The independent appraisers used the conversion method and the residual method to value these assets.

The fair value of this asset class reached €6.61 million at 30 June 2018, an increase of +32.4% (+€1.6 million) attributable to the progress made on the Arco Campus project which should be completed this year.

PORTA A MARE PROJECT

The assets of Porta Medicea, owner of the Porta a Mare Project, were valued at 30 June 2018 entirely by the independent appraiser CBRE Valuation S.p.A. using the conversion method.

The project can be broken down into the following areas:

- Mazzini (residential, offices, parking and public parking) which has a total Gross Floor Area of 5,780 m^2. Sales of residential units began in 2013. At 30 June 2018 80% of the Mazzini residential area had been sold;
- Officine Storiche (retail, residential, parking and public parking) which has a total Gross Floor Area of 20,490 m^2. Work began in first half 2015 and is expected to be completed in 2019;
- Lips (retail, tourist services, accommodations and temporary residences) which has a total Gross Floor Area of 15,867 m^2. Work is expected to begin in 2019;
- Molo Mediceo (retail, services and temporary residences) which has a total Gross Floor Area of 7,350 m^2. Work is expected to begin in 2019.
- Arsenale (retail, temporary residences and parking) which has a total Gross Floor Area of 7,771 m^2. Work is expected to begin in 2019.

The fair value of this asset class reached €63.84 million at 30 June 2018, a decrease of 3.33% (-€2.22 million) against 31 December 2017. The decline in the fair value of this asset class is linked to the sale of 9 residential units, 9 garages and 1 parking space in the half at Mazzini, the decrease in the expected revenues per sqm of the residential area in Mazzini and Officine, as well as the six month delay in the completion of the work at Officine, Lips, Molo and Arsenal.

The fair value of the Porta a Mare Project at 30 June 2018 includes the retail properties of the Officine section not destined for sale which will continue to be owned by the IGD Group.

OTHER

The perimeter of this asset class comprises all the IGD Group’s other assets, namely the Palazzo Orlando office building in Livorno, one store near the supermarket on via Aquileia in Ravenna, a fitness area pertaining to the Malatesta Shopping Center in Rimini, the offices located on the second floor of the Centro Direzionale Bologna Business Park office building where the IGD Group’s headquarters are located, which is leased to Adriatica Luce&Gas SPA, as well as the offices located on the third and last floors of the same building which are leased to Librerie Coop. In the first half of 2018 the property referred to as Lame Negozi 1-2, created following the reduction of the GLA of the Lame hyper in Bologna, was absorbed by the Lame Shopping Mall which became part of IGD’s portfolio following the Four Season acquisition.

This asset class was valued at 30 June 2018 by the appraisers CBRE Valuation S.p.A., Duff&Phelps Reag S.p.A. and Cushman & Wakefield LLP based on the following percentages of FV:

Other	30/06/2018
CBRE Valuation S.p.A.	**72%**
Duff&Phelps Reag S.p.A.	**25%**
Cushman & Wakefield LLP	**3%**
TOTAL	**100%**

All three appraisers used the DCF method to value this asset class.

The fair value of this class of property amounted to €16.939 million at 30 June 2018, an increase of 0.24% like-for-like (around €40 thousand) against 31 December 2017.

ROMANIA

The Winmarkt properties were valued at 30 June 2018 by the appraisers CBRE Valuation S.p.A. and Duff&Phelps Reag S.p.A. based on the following percentages of FV:

Winmarkt	30/06/2018
CBRE Valuation S.p.A.	46%
Duff&Phelps Reag S.p.A.	54%
TOTAL	100%

The DCF method was used by both independent experts. Duff&Phelps Reag S.p.A. applied a standard duration of 15 years and CBRE Valuation S.p.A. of between 5 and 10 years.

The market value of this asset class at 30 June 2018 was €157.22 million, a decrease of -€2.31 million (-1.45%) compared to 31 December 2017 attributable almost entirely to shopping malls.

The gross initial yield of the malls rose 8 bps against the prior half to 6.60% as result of the drop in FV. The discount rate dropped 11 bps to 8.26% and the gross cap rate showed a decrease of 10 bps, coming in at 7.81%.

The financial occupancy rate for the Winmarkt malls came to 97.50%, an improvement of 111 bps with respect to the prior year.

The most important figures relating to the real estate portfolios in Italy and Romania are shown below:

Data summary at 30.06.2018:

	N° of asset	*Gross leasable area Gla (sqm)*	gross initial yield	gross cap out	Weighted average discount rate	Financial occupancy	Annual/rents sqm	Erv/mq
Hypermarkets and Supermarkets	25	264,179	6.21%	6.31%	6.76%	100%	152	146
Shopping malls Italy	27	399,023	6.30%	6.71%	7.10%	95.94%	236	247
Total Italy	57	670,932	n.a.	n.a.	n.a	n.a	n.a	n.a
Total Romania	15	94,616	6.62%	7.80%	8.38%	97.50%	98	119
Total IGD Group	72	765,548	n.a	n.a	n.a	n.a	n.a	n.a

Data summary at 31.12.2017:

	N° of asset	*Gross leasable area Gla (sqm)*	gross initial yield	gross cap out	Weighted average discount rate	Financial occupancy	Annual/rents sqm	Erv/mq
Hypermarkets and Supermarkets	25	264,179	6.19%	6.30%	6.75%	100%	150	144
Shopping malls Italy	23	361,451	6.28%	6.74%	7.03%	95.38%	223	236
Total Italy	54	633,942	n.a.	n.a.	n.a	n.a	n.a	n.a
Total Romania	15	92,628	6.54%	7.92%	8.36%	96.39%	93	126
Total IGD Group	69	726,570	n.a	n.a	n.a	n.a	n.a	n.a

The real estate investments and development projects, as well as the accounting method used, are shown in the following table:

	Book Value at 30/06/2018	accounting method	market value at 30/06/2018	Book value at 31/12/2017	Change
Investments of IGD Group					
Hypermarkets and Supermarkets	645.14	fair value	645.14	647.20	-2.06
Shopping malls Italy	1,539.07	fair value	1,539.07	1,331.60	207.47
City Center	0.00	fair value	0.00	0.00	0.00
Other	16.94	fair value	16.94	18.85	-1.91
Total Italia	**2,201.15**		**2,201.15**	**1,997.65**	**203.50**
Shopping malls Romania	154.32	fair value	154.32	156.83	-2.51
Other Romania	2.90	fair value	2.90	2.70	0.20
Total Romania	**157.22**		**157.22**	**159.53**	**-2.31**
Total IGD Group	**2,358.37**		**2,358.37**	**2,157.18**	**201.19**

	Book Value at 30/06/2018	accounting method	market value at 30/06/2018	Book value at 31/12/2017	Change
Projects in advanced construction phase	3.70	fair value	3.70	2.00	1.70
Plot of land and ancillary costs	2.91	adjusted cost / Fair value	2.91	2.99	-0.08
Direct development initiatives	**6.61**	**adjusted cost / Fair value**	**6.61**	**4.99**	**1.62**

	Book Value at 30/06/2018	accounting method	market value at 30/06/2018	Book value at 31/12/2017	Change
Porta a Mare project*	63.84	adjusted cost / Fair value	63.84	66.06	-2.22

	Investment properties, plots of land, developmente initiaves, asset held for trading		market value at 30/06/2018	Book value at 31/12/2017	Change
Total	**2,428.82**		**2,428.82**	**2,228.23**	**200.59**

* The figure includes the portion of the retail units included in preliminary sales agreements with IGD SIIQ S.p.A. classified in the financial statements as work in progress and down payments.

** The fair value of freehold assets, plots of land and development projects free of liens amounts to around €1,470.8 million.

The details of the main development projects are shown below:

PROJECT	TYPE	LOCATION	GLA	COMPLETITION DATE	ESTIMATED INVESTMENT	BOOK VALUE AT 30.06.2018 (Mln/€)	% HELD	STATUS
Arco Campus	building use for the guesthouse	Bologna	1,400 sqm	II half 2018	ca. 4.2 Mln/€	3.70	100%	in progress
PORTO GRANDE	extension	Porto d'Ascoli (AP)	5,000 sqm	II half 2018	ca. 9.9 Mln/€	2.91	100%	Planning stage completed. All the construction permits and authorisation have been issued
					Totale	**6.61**		

1.9 The SIIQ Regulatory Environment

The special SIIQ (Società di Investimento Immobiliare Quotate) regime was introduced in Art. 1, paragraphs 119 - 141, of Law n. 296 dated 27 December 2006 (“**the Founding Law**”) and is governed by the Ministry of Economics and Finance’s decree n. 174 dated 7 September 2007 (“**the Implementing Regulation**”).

Pursuant to the law the income generated by rental activities is exempt from IRES and IRAP as long as the company distributes a minimum percentage of the income generated by this activity (“**Exempt Operations**”).

Based on Legislative Decree n. 133 of 12 September 2014, converted as amended into Law n. 164 of 11 November 2014, exempt operations may also include the capital gains and losses relating to rental properties and interests held in SIIQ or SIINQ, as well as the income, capital gains and losses, relating to interests held in “qualified” real estate funds.

In order to fulfill the distribution requirements, the SIIQs must distribute (or risk losing their SIIQ status): (i) at least 70% of the distributable income generated by exempt operations upon approval of the full year financial statements; (ii) at least 50% of the capital gains generated by the sale of rental properties, interests in SIIQs or SIINQs, as well as in qualified real estate investment funds within two years of their realization.

The main characteristic of the special regime is, therefore, the possibility of benefitting from a specific system of taxation, once certain mandatory qualifications are complied with, based on which earnings are subject to taxation solely upon distribution to shareholders which basically inverts the system of taxation based on which income is subject to taxation when posted by the company rather than when distributed.

Taking into account the amendments called for in the above mentioned law decree n. 133 dated 12 September 2014, the requirements for eligibility under the special regime can be summarized as follows:

Subjective requirements

- must be a joint stock company
- must reside in Italy for tax purposes or, with regard to companies with stable real estate businesses in Italy, in one of the countries member of the European Union and party to the agreement to create a single European economic zone as indicated in the list appended to the decree issued by the Ministry of Treasury and Finance as per paragraph 1 of Art. 168-*bis* of the Uniform Income Tax Act
- shares must be traded on a regulated market

Statutory requirements

The corporate bylaws must include:

- rules which regulate investments
- limits on the concentration of investment and counterparty risk
- limits on the maximum financial leverage permitted.

Objective requirements

- freehold rental properties or other properties, interests in other SIIQ/SIINQ, in SICAF and in “qualified” real estate funds must make up 80% of the real estate assets, the so-called “**Asset Test**”
- revenue from rental activities, income from SIIQ/SIINQ, SICAF and “qualified” real estate funds, gains on rental properties must make up must total at least 80% of the positive entries in the income statement, the so-called “**Profit Test**”.

The failure to comply with the most important conditions for 3 consecutive years will result in ineligibility under the special regime and the ordinary rules and regulations will be applied beginning as of the second of the third years considered.

Ownership requirements

- a single shareholder may not hold more than 60% of the voting rights exercisable in ordinary Shareholders' Meetings and more than 60% of the dividend rights, the so-called **"Control limit"**
- at least 25% of the float must be held by shareholders who, at the time the option is exercised, hold less than 2% of the voting rights exercisable in ordinary Shareholders' Meetings and less than 2% of the dividend rights, the so-called **"Float requisite".** This requisite is not applicable to companies that are already listed.

With regard to the verification of eligibility, based on the same law the subjective and statutory requisites must be met before the option is exercised while the verification of the objective and ownership requisites is done after the close of the financial statements for the year in which the option was exercised, and subsequently verified after the close of every year.

COMPLIANCE WITH SUBJECTIVE, OBJECTIVE AND OWNERSHIP REQUIREMENTS

The subjective requirements were satisfied as IGD SIIQ SPA is a joint stock company, with headquarters and residing, for tax purposes, in Italy. Its shares are traded on the Mercato Telematico Azionario (MTA - screen-based stock market) managed by Borsa Italiana in the STAR segment.

Based on the parent company's financial statements at 30 June 2018, similar to year-end 2017, the objective requirements were all satisfied. The asset test, based on which the value of freehold rental properties must represent more than 80% of the total value of the real estate assets, and the profit test, based on which revenues from the rental of freehold properties or other property rights rental activities must total at least 80% of the positive entries in the income statement, were satisfied.

As for the ownership requirements, based on the information available to the company, no single shareholder holds more than 60% of the voting rights exercisable in ordinary Shareholders' Meetings and more than 60% of the dividend rights.

COMPLIANCE WITH CORPORATE BY-LAW REQUIREMENTS

With regard to the Statutory requirements, please note the following.

With regard to investments, it is expressly provided in Art. 4.3 lett. i) of the Company's bylaws that: "*the Company shall not, either directly or through its subsidiaries, invest more than 30 percent of its assets in a single property with urban and functional characteristics, except in the case of development plans covered by a single planning scheme, where portions of the property are covered by individual, functionally independent building permits, or equipped with urban works that are sufficient to guarantee connection to public services";*

The Company did not invest, either directly or through its subsidiaries, more than 30% of its assets in a single property with urban and functional characteristics.

With regard to the limits on the concentration of investment and counterparty risk, it is expressly provided in Art. 4.3 lett. ii) of the Company's bylaws that: "*income from a single tenant or from tenants belonging to a single group may not exceed 60 percent of total rental income"*.

The income from a single tenant or tenants belonging to a single group did not exceed 60% of total rental income.

With regard to limits on the maximum financial leverage permitted, it is expressly provided in Art. 4.3 lett. ii) of the Company's bylaws that: *"the maximum permitted financial leverage, at a company or group level, is 85 percent of equity".*

Financial leverage, either at the group or single level, never exceeded 85% of equity.

OTHER INFORMATION RELATING TO THE COMPANY'S ADHERENCE TO THE SPECIAL REGIME

Once it was clear that all the requisites had been satisfied, IGD exercised the option to be treated under the special regime effective 1 January 2008.

Under the special regime the total capital gains, net any losses, resulting from the difference between the normal value of the rental assets and the value for tax purposes at the end of the fiscal year, are subject to IRES (corporate income tax) and IRAP (regional business tax) at a tax rate of 20 per cent (the **Entry Tax**).

With regard to 2017, as resolved in previous years, during the AGM held on 1 June 2018 shareholders approved the distribution of income generated by exempt operations for an amount that complied with the distribution requirements.

More in detail, shareholders approved the distribution of a total dividend of €55,170,951.50, to be taken entirely from exempt operations.

1.10 Subsequent Events

There are no events to report.

1.11 Outlook

In light of the positive results achieved, the Company expects to continue along its growth path with revenue rising both like-for-like and as a result of the FY contribution of the acquisitions and openings made in 2017, in addition to the 4 shopping malls and the retail park acquired in the first half of 2018; the cost of funding should also continue to be low, in a range of between 2.70 and 2.90%.

FFO is also expected to grow by at least 20%, consistent with the high growth rates reported in the last 4 years.

Intercompany and related party transactions

With regard to related party and intercompany transactions, there are no transactions which qualify as unusual or atypical, as they fall within the Group's ordinary sphere of operations and take place under arm's-length conditions. For more information regarding the transactions that took place during first half 2018, please refer to the specific section of the explanatory notes.

Treasury Shares

IGD had a total of 21,357 treasury shares at 30 June 2018, recognized as a €145,719 reduction in net equity.

Research and Development

The IGD SIIQ and the Group companies do not perform research and development activities.

Significant Transactions

During the half ended 30 June 2018, no significant non-recurring transactions or atypical/unusual transactions, as defined in CONSOB's notice of 28 July 2006, were carried out with third parties or between companies in the Group.

2. IGD Group: Condensed Interim Consolidated Financial Statements at 30 June 2018

2.1 Consolidated income statement

Consolidated income statement (amounts in thousands of Euro)	Note	30/06/2018 (A)	30/06/2017 (B)	Change (A-B)
Revenues:	1	**74,099**	**68,386**	**5,713**
- from third parties		52,852	47,323	5,529
- from related parties		21,247	21,063	184
Other revenues:	2.1	**3,120**	**3,226**	**(106)**
- other revenues from third parties		1,886	2,231	(345)
- other revenues from related parties		1,234	995	239
Revenues from trading	2.2	**2,721**	**4,048**	**(1,327)**
Total revenues and operating income		**79,940**	**75,660**	**4,280**
Change in inventories	6	(2,555)	(3,665)	1,110
Total revenues and change in inventories		**77,385**	**71,995**	**5,390**
Work in progress costs	6	339	370	(31)
Service costs:	3	11,475	11,616	(141)
- to third parties		9,968	10,374	(406)
- to related parties		1,507	1,242	265
Cost of labor	4	4,958	5,030	(72)
Other operating costs	5	5,017	4,864	153
Total operating costs		**21,789**	**21,880**	**(91)**
(Depreciation, amortization and provisions)		(928)	(1,047)	119
(Impairment losses)/Reversals on work in progress and inventories		(288)	(2,215)	1,927
Change in fair value - Increases/(Decreases)		(15,150)	21,148	(36,298)
Acquisition net revaluation		12,877	0	12,877
Total depreciation, amortization, provisions and change in fair value	7	**(3,489)**	**17,886**	**(21,375)**
EBIT		**52,107**	**68,001**	**(15,894)**
Income/(loss) from equity investments and property sales	8	**(20)**	**(38)**	**18**
Financial income:		**25**	**56**	**(31)**
- from third parties		23	54	(31)
- from related parties		2	2	0
Financial charges:		**16,068**	**17,625**	**(1,557)**
- from third parties		16,050	17,618	(1,568)
- from related parties		18	7	11
Net financial income (expenses)	9	**(16,043)**	**(17,569)**	**1,526**
PRE TAX PROFIT		**36,044**	**50,394**	**(14,350)**
Income taxes	10	1,239	1,450	(211)
NET PROFIT FOR THE PERIOD		**34,805**	**48,944**	**(14,139)**
Minority interests in net (profit)/loss		0	0	0
Parent Company's portion of net profit		**34,805**	**48,944**	**(14,139)**
- basic earning per share	11	0.377	0.602	
- diluted earning per share	11	0.377	0.602	

2.2 Consolidated statement of comprehensive income

(amounts in thousand of euro)	30/06/2018	30/06/2017
NET PROFIT FOR THE PERIOD	**34,805**	**48,944**
Ancillary costs to the share capital increase	(4,278)	0
Tax effect of the ancillary costs to the share capital increase	84	
Components that will not be reclassified to profit or loss	**(4,194)**	**0**
Effects of hedge derivatives on net equity	2,401	5,354
Tax effect of hedge derivatives on net equity	(538)	(1,247)
Other effects on income statement components	(36)	(24)
Components that will be reclassified to profit or loss	**1,827**	**4,082**
Total comprehensive profit/(loss) for the period	**32,438**	**53,026**
Non-controlling interests in (Profit)/Loss for the period	0	0
Profit/(Loss) for the period attributable to the Parent company	**32,438**	**53,026**

2.3 Consolidated statement of financial position

Consolidated statement of financial position (amounts in thousand of euro)	30/06/2018 (A)	31/12/2017 (B)	Change (A-B)
NON CURRENT ASSETS:			
Intangible assets			
Intangible assets with finite useful lives	36	35	1
Goodwill	12,662	12,662	0
	12,698	**12,697**	**1**
Tangible assets			
Investment property	2,358,369	2,157,176	201,193
Buildings	8,010	8,131	(121)
Plants and machinery	248	260	(12)
Equipment and other assets	973	1,016	(43)
Leasehold improvements	681	797	(116)
Assets under construction and down payments	39,137	40,466	(1,329)
	2,407,418	**2,207,846**	**199,572**
Other non current assets			
Sundry receivables and other non current assets	91	90	1
Equity investments	343	254	89
Non current financial assets	243	343	(100)
	677	**687**	**(10)**
TOTAL NON CURRENT ASSETS (A)	**2,420,793**	**2,221,230**	**199,563**
CURRENT ASSETS:			
Inventories and advances	34,863	37,623	(2,760)
Trade and other receivables	11,528	11,415	113
Related parties trade and other receivables	1,304	2,054	(750)
Other current assets	3,040	3,343	(303)
Related parties financial receivables and other current financial assets	96	96	0
Financial receivables and other current financial assets	-	42	(42)
Cash and cash equivalents	4,648	2,509	2,139
TOTAL CURRENT ASSETS (B)	**55,479**	**57,082**	**(1,603)**
TOTAL ASSETS (A+B)	**2,476,272**	**2,278,312**	**197,960**
NET EQUITY:			
Share capital	749,738	599,760	149,978
Share premium reserve	31,504	29,971	1,533
Other reserves	409,544	384,832	24,712
Group profit	49,404	101,190	(51,786)
Total group Net Equity	**1,240,190**	**1,115,753**	**124,437**
Portion pertaining to minorities	-	-	0
TOTAL NET EQUITY (C)	**1,240,190**	**1,115,753**	**124,437**
NON CURRENT LIABILITIES:			
Liabilities for derivative instruments	18,054	20,397	(2,343)
Non current financial liabilities	907,485	965,539	(58,054)
Provision for employees severance indemnities	2,698	2,574	124
Deferred tax liabilities	25,822	24,777	1,045
Provision for r future risks and charges	4,957	5,326	(369)
Sundry payables and non current liabilities	7,829	9,291	(1,462)
Related parties sundry payables and non current liabiities	11,891	11,891	0
TOTAL NON CURRENT LIABILITIES (D)	**978,736**	**1,039,795**	**(61,059)**
CURRENT LIABILITIES:			
Current financial liabilities	229,560	97,097	132,463
Trade and other payables	10,341	13,838	(3,497)
Related parties trade and other payables	783	459	324
Tax liabilities	6,849	2,400	4,449
Other current liabilities	9,799	8,956	843
Related parties other current liabilities	14	14	0
TOTAL CURRENT LIABILITIES (E)	**257,346**	**122,764**	**134,582**
TOTAL LIABILITIES (F=D+ E)	**1,236,082**	**1,162,559**	**73,523**
TOTAL NET EQUITY AND LIABILITIES (C + F)	**2,476,272**	**2,278,312**	**197,960**

2.4 Consolidated statement of changes in equity

(Amounts in thousand of euro)	Share capital	Share premium reserve	Other reserve	Group profit	Group net equity	Non-controlling interests in capital and reserves	Total net equity
Balance at 01/01/2017	**599,760**	**29,971**	**349,246**	**81,724**	**1,060,701**	**8,725**	**1,069,426**
Profit for the period	0	0	0	48,944	48,944	0	48,944
Cash flow hedge derivative assessment	0	0	4,106	0	4,106	0	4,106
Other comprehensive income (losses)	0	0	(24)	0	(24)	0	(24)
Total comprehensive profit (losses)	**0**	**0**	**4,082**	**48,944**	**53,026**	**0**	**53,026**
Reserve reclassification due to merger	0	0	23,979	(23,979)	0	0	0
Purchase of shares held by minorities	0	0	0	(781)	(781)	(8,725)	(9,506)
Allocation of 2016 profit							
Dividends paid	0	0	(14,731)	(21,856)	(36,587)	0	(36,587)
To legal reserve	0	0			0	0	0
To other reserve	0	0	20,372	(20,372)	0	0	0
Balance at 30/06/2017	**599,760**	**29,971**	**382,948**	**63,680**	**1,076,359**	**0**	**1,076,359**

(Amounts in thousand of euro)	Share capital	Share premium reserve	Other reserve	Group profit	Group net equity	Non-controlling interests in capital and reserves	Total net equity
Balance at 01/01/2018	**599,760**	**29,971**	**384,832**	**101,190**	**1,115,753**	**0**	**1,115,753**
Profit for the period	0	0	0	34,805	34,805	0	34,805
Cash flow hedge derivative assessment	0	0	1,863	0	1,863	0	1,863
Cost related to the capital increase	0	0	(4,194)	0	(4,194)	0	(4,194)
Other comprehensive income (losses)	0	0	(36)	0	(36)	0	(36)
Total comprehensive profit (losses)	**0**	**0**	**(2,367)**	**34,805**	**32,438**	**0**	**32,438**
Capital increase	149,978	0	0	0	149,978	0	149,978
Sale of unexercised rights	0	1,533	0	0	1,533	0	1,533
(Purchase)/Sale of treasury shares	0	0	13	0	13	0	13
FTA IFRS 9	0	0	(4,354)	0	(4,354)	0	(4,354)
Allocation of 2017 profit							
Dividends paid	0	0	0	(55,171)	(55,171)	0	(55,171)
To legal reserve	0	0	0	0	0	0	0
To other reserve	0	0	31,420	(31,420)	0	0	0
Balance at 30/06/2018	**749,738**	**31,504**	**409,544**	**49,404**	**1,240,190**	**0**	**1,240,190**

2.5 Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS	30/06/2018	30/06/2017
(in Euro/000)		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**36,044**	**50,394**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Non-cash items	(7,129)	(6,747)
Depreciation, amortization and provisions	934	1,047
(Impairment losses)/reversals on work in progress	288	2,215
Changes in fair value - increases / (decreases)	15,150	(21,148)
Net (Revalution) of the acquisition of 4 business divisions	(12,874)	0
Gains/losses from disposals - equity investments	20	38
CASH FLOW FROM OPERATING ACTIVITIES	**32,433**	**25,799**
Income tax	(747)	(624)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX	**31,686**	**25,175**
Change in inventories	2,555	3,665
Net change in current assets and liabilities w. third parties	85	13,483
Net change in current assets and liabilities w. related parties	1,073	(387)
Net change in non-current assets and liabilities w. third parties	(1,923)	(1,815)
Net change in non-current assets and liabilities w. related parties	0	13
CASH FLOW FROM OPERATING ACTIVITIES	**33,476**	**40,134**
(Investments) in non-current assets	(7,175)	(21,528)
Disposals of non-current assets	141	152
(Investment) in 4 business divisions net of cash and cash equivalents acquired	(104,623)	0
(Investments) in equity interests	(110)	(9,506)
CASH FLOW FROM INVESTING ACTIVITIES	**(111,767)**	**(30,882)**
Change in non-current financial assets	100	0
Change in financial receivables and other current financial assets	42	(320)
Sale (purchase) of treasury shares	(20)	0
Capital increase net of costs	147,317	0
Distribution of dividends	(55,171)	(36,587)
Cash Flow Hedge reserve	1,863	0
Change in current debt	3,391	(54,534)
Change in non-current debt	(17,092)	81,896
CASH FLOW FROM FINANCING ACTIVITIES	**80,430**	**(9,545)**
Exchange gains/(losses) on cash and cash equivalents	0	(3)
NET INCREASE (DECREASE) IN CASH BALANCE	**2,139**	**(296)**
CASH BALANCE AT BEGINNING OF THE PERIOD	**2,509**	**3,084**
CASH BALANCE AT END OF THE PERIOD	**4,648**	**2,788**

2.6 Notes to the condensed interim consolidated financial statements

1. General information

The condensed interim consolidated financial statements of Immobiliare Grande Distribuzione at 30 June 2018 were approved and authorized for publication by the Board of Directors on 3 August 2018.

IGD SIIQ S.p.A. is a subsidiary of Coop Alleanza 3.0 Soc. Coop. and is under the management and coordination of that company.

2. Summary of accounting standards

2.1. Preparation criteria

Statement of compliance with International Accounting Standards

The condensed interim consolidated financial statements for the period ended 30 June 2018 have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union, and with instructions issued in compliance with Art. 9 of Legislative Decree 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC), that as of the reporting date had been endorsed following the procedure specified in Regulation (EC) 1606/2002 and specifically includes IAS 34 – Interim Financial Reporting. The IFRS have been applied consistently to all reporting periods presented. The condensed interim consolidated financial statements do not include all disclosures required in the annual financial statements, and should be read jointly with the Group's annual report for the year ended 31 December 2017.

Reporting formats

The items in the statement of financial position are classified as current, non-current, or (if applicable) non-current held for sale and those in the income statement by type.

The statement of comprehensive income shows the net profit or loss along with income and charges that by express requirement of IFRS are recognized directly in equity.

The statement of changes in equity presents comprehensive income and charges, transactions with shareholders and other changes in shareholders' equity.

The statement of cash flows is prepared using the indirect method, adjusting the pre-tax profit for non-cash items.

The financial statements, tables and explanatory notes are expressed in thousands of euro (€/000 or €K), unless otherwise specified.

Changes in accounting standards

a) New accounting standards

The new accounting standard **IFRS 9 - Financial instruments** has been effective since 1 January 2018.

IFRS 9 has affected the value of certain financial liabilities (bond loan) that the Group has renegotiated in recent years. Specifically, the impact as of 1 January 2018 was to increase the value of the €162 million bond loan maturing on 21 April 2022 by around €4.4 million, to recognize an equity reserve of the same amount, and to decrease financial charges by around €4.4 million throughout the duration of that bond loan. In addition, the Group has opted to apply IFRS 9 to derivative financial instruments held for hedging purposes (hedge accounting). The standard introduces a new model of hedge accounting that revises the requirements of IAS 39. The most important changes are as follows:

- overhaul of the effectiveness test, replacing the current form based on the 80-125% threshold with the principle that an "economic relationship" must exist between the hedged item and hedging instrument; in addition, retrospective assessment of hedge effectiveness is no longer required;
- expanded range of items that qualify for hedge accounting, including the risk components of non-financial items;
- changes in the way forward contracts and options are accounted for when they are in a hedge accounting relationship, in order to reduce profit/loss volatility.

The new accounting standard **IFRS 15 - Revenue from contracts with customers** also took effect on 1 January 2018. This has had no impact on the Group's interim accounts.

b) Accounting standards, amendments, and interpretations not yet effective and not applied in advance by the Group

European Commission Regulation 2017/1986 of 31 October 2017 endorsed IFRS 16 - Leases, which replaces IAS 17 and the corresponding interpretations. IFRS 16 defines a lease as a contract that gives the customer (lessee) the right to use an asset for a given period of time in exchange for consideration. The new accounting standard eliminates the classification of leases as operating or financial leases in the financial statements of lessees; for all leases of a material amount with a term of more than 12 months, the lessee is required to recognize a right-of-use asset and a liability representing the present value of its obligation to make lease payments. IFRS 16 is effective for financial years beginning on or after 1 January 2019. The Group has reviewed its current leases and has estimated that applying the new standard prospectively to the contracts for the malls Fonti del Corallo, Centro Nova, and Centro Piave would increase the value of investment property by approximately €63 million and raise financial payables by the same amount (for details of these leases, see Note 3). This estimate is based on market conditions at 30 June 2018; the impact of adopting the new standard will therefore be re-assessed at the close of the year.

During the half-year, the IASB made changes to some previously issued IAS/IFRS and published new international accounting standards.

Date	IASB publication
7 February 2018	The IASB published *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)* to clarify how pension expenses should be determined when there is a change in a defined benefit plan. The amendment will take effect on 1 July 2019.
29 March 2018	The IASB published a revised version of the Conceptual Framework for Financial Reporting. The key changes with respect to the 2010 version are as follows: - a new chapter on measurement; - improved definitions and guidance, in particular the definition of a liability; - clarifications of important concepts, such as stewardship, prudence and measurement uncertainty.

None of these changes were used to prepare the condensed interim consolidated financial statements as they have not yet been endorsed by the European Commission.

2.2. Consolidation

Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 30 June 2018, prepared by the boards of directors of the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies. The scope of consolidation has not changed since 31 December 2017. Pursuant to Consob Circular DEM/6064293 of 28 July 2006, below is a list of Group companies showing the location of their registered office, share capital in the local currency and consolidation method. The interests held directly or indirectly by IGD SIIQ S.p.A. and each of its subsidiaries are also specified.

Name	Registered office	Country	Share capital	Currency	Percent consolidated	Held by	Percent of share capital held	Operations
Parent company								
IGD SIIQ S.p.A.	Ravenna, Via Agro Pontino 13	Italy	749,738,139.26	EUR				Facility management
Subsidiaries consolidated on a line-by-line basis								
IGD Management S.r.l.	Ravenna, via Villa Glori 4	Italy	75,071,221.00	EUR	100%	IGD SIIQ S.p.A.	100.00%	Facility management and services
Millennium Gallery S.r.l.	Ravenna, via Villa Glori 4	Italy	100,000.00	EUR	100%	IGD SIIQ S.p.A.	100.00%	Facility management
Porta Medicea S.r.l.	Bologna, via Trattati Comunitari Europei 1957-2007	Italy	60,000,000.00	EUR	100%	IGD Management S.r.l.	100.00%	Construction and marketing
Win Magazin S.A.	Bucharest	Romania	113,715.30	RON	100%	IGD Management S.r.l. 99.9% IGD SIIQ S.p.A. 0.1%	100.00%	Facility management
Winmarkt Management S.r.l.	Bucharest	Romania	1,001,000	RON	100%	Win Magazin S.A.	100.00%	Agency and facility management services
Arco Campus S.r.l.	Bologna, via dell'Arcoveggio 49/2	Italy	1,500,000.00	EUR	100%	IGD SIIQ S.p.A.	99.98%	Management of real estate and sports facilities/equipment; construction, trading and rental of properties used for commercial sports
Associates valued at equity								
RGD Ferrara 2013 S.r.l.	Rome, via Piemonte 38	Italy	100,000.00	EUR		IGD SIIQ S.p.A.	50%	Management of Darsena City shopping center

IGD SIIQ S.p.A., directly and indirectly, controls various consortiums for the management of shopping centers (costs relating to common areas and promotional activities). They are not consolidated as they are considered to be immaterial.

Name	Type of control	% held	Registered office
Consorzio dei proprietari CC Leonardo	Direct	54.30%	Via Amendola 129, IMOLA (BO)
Consorzio dei proprietari CC I Bricchi	Direct	72.25%	Via Prato Boschiero, ISOLA D'ASTI (LOC. MOLINI)
Consorzio proprietari Centrolame	Direct	72.53%	Via Marco Polo 3, BOLOGNA (BO)
Consorzio del centro commerciale Katanè	Direct	53%	Via Quasimodo, GRAVINA DI CATANIA (LOC. SAN PAOLO)
Consorzio del centro commerciale Conè	Direct	65.78%	Via San Giuseppe snc, Quartiere dello Sport, CONEGLIANO (TV)

Consorzio del centro commerciale La Torre-Palermo	Direct	55.04%	Via Torre Ingastone, PALERMO (LOC. BORGONUOVO)
Consorzio proprietari del centro commerciale Gran Rondò	Direct	49.01%	Via G. La Pira 18, CREMA (CR)
Consorzio dei proprietari del centro commerciale Fonti del Corallo	Direct	68.00%	Via Gino Graziani 6, LIVORNO
Consorzio dei proprietari del centro commerciale Centrosarca	Indirect	62.50%	Via Milanese, SESTO SAN GIOVANNI (MI)
Consorzio Porta a Mare Mazzini	Direct	80.90%	Via G. D'Alesio 2, LIVORNO
Consorzio del parco commerciale Clodì	Direct	70.35%	S.S. Romea 510/B, CHIOGGIA (VE)
Consorzio Centro Le Maioliche	Direct	71.49%	Via Bisaura 13, FAENZA (RA)
Consorzio ESP	Direct	64.59%	Via Marco Bussato 74, RAVENNA (RA)
Consorzio Proprietari Puntadiferro	Direct	62.34%	Piazzale della Cooperazione 4, FORLÌ (FC)
Consorzio dei proprietari del compendio commerciale del Commendone	Direct	52.60%	Via Ecuador snc, GROSSETO

3. Use of estimates

The preparation of the condensed interim consolidated financial statements and notes in accordance with IFRS requires Management to follow accounting policies and methods that in some cases depend on difficult subjective quantifications and estimates based on past experience, and assumptions that are considered reasonable and realistic on a case-by-case basis. These affect the carrying values of assets and liabilities and disclosures of contingent assets and liabilities as of the reporting date. Estimates and assumptions are reviewed on a regular basis and any changes are reflected immediately in profit or loss. Because assumptions about future performance are highly uncertain, actual results may differ from those forecast, and may require sizable adjustments that cannot presently be foreseen or estimated.
The critical valuation processes and key assumptions used by management in the process of applying IFRS that may significantly impact the amounts presented in the consolidated financial statements or that may in the future lead to material differences with respect to the carrying amount of assets and liabilities are summarized below.

Investment property and inventory

The real estate portfolio is appraised twice a year, at 30 June and 31 December, by independent external firms with acknowledged professional qualifications and in-depth knowledge of the characteristics of the properties appraised. To that end, on 9 May 2017 the Board of Directors of IGD SIIQ S.p.A. gave a two-year assignment (2017-2018) to CBRE Valuation S.p.A., Duff&Phelps REAG S.p.A., Jones Lang LaSalle S.p.A., and Cushman & Wakefield LLP, specialized in the appraisal of investment property, to prepare a report from which the company can determine the fair value of the currently rented portions of malls, hypermarkets, supermarkets, fitness centers, stores, offices, and land. The periodic appraisals are conducted according to an internal procedure that governs the entire process of valuing investment property at fair value: criteria for the selection and appointment of independent appraisers, protocol for extending assignments, protocol for sharing information and documents between the company and the independent appraisers, and overall monitoring and responsibility. The appraisers' contracts define valuation criteria and methods, the means and timing of physical inspections and any other checks of the appraised properties, and the specific reasoning for the method(s) used to appraise the individual asset. The main information required by the appraisers includes, for rented properties, the rental status of each unit in each shopping center; property taxes; insurance and operating costs for the shopping centers; and any likely incremental costs. For construction in progress, the information concerns the start and end dates of the work, the status of building permits and authorizations, remaining costs, the state of progress, the ribbon-cutting date and projected rentals. The independent appraisers formulate their own assumptions, such as inflation rates, discount rates and capitalization rates, on the basis of their professional judgment. The following are taken into account when determining the capitalization and discounting rates used to value individual properties:

• the type of tenant currently occupying the property or responsible for complying with rental obligations and the possible future occupants of vacant properties, as well as the market's general perception of their creditworthiness;
• the division of responsibilities for insurance and maintenance between the lessor and the lessee;
• the remaining economic life of the property.
The information given to the appraisers, their assumptions, and the models they use are approved by the Director of Property Development and Management, who is responsible for organizing and coordinating the appraisals and for monitoring and checking them before their results are published in the financial statements.
IGD periodically conducts sensitivity analyses on the values assigned to its assets in order to monitor the impact on the real estate portfolio of changes in the discount rate or capitalization rate as a result of macroeconomic developments. Monitoring of the indicators defined in the enterprise risk management system supports the Company's evaluation of how this risk is likely to evolve.

Fair value hierarchy

Disclosures on the fair value hierarchy for non-financial assets and liabilities are provided below in accordance with IFRS 13. The fair value hierarchy classifies into three levels the inputs to valuation techniques used to measure fair value. It gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). More specifically:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:
  - (a) quoted prices for similar assets or liabilities in active markets;
  - (b) quoted prices for identical or similar assets or liabilities in markets that are not active;
  - (c) inputs other than quoted prices that are observable for the asset or liability, for example:
    - (i) interest rates and yield curves observable at commonly quoted intervals;
    - (ii) implied volatilities; and
    - (iii) credit spreads;
  - (d) market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability.

The IGD Group's real estate portfolio has been measured according to Level 3 fair value models as the inputs directly and indirectly unobservable in the market, used in the valuation models, are greater than the observable inputs.

IGD Group investment property measured at fair value is shown in the table below.

FAIR VALUE MEASUREMENTS 30/06/2018 Amounts in thousand of Euro	QUOTED PRICES (NOT ADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES (LEVEL 1)	SIGNIFICANT INPUT OBSERVABLE IN THE MARKET (LEVEL 2)	SIGNIFICANT INPUT NOT OBSERVABLE IN THE MARKET (LEVEL 3)
Investment property in Italy:			
Malls and retail parks			1,539,071
Hypermarkets and supermarkets			645,139
Residual portion of property			16,939
Total investment property in Italy			**2,201,149**
Investment property in Romania:			
Shopping malls			154,320
PLOJESTI - Junior Office Building			2,900
Total investment property in Romania			**157,220**
Investment property IGD Group			**2,358,369**
Direct initiatives			
Projects at advanced phase of construction			3,700
Total development initiatives			**3,700**
Porta a Mare project			
Porta a Mare project (*)			29,020
Total trading properties			**29,020**
Total IGD Group investment property measured at fair value			**2,391,089**

(*) Retail portion of the Porta a Mare project, listed with assets under construction and measured at fair value

The unobservable inputs used to appraise the real estate portfolio (Level 3 of the fair value hierarchy) are as follows:

- discount rate;
- gross cap out rate;
- annual rent per square meter.

The unobservable inputs that IGD SIIQ considers most meaningful are the discount rate and the gross cap out rate, as the sensitivity analysis has shown that any change in those values would have a significant impact on fair value.

The following table shows the ranges of unobservable inputs at 30 June 2018:

Portfolio	Appraisal method	Discount rate 30/06/18		GROSS CAP OUT RATE 30/06/18		Yearly rent €/sqm 30/06/18	
		min	max	min	max	min	max
TOTAL MALLS/RP	Income-based (DCF)	6.60%	8.00%	5.75%	8.76%	10	514
TOTAL HYPER/SUPER	Income-based (DCF)	5.00%	8.00%	5.43%	6.94%	66	259
TOTAL Winmarkt	Income-based (DCF)	7.50%	9.50%	6.52%	10.54%	41	197

IGD conducts periodic sensitivity analyses on its properties to monitor the impact that changes ("shocks") in the most important unobservable inputs (discount rate and/or gross cap out rate), as a result of macroeconomic trends, would have on the value of its portfolio.
Rate shocks of +/-0.5% are tested individually and jointly to determine how they increase/decrease the value of the real estate portfolio by asset class. The sensitivity analysis at 30 June 2018 is reported below.

Sensitivity analysis at 30 June 2018

Asset class	Hypermarkets and supermarkets	Malls and retail parks	Other	Investment property Romania	Total
Market value at 30/06/2018 +0.5 discount rate	-23,944	-57,431	-419	-5,940	-87,734
Market value at 30/06/2018 -0.5 discount rate	25,147	61,398	431	6,840	93,816
Market value at 30/06/2018 +0.5 gross cap out	-28,938	-65,910	-964	-5,310	-101,122
Market value at 30/06/2018 -0.5 gross cap out	34,248	79,149	1,138	6,160	120,695
Market value at 30/06/2018 +0.5 discount rate +0.5 gross cap out	-49,684	-120,223	-1,344	-10,880	-182,131
Market value at 30/06/2018 -0.5 discount rate -0.5 gross cap out	59,051	145,018	1,598	13,200	218,887
Market value at 30/06/2018 +0.5 discount rate -0.5 gross cap out	7,068	17,296	698	-190	24,872
Market value at 30/06/2018 -0.5 discount rate +0.5 gross cap out	-3,663	--8,374	--554	1,180	-11,411

Regarding the sensitivity of fair value measurements to changes in the main unobservable inputs, fair value would go down for increases in the discount rate and gross cap out rate.

Other variables that could reduce fair value are:
- an increase in operating costs and/or taxes
- a decrease in rent or in estimated rental value for vacant space
- an increase in estimated extraordinary charges.

Conversely, fair value would go up if these variables changed in the opposite direction.

Recoverable amount of goodwill

The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on intangible assets.

Recoverability of deferred tax assets

The Group has deferred tax assets on deductible temporary differences and theoretical tax benefits for losses carried forward. In estimating recoverable value, the Group considers the results of the business plan in keeping with those used for impairment testing, along with the regulations that enable these assets to be recovered.

Fair value of derivative instruments

The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates, also with support from external consultants. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 7: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market.

Variable revenue

Variable revenue at 30 June is determined on the basis of monthly earnings reports from the individual tenants, if available, or otherwise on the basis of the previous year's earnings.

Provision for doubtful accounts

The provision for doubtful accounts reflects estimated losses on receivables. Management closely monitors the quality of the receivables portfolio and the current and prospective conditions of the economy and IGD's markets. Estimates and assumptions are reviewed on a regular basis and any changes are reflected in the income statement of the pertinent year.

Contingent liabilities

The Group recognizes a liability for pending disputes and legal actions when it believes that a financial outlay is likely and when the amount of the resulting losses can be reasonably estimated. If a financial outlay becomes possible but its amount cannot be determined, this is reported in the notes to the financial statements. The Group is involved in lawsuits and tax disputes concerning difficult, complex issues that present varying degrees of uncertainty, including with regard to the facts and circumstances of each case, matters of jurisdiction, and different applicable laws. Therefore, it is difficult to reach an accurate prediction of any outlays resulting from these disputes, and the provisions set aside for such matters may vary according to future developments.
The Group monitors the status of such litigation and consults with its attorneys and with experts in law and taxation.

4. Segment reporting

The income statement and the statement of financial position are broken down below by business segment in accordance with IFRS 8, followed by a geographical breakdown of revenue from freehold properties.

INCOME STATEMENT	RENTAL ACTIVITIES		SERVICES		"PORTA A MARE" PROJECT		UNSHARED		TOTAL	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
Total revenues and operating income	**74,099**	**68,388**	**3,120**	**3,226**	**2,721**	**4,048**	**0**	**0**	**79,940**	**75,662**
Change in work in progress inventory	**0**	**0**	**0**	**0**	**(2,894)**	**(3,665)**	**0**	**0**	**(2,894)**	**(3,665)**
Direct costs (a) (excluding provision for doubtful accounts)	13,004	12,759	2,560	2,989	157	513	0	0	15,721	16,261
G&A expenses (b)	0	0	0	0	0	0	5,729	5,618	5,729	5,618
Total operating cost (a) + (b)	**13,004**	**12,759**	**2,560**	**2,989**	**157**	**513**	**5,729**	**5,618**	**21,450**	**21,879**
(Depreciations, amortization and provisions)	(715)	(880)	(40)	(35)	(1)	(2)	(172)	(131)	(928)	(1,048)
(Impairment losses)/Reversals on work in progress and inventories	0	0	0	0	(205)	(2,215)	0	0	(205)	(2,215)
Change in fair value - increases/(decreases)	(1,955)	21,148	0	0	(401)	0	0	0	(2,356)	21,148
Total depreciations, amortization, provision, impairment and fair value change	**(2,670)**	**20,268**	**(40)**	**(35)**	**(607)**	**(2,217)**	**(172)**	**(131)**	**(3,489)**	**20,100**
EBIT	**58,425**	**75,897**	**520**	**202**	**(937)**	**(2,347)**	**(5,901)**	**(5,749)**	**52,107**	**70,218**
Income/Loss from equity investments and property sale	**0**	**0**	**0**	**0**	**0**	**0**	**(20)**	**(38)**	**(20)**	**(38)**
Financial income	**0**	**0**	**0**	**0**	**0**	**0**	**25**	**54**	**25**	**54**
Financial charges	**0**	**0**	**0**	**0**	**0**	**0**	**16,068**	**17,625**	**16,068**	**17,625**
Net financial income	**0**	**0**	**0**	**0**	**0**	**0**	**(16,043)**	**(17,571)**	**(16,043)**	**(17,571)**
PRE-TAX PROFIT	**58,425**	**75,897**	**520**	**202**	**(937)**	**(2,347)**	**(21,964)**	**(23,358)**	**36,044**	**50,394**
Income taxes	0	0	0	0	0	0	1,239	1,450	1,239	1,450
NET PROFIT FOR THE PERIOD	**58,425**	**75,897**	**520**	**202**	**(937)**	**(2,347)**	**(23,203)**	**(24,808)**	**34,805**	**48,944**
Non controlling interest in net profit	0	0	0	0	0	0	0	0	0	0
Parent company share of net profit	**58,425**	**75,897**	**520**	**202**	**(937)**	**(2,347)**	**(23,203)**	**(24,808)**	**34,805**	**48,944**

REVENUES FROM FREEHOLD PROPERTIES	NORTHERN ITALY		CENTRAL/SOUTHERN ITALY AND ISLANDS		ABROAD		TOTAL	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
LEASE AND RENTAL INCOME	34,535	29,794	26,607	26,194	4,788	4,573	65,930	60,561
ONE-OFF REVENUES	6	154	0	0	0	0	6	154
TEMPORARY LOCATION RENT	1,138	772	608	551	0	0	1,746	1,323
OTHER RENTAL INCOME	-4	-43	94	67	8	6	98	30
TOTAL	**35,675**	**30,677**	**27,309**	**26,812**	**4,796**	**4,579**	**67,780**	**62,068**

BALANCE SHEET	CORE RENTAL ACTIVITIES		SERVICES		"PORTA A MARE" PROJECT		UNSHARED		TOTAL	
	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17
- Investment property	*2,358,369*	*2,157,176*	*0*	*0*	*0*	*0*	*0*	*0*	*2,358,369*	*2,157,176*
- Assets under construction	*39,137*	*40,466*	*0*	*0*	*0*	*0*	*0*	*0*	*39,137*	*40,466*
Intangible assets	*11,655*	*11,655*	*1,007*	*1,007*	*0*	*0*	*36*	*35*	*12,698*	*12,697*
Other tangible assets	*1,882*	*2,039*	*21*	*33*	*0*	*2*	*8,009*	*8,130*	*9,912*	*10,204*
- Sundry receivables and other non-current assets	*0*	*0*	*0*	*0*	*0*	*0*	*91*	*90*	*91*	*90*
- Equity investments	*127*	*221*	*0*	*0*	*0*	*0*	*216*	*33*	*343*	*254*
NWC	*(13,067)*	*(8,949)*	*1,115*	*907*	*34,901*	*36,810*	*0*	*0*	*22,949*	*28,768*
Funds	*(6,412)*	*(6,543)*	*(1,218)*	*(1,330)*	*(25)*	*(27)*	*0*	*0*	*(7,655)*	*(7,900)*
Payables and other non-current liabilities	*(13,798)*	*(15,256)*	*0*	*0*	*(5,922)*	*(5,926)*	*0*	*0*	*(19,720)*	*(21,182)*
Net deferred tax (assets)/liabilities	*(20,292)*	*(27,339)*	*0*	*0*	*(5,530)*	*2,562*	*0*	*0*	*(25,822)*	*(24,777)*
Total use of funds	**2,357,601**	**2,153,470**	**925**	**617**	**23,424**	**33,421**	**8,352**	**8,288**	**2,390,302**	**2,195,796**
Total Group net equity	*1,213,834*	*1,095,739*	*(211)*	*(323)*	*26,567*	*20,337*	*0*	*(0)*	*1,240,190*	*1,115,753*
Non controlling interest in capital and reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Net derivative (assets)/liabilities	*18,054*	*20,397*	*0*	*0*	*0*	*0*	*0*	*0*	*18,054*	*20,397*
Net debt	*1,125,713*	*1,037,334*	*1,136*	*940*	*(3,143)*	*13,084*	*8,352*	*8,288*	*1,132,058*	*1,059,646*
Total sources	**2,357,601**	**2,153,470**	**925**	**617**	**23,424**	**33,421**	**8,352**	**8,288**	**2,390,302**	**2,195,796**

Notes to the consolidated financial statements

Business combination: acquisition of four businesses

On 18 April 2018, further to the preliminary agreement reached and announced on 15 December 2017, IGD and a group company held by Eurocommercial Properties N.V. signed the definitive contract for the acquisition of four shopping centers and a retail park in Northern Italy (Leonardo Shopping Center in Imola, Lame Shopping Center in Bologna, La Favorita Shopping Center and Retail Park in Mantua, and CentroLuna in Sarzana). The purchase, including ancillary expenses, was financed as follows: *(i)* €104,623,401 with proceeds from the capital increase concluded in April 2018; *(ii)* €88,541,667 by taking over five loan agreements.

A comparison between the carrying value and fair value of the assets and liabilities included with the four businesses as of the acquisition date, pursuant to IFRS 3, is reported below:

Value of the four business units acquired Amounts in Euro	BOOK VALUE	FAIR VALUE
Investment property	187,000,000	208,335,909
TOTAL NON CURRENT ASSETS	***187,000,000***	***208,335,909***
CURRENT ASSETS		
Trade receivables	911,666	911,666
Other current assets	558,132	558,132
TOTAL CURRENT ASSETS	***1,469,798***	***1,469,798***
TOTAL ASSETS	**188,469,798**	**209,805,707**
NON CURRENT LIABILITIES		
Non current financial liabilities	79,333,333	79,333,333
Sundry payables and other non current liabilities	683,621	683,621
TOTAL NON CURRENT LIABILITIES	***80,016,954***	***80,016,954***
CURRENT LIABILITIES		
Non current financial liabilities	9,208,334	9,208,334
Other current liabilities	3,083,277	3,083,277
TOTAL CURRENT LIABILITIES	***12,291,611***	***12,291,611***
TOTAL LIABILITIES	**92,308,565**	**92,308,565**
Net assets acquired (a)	**96,161,233**	**117,497,142**
Business units acquisition price (b)		**96,161,233**
Negative goodwill (profit) (b)-(a)		**21,335,909**
Ancillary costs to the investment acquistion		**-8,459,266**
Net effect on income statement		**12,876,643**

The net positive impact on profit and loss has been recognized in the consolidated financial statements under "net revaluation from acquisition."

The price of the four businesses was €195,459K, including transaction costs; net of their current assets and current/non-current liabilities, the total amount paid, including transaction costs, came to €104,623K. That amount is reported on a separate line in the statement of cash flows.

As a result of the acquisition, revenue in the first half of 2018 increased by €2.7 million. If the Group had finalized the transaction on 1 January 2018, the increase in revenue for the first half of the year would have been approximately €6.7 million.

Revenue and other income

	Note	30/06/2018	30/06/2017	Change
Revenues:	1	**74,099**	**68,386**	**5,713**
- from third parties		52,852	47,323	5,529
- from related parties		21,247	21,063	184
Other income:	2.1	**3,120**	**3,226**	**(106)**
- from third parties		1,886	2,231	(345)
- from related parties		1,234	995	239
Revenues from trading property sale	2.2	**2,721**	**4,048**	**(1,327)**
Total revenues and other operating income		**79,940**	**75,660**	**4,280**

In the first half of 2018 the IGD Group earned revenue and other income of €79,940K, including €2,721K from property sales (residential units in the Mazzini section of the Porta a Mare project).
Most of the increase of €4,280K was caused by positive changes in real estate holdings, with the opening of the newly expanded Esp center on 1 June 2017 and the acquisition of the four businesses mentioned above in April 2018, as partially offset by a decrease in the sale of residential units compared with the first half of last year.

Note 1) Revenue

		30/06/2018	30/06/2017	Change
Freehold hypermarkets - Rents and business lease from related parties	*a.1*	**19,102**	**19,137**	***(35)***
Leasehold hypermarkets - Rents and business lease from related parties	*a.2*	**60**	**59**	***1***
Freehold supermarkets - Rents and business lease from related parties	*a.3*	**857**	**850**	***7***
TOTAL HYPERMARKETS/SUPERMARKETS	a	**20,019**	**20,046**	**(27)**
Freehold malls, offices and city center	*b.1*	**46,022**	**40,727**	***5,295***
Rents		**9,142**	**8,350**	***792***
Related parties		619	480	139
Third parties		8,523	7,870	653
Business lease		**36,880**	**32,377**	***4,503***
Related parties		405	354	51
Third parties		36,475	32,023	4,452
Leasehold malls	*b.2*	**5,915**	**5,887**	***28***
Rents		**306**	**301**	***5***
Related parties		59	58	1
Third parties		247	243	4
Business lease		**5,609**	**5,586**	***23***
Related parties		124	112	12
Third parties		5,485	5,474	11
Revenues from other contracts and temporary rents	*b.3*	**2,143**	**1,726**	**417**
Revenues from other contracts and temporary rents		2,123	1,713	410
Revenues from other contracts and temporary rents from related parties		20	13	7
TOTAL MALLS	b	**54,080**	**48,340**	**5,740**
GRAND TOTAL	a+b	**74,099**	**68,386**	**5,713**
of which related parties		21,247	21,063	184
of which third parties		52,852	47,323	5,529

Total revenue increased by €5,713K compared with the same period last year.

Rent from freehold hypermarkets and supermarkets decreased by €41K.

Rent and business lease revenue from freehold malls, offices and city center properties rose by €5,754K, chiefly as a result of: *(i)* the opening of the expanded Esp center on 1 June 2017; *(ii)* the acquisition of the four businesses described above, in April 2018; *(ii)* an increase in like-for-like revenue at Italian malls (+1.7%), thanks to occupancy initiatives in late 2017 and the first half of 2018 and a reduction in discounts granted; *(iii)* revenue growth in Romania (+4.7%) as a result of good occupancy and renegotiation results during the period.

For further information, see the income statement review (section 1.4) in the Directors' Report.

Note 2.1) Other income

	30/06/2018	30/06/2017	*Change*
Facility management revenues	1,629	1,688	(59)
Portfolio and rent management revenues	73	73	0
Pilotage and construction revenues	79	361	(282)
Marketing revenues	46	99	(53)
Other revenues	59	10	49
Other income from third parties	**1,886**	**2,231**	**(342)**
Facility management revenues - related parties	1,114	953	161
Portfolio and rent management revenues - related parties	28	17	11
Marketing revenues	92	25	67
Other income from related parties	**1,234**	**995**	**239**
Other income	**3,120**	**3,226**	**(103)**

Other income from third parties decreased by €345K compared with the first half of last year, primarily reflecting pilotage fees for the opening of the Esp extension in June 2017.

Other income from related parties increased by €239K, due mainly to the rise in occupancy and facility management revenue.

Note 2.2) Income from the sale of trading properties

This came to €2,721K in the first half of 2018 and concerns nine residential units, nine enclosed garage units and one parking space in the Mazzini section of Porta a Mare, compared with 14 residential units and 14 enclosed garage units sold in the same period last year.

Note 3) Service costs

	30/06/2018	30/06/2017	*Change*
Third parties service costs	**9,968**	**10,374**	**(406)**
Paid rents	5,215	5,194	21
Promotional and advertising expensens	215	236	(21)
Shopping centers management expenses for vacancies	509	554	(45)
Shopping centers management expenses for ceiling to tenant costs	821	886	(65)
Facility management administration costs	347	336	11
Insurances	399	335	64
Professional fees	59	108	(49)
Directors' and Statutory auditors fees	376	397	(21)
External auditors' fees	87	79	8
Investor relations, Consob and Monte Titoli fees	208	183	25
Shopping centers pilotage and construction costs	11	369	(358)
Consulting	430	307	123
Real estate appraisals fees	197	216	(19)
Maintenance and repairs	137	171	(34)
Other costs for service	957	1,003	(46)
Related parties service costs	**1,507**	**1,242**	**265**
Service	144	146	(2)
Shopping centers management expenses for vacancies	401	353	48
Shopping centers management expenses for ceiling to tenant costs	843	644	199
Insurances	36	34	2
Directors' and Statutory auditors fees	83	65	18
Service costs	**11,475**	**11,616**	**(141)**

Service costs were €141K lower than during the first half of 2017.

The largest increases concerned facility management costs due to ceilings on tenants' expenses.

Decreases refer mainly to pilotage and construction costs (-€358K) due to the completion of the Esp expansion in Ravenna.

Rent paid refers mostly to:

- ✓ the Fonti del Corallo mall in Livorno, rented since 2014 from BNP Paribas Real Estate Investment Management Italy SGR S.p.A., under a 24-year lease ending on 25 February 2038 (with an early withdrawal option at the halfway mark on 25 February 2026) that will automatically renew upon expiration for another six years (until 25 February 2044). Annual rent is set at €3,325K for six years and will then be adjusted by 100% of the ISTAT index;
- ✓ the Centro Nova mall, rented since 1 March 2009 from Compagnia Sviluppi Industriali ed Immobiliari S.p.A. and Les Copains Holdings S.p.A. under a six-year lease renewable for a further six years at a time, for which annual rent is approximately €4,319K;
- ✓ the Centro Piave mall, rented since 1 July 2004 from Nova Immobiliare S.r.l. under a six-year lease renewable for a further six years at a time, with annual rent of approximately €2,378K.

Note 4) Cost of labor

	30/06/2018	30/06/2017	Change
Wage and salaries	3,640	3,646	(6)
Social security	944	1,034	(90)
Severance pay	241	229	12
Other costs	133	121	12
Personnel costs	**4,958**	**5,030**	**(72)**

The cost of labor was essentially unchanged with respect to the first half of 2017.

Note 5) Other operating costs

	30/06/2018	30/06/2017	Change
IMU/TASI/Property tax	4,553	4,330	223
Other taxes	26	40	(14)
Contract registration fees	183	185	(2)
Ordinary out-of-period (income)/charges	11	0	11
Membership fees	70	64	6
Loss on receivables	0	42	(42)
Fuels and tolls	91	96	(5)
Other costs	83	107	(24)
Other operating costs	**5,017**	**4,864**	**153**

The increase in IMU/TASI/Property tax is due chiefly to the Group's share of IMU (municipal tax) for the four malls acquired, as described in the "Business combination" section.

Note 6) Change in work in progress inventory

	30/06/2018	30/06/2017	Change
Construction costs for the period	339	370	(31)
Change in inventories due to disposals	(2,894)	(4,035)	1,141
Change in work in progress inventories	**(2,555)**	**(3,665)**	**1,110**

Work in progress inventory relating to the land, buildings, and urban infrastructure works of the multifunctional complex in Livorno decreased by €2,555K due to the sale of residential units (see Note 2.2), net of the advancement of works for the period.

Note 7) Depreciation, amortization, provisions and fair value changes

	30/06/2018	30/06/2017	*Change*
Amortization of intangible assets	(8)	(12)	4
Amortization of tangible assets	(394)	(500)	106
Provision for doubtful accounts	(443)	(427)	(16)
Provision for future risks and charges	(83)	(108)	25
Amortization and provisions	**(928)**	**(1,047)**	**119**
(Impairment losses)/Reversals on work in progress and inventories	(288)	(2,215)	1,927
Changes in fair value	(15,150)	21,148	(36,298)
Acquisition net revaluation	12,877	0	12,877
Total depreciation, amortization, provision, impairment and changes in fair value	**(3,489)**	**17,886**	**(21,375)**

- ✓ Depreciation and amortization decreased by €110K due to the conclusion of the depreciation process for plant and equipment.
- ✓ The allocation to the provision for doubtful accounts came to €443K, roughly in line with the previous year's €427K. The allocation was made by evaluating the individual positions of clients in order to adjust them to estimated realizable value. See Note 23 for changes in this provision.
- ✓ Other provisions refer to the estimated outcome of IMU (municipal property tax) disputes regarding Esp (Ravenna) and La Torre (Palermo) shopping centers.
- ✓ "(Impairment losses)/reversals on work in progress" (-€288K) cover the following: *(i)* an impairment loss of €83K for the expansion of Porto Grande (see Note 17), to bring carrying value into line with the lower of cost and fair value as stated in the appraisal of 30 June 2018; *(ii)* an impairment loss of €205K regarding work in progress inventory for the Porta a Mare project, to bring carrying value into line with the lower of cost and fair value as stated in the appraisal of 30 June 2018 (see Note 22).
- ✓ The item "Fair value changes" (-€15,150K) covers: *(i)* net writedowns of €14,833K (see Note 14) to match the carrying value of investment property to fair value at 30 June 2018; *(ii)* a writedown of €421K to match the carrying value of work in progress on Officine Storiche to market value (see Note 17) and a revaluation of €104K to adjust the carrying value of work in progress on Arco Campus.
- ✓ The item "Net revaluation from acquisition" (€12,877K) accounts for the net impact on profit of the acquisition of four businesses (see the "Business combination" section for details).

Note 8) Income/(loss) from equity investments and property sales

The overall loss of €20K derives from the results of investments accounted for using the equity method.

Note 9) Financial income and charges

	30/06/2018	30/06/2017	*Change*
Bank interest income	3	2	1
Other interest income and equivalents	11	26	(15)
Exchange gains	9	26	(17)
Financial income from third parties	**23**	**54**	**(31)**
Interest income from related parties	2	2	0
Financial income from related parties	**2**	**2**	**0**
Total financial income	**25**	**56**	**(31)**

Financial income decreased due mainly to time deposits made in 2017.

	30/06/2018	30/06/2017	Change
Interest expenses on security deposits	18	7	11
Financial charges from related parties	**18**	**7**	**11**
Bank interest expenses	2	6	(4)
Mortgage loan interest expenses	1,603	1,540	63
Amortized mortgage loan costs	203	189	14
IRS spread	3,425	4,437	(1,012)
Amortized costs of the equity mortgage components	0	60	(60)
Bond financial charges	9,398	9,425	(27)
Bond amortized costs	947	1,397	(450)
Financial charges on leasing	26	28	(2)
Other interests, fees and chages	446	511	(65)
Financial credit w rite-dow ns	0	25	(25)
Financial charges from third parties	**16,050**	**17,618**	**(1,568)**
Total financial charges	**16,068**	**17,625**	**(1,557)**

Financial charges went from €17,625K in the first half of 2017 to €16,068K this year. Most of the decrease of €1,557K reflects (i) lower costs for interest rate swaps, as one IRS matured in April 2017 and a new one was contracted under more favorable terms for the Group; and (ii) lower financial charges on the amortized cost of bonds, due to the adoption of the new accounting standard IFRS 9, which increased liabilities for bond loans while reducing their interest expense.
For the first half of 2018, the average cost of debt (without considering recurring and non-recurring transaction costs) was 2.70%, down from 2.91% the previous year, while the weighted average effective cost of debt (including ancillary charges) went from 3.21% to 2.90%.

Note 10) Income taxes

	30/06/2018	30/06/2017	Change
Current taxes	748	656	92
IRAP tax credit	0	(13)	13
Deferred tax liabilities	365	707	(342)
Deferred tax assets	128	106	22
Out-of-period income/charges and provisions	(2)	(6)	4
Income taxes for the period	**1,239**	**1,450**	**(211)**

Current and deferred taxes came to €1,239K for the period, a decrease of €211K with respect to the first half of 2017. The change is mostly due to the adjustment of deferred tax assets and deferred tax liabilities to reflect the disparity between fair value and the amount valid for tax purposes, caused by fair value adjustments on certain investment properties held by subsidiaries without SIIQ status.
Below is a reconciliation between theoretical income tax and actual income tax for the periods ended 30 June 2018 and 30 June 2017.

Reconciliation of income taxes applicable to pre-tax profit	30/06/2018	30/06/2017
Pre-tax profit	**36,044**	**50,394**
Theoretical tax charge (rate 24%)	8,651	12,094
Profit resulting in the income statement	36,044	50,394
Increases:		
IMU - Property tax	4,017	3,805
Impairments on assets under construncion and inventories	205	2,215
Other increases	3,586	1,714
Decreases:		
Change in tax-exempt income	(20,027)	(26,325)
Deductible depreciations	(7,775)	(3,533)
Positive fair value	(6,186)	(21,148)
Other changes	(5,594)	(4,337)
Taxable income	**4,270**	**2,785**
Use of ACE benefit	**970**	**1,047**
Taxable income net of losses and Ace benefit	**3,300**	**1,738**
Lower current taxes recognized directly in equity	**(86)**	**(14)**
Current taxes of the year	**545**	**448**
Current IRES of the year (a)	**545**	**448**
Difference between value and cost of production	**47,715**	**48,797**
Theoretical IRAP (3.9%)	1,861	1,903
Difference between value and cost of production	**47,715**	**48,797**
Changes:		
Increases	5,318	6,987
Decreases	(4,325)	(3,434)
Change in tax-exempt income	(35,575)	(42,168)
Other deductions	(4,911)	(5,027)
Taxable income for IRAP purpose	**8,222**	**5,155**
Lower taxes for IRAP recognized directly in equity	**(12)**	**0**
Current IRAP for the year (b)	**203**	**208**
Total current taxes (a+b)	**748**	**656**

Note 11) Earnings per share

As required by IAS 33 (paragraph 66), the income statement presents the basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of IGD SIIQ S.p.A. The information is provided on the basis of consolidated figures only, as provided for by IAS 33. Considering the reverse stock split carried out on 19 February 2018, the figures at 30 June 2017 are reported on the same basis for the sake of comparison.

	30/06/2018	30/06/2017
Net profit attributable to Parent company shareholders	34,805	48,944
Diluted net profit attributable to Parent company shareholders	34,805	48,944
Weighted average number of ordinary shares for purposes of basic earnings per share	92,275,302	81,304,563
Weighted average number of ordinary shares for purposes of diluted earnings per share	92,275,302	81,304,563
Basic earning per share	**0.377**	**0.602**
Diluted earning per share	**0.377**	**0.602**

Note 12) Intangible assets with finite useful lives

	Balance at 01/01/2018	Increases	Decreases	Amortization	Reclassification	Balance at 30/06/2018
Intangible assets with finite useful lives	35	9	0	(8)	0	36

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trademarks used by the Group, which are amortized over 10 years, and of business software, amortized over 3 years. In the first half of 2018 there were no impairment losses or reversals on intangible assets.

Note 13) Goodwill

	Balance at 01/01/2018	Increases	Decreases	Reclassification	Balance at 30/06/2018
Goodwill	12,662	0	0	0	12,662

Goodwill has been allocated to the individual cash generating units (CGUs).
Below is the breakdown of goodwill by CGU at 30 June 2018:

Goodwill	30/06/2018	31/12/2017
Millennium s.r.l.	3,952	3,952
Winmagazin S.A.	5,409	5,409
Winmarkt management s.r.l.	1	1
Fonti del Corallo	1,300	1,300
Centro Nova	546	546
San Donà	448	448
Service	1,006	1,006
Total	**12,662**	**12,662**

Goodwill for Millennium and Winmagazin refers to consolidation differences arising upon acquisition and first-time consolidation of the corresponding legal entities. The recoverability of the goodwill allocated to these CGUs has been analyzed on the basis of the property appraisals by CBRE Valuation S.p.A., Duff&Phelps REAG S.p.A., Jones Lang LaSalle S.p.A., and Cushman & Wakefield LLP in accordance with the criteria described in Note 14 below. Specifically, this goodwill covers the possibility to sell properties owned by the subsidiaries (through the equity investment) without incurring taxes. Therefore, recoverability derives from the tax savings that could be achieved from the investment's sale, and is measured on the basis of the deferred tax provision covering the higher book value of the property with respect to the tax-deductible amount. Goodwill for the CGUs Fonti del Corallo, Centro Nova, San Donà, Service, and Winmarkt Management pertains to business management for properties not owned by the Group, as well as services (facility management) provided at shopping centers owned by the Group and by third parties. For the latter, the Group performs impairment tests every year at 31 December, and whenever circumstances indicate that the recoverable amount of goodwill may have been impaired. For both types described, at 30 June 2018 there were no signs from quantitative and/or qualitative indicators, and specifically from fair value movements in investment property, suggesting that the tests be conducted anew.

Note 14) Investment property

	Balance at 01/01/2018	Increases	Decreases	Revaluation	Impairment	Reclassification	Balance at 30/06/2018
Investment property	2,157,176	210,272	(5)	4,685	(19,516)	5,757	2,358,369

The increases in investment property since 31 December 2017 concern:

- the properties acquired with the acquisition of four shopping centers and a retail park in the first half of 2018 (€208.3 million) (see the "Business combination" section for details);
- extraordinary maintenance work at various shopping centers, specifically Esp, Borgo, Crema, Tiburtino, Katanè, and Città delle Stelle.

As for fair value adjustments, investment property was revalued in the amount of €4,685K and written down by €19,516K, for a net negative impact of €14,831K.

Reclassifications refer mainly to:

- the recognition as investment property of construction work on a midsize store at Gran Rondò shopping mall in Crema (€2,994K). The store opened to the public on 3 May 2018;
- the recognition as investment property of mandatory earthquake proofing at Darsena mall in Ferrara (€849K);
- the recognition as investment property of roof work (waterproofing) at Guidonia mall (€548K);
- the recognition as investment property of mandatory fireproofing work at various malls held by subsidiaries in Romania (€721K).

See section 1.8 on the real estate portfolio, in the Directors' Report, for further details.

Note 15) Buildings

	Balance at 01/01/2018	Increases	Decreases	Amortization	Balance at 30/06/2018
Historical cost	10,114				10,114
Accumulated depreciations	(1,983)			(121)	(2,104)
Buildings	**8,131**	**0**	**0**	**(121)**	**8,010**

This item refers to the purchase of the building housing IGD SIIQ S.p.A.'s head office. The only movement during the year was depreciation.

Note 16) Plant and machinery, equipment, and leasehold improvements

	Balance at 01/01/2018	Balance at 01/01/2018	**Balance at 01/01/2018**					Change in currency translation		Balance at 30/06/2018	Balance at 30/06/2018	**Balance at 30/06/2018**
	Historical cost	Accumulated depreciation	**Net carrying value**	Historical cost increases	Reclassification	Accumulated depreciation increases	2018 Depreciation	Historical cost	Accumulated depreciation	Historical cost	Accumulated depreciation	**Net carrying value**
Plants and machinery	3,168	(2,908)	**260**	26			(38)			3,194	(2,946)	**248**
Equipments	5,532	(4,516)	**1,016**	25	56	(20)	(98)	(3)	(3)	5,610	(4,637)	**973**
Leashold goos improvements	2,992	(2,195)	**797**	21			(137)			3,013	(2,332)	**681**

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect depreciation for the period. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the lease.

Note 17) Assets under construction

	Balance at 01/01/2018	Increases	Decreases	Reclassification	(Impairment losses)/Reversals	Changes in Fair Value	Change in consolidation area	Change in currency translation	Balance at 30/06/2018
Assets under construction	38,233	4,938		(5,814)	(82)	(317)		1	36,959
Advance payments	2,233	81	(136)						2,178
Assets under construction and advance payments	**40,466**	**5,019**	**(136)**	**(5,814)**	**(82)**	**(317)**	**0**	**1**	**39,137**

Assets under construction increased due to investments totalling €4,938K, mostly concerning: *(i)* final work on the expansion of Gran Rondò shopping mall in Crema (€1,336K); *(ii)* ongoing work at Officine Storiche (Porta a Mare, €961K); *(iii)* earthquake proofing at Portogrande and Centro d'Abruzzo (€63K); *(iv)* mall restyling at Darsena, Casilino and Fonti del Corallo (€364K); *(v)* roofing at Tiburtino and Centro Sarca shopping centers (€157K); *(vi)* construction work on Arco Campus (€1,596K); *(vii)* extraordinary maintenance work at various malls in Romania (€414K) and other minor improvements (€47K).

Reclassifications refer to works finished during the half-year and reclassified to investment property (€5,757K), mostly in connection with the Gran Rondò expansion in Crema, extraordinary maintenance work at various malls in Romania, and earthquake proofing and roof work (waterproofing) at various shopping centers.

The Porto Grande expansion, recognized using the adjusted cost method, was written down by €82K to bring carrying amounts in line with the lower of cost and appraised market value. Officine Storiche (Porta a Mare project) and the Arco Campus property are carried at fair value due to their advanced stage of construction; the former was written down by €421K while Arco was revalued in the amount of €104K.

See section 2.6 on the real estate portfolio, in the Directors' Report, for further details.

New advances during the period were paid by the subsidiary Winmagazin and amounted to €81K. Decreases in advances (€136K) reflect progress on the Officine Storiche project and on construction work by Winmagazin.

Note 18) Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities have been offset in accordance with paragraph 74 of IAS 12, given that: *(i)* the company is entitled to offset current tax assets and liabilities and *(ii)* the deferred tax assets and liabilities are associated with income taxes charged by the same tax jurisdiction.

Deferred tax assets and deferred tax liabilities for the Italian companies are shown in detail below:

	30/06/2018	31/12/2017	Change
Capital operations	15	31	(16)
Taxed provisions	293	360	(67)
Irs operations	4,136	4,702	(566)
Impairment losses on inventories	2,560	2,560	0
Impairment losses on equity investments and financial receivables	273	271	2
Loss from tax consolidation	1,163	1,163	0
Property investments	224	255	(31)
Other effects	51	78	(27)
Total deferred tax assets	**8,715**	**9,420**	**(705)**

	30/06/2018	31/12/2017	Change
Property investments	13,051	12,285	766
Bond	9	9	0
Irs operations	(1)	28	(29)
Other effects	162	154	8
Total deferred tax liabilities	**13,221**	**12,476**	**745**

	30/06/2018	31/12/2017	Change
Net deferred tax assets	0	0	0
Net deferred tax liabilities	(4,506)	(3,056)	(1,450)

Deferred tax assets mainly originate from:

- ✓ taxed provisions, such as the provision for doubtful accounts and the bonus provision;
- ✓ the effect of writing down inventories to fair value;
- ✓ the recognition of deferred tax assets on mortgage hedging instruments (IRS);
- ✓ tax losses carried forward.

Most of the change for the year reflects deferred tax assets on mortgage hedging instruments (IRS) due to the decrease in their negative fair value.

Deferred tax liabilities principally concern the difference between the fair value of investment property and its value for tax purposes. Most of the change relates to depreciation allowances concerning the group companies IGD Management S.r.l. and Millennium Gallery S.r.l.

For the Italian companies, at 30 June 2018 the balance of deferred tax assets of €8,715K and deferred tax liabilities of €13,221K was a net liability of €4,506K.

Deferred tax liabilities as shown in the statement of financial position therefore include the net deferred tax liabilities and deferred taxation on the real estate investments of the Romanian company WinMagazin. The decrease in deferred tax liabilities for the Romanian companies reflects the negative change in the fair value of investment property during the period.

	30/06/2018	31/12/2017	Change
Property investments Romania	21,316	21,721	(405)
Italian companies net deffered tax liabilities	4,506	3,056	1,450
Total deferred tax liabilities	**25,822**	**24,777**	**1,045**

Note 19) Sundry receivables and other non-current assets

	30/06/2018	31/12/2017	Change
Due to other	22	23	(1)
Security deposits	69	67	2
Sundry receivables and other non current assets	**91**	**90**	**1**

Sundry receivables and other non-current assets are essentially in line with the previous year.

Note 20) Equity investments

	31/12/2017	Increases	Decreases	Revaluations/ Writedowns	30/06/2018
Equity investments in subsidiaries					
Consorzio Proprietari C.C.Leonardo	52				52
Consorzio Proprietari Fonti del Corallo	7				7
Consorzio C.C. i Bricchi	4				4
Consorzio Puntadiferro	6				6
Consorzio del Commendone	6				6
Equity investments in associates					
Rgd Ferrara 2013 S.r.l.	68			(20)	48
Consorzio Millennium Center	4				4
Equity investments in other companies	**107**	**109**	**0**	**0**	**216**
Total equity investments	**254**	**109**	**0**	**(20)**	**343**

The increase in equity investments in other companies (€109K) refers to the greater stake in Fondazione Virtus, which the Group acquired in exchange for waiving an outstanding loan and the interest accrued up to the conversion date.

Note 21) Non-current financial assets

	30/06/2018	31/12/2017	Change
Non current financial assets	243	343	(100)

These consist of the interest-free loan due from Iniziative Bologna Nord S.r.l (in liquidation) in the amount of €243K, net of a €430K writedown. The reduction with respect to 31 December 2017 reflects the Group's increased stake in Fondazione Virtus Pallacanestro Bologna in exchange for waiving an outstanding loan and the interest accrued up to the conversion date.

Note 22) Work in progress inventory

	31/12/2017	Increases	Decreases	Reclassifications	Writedowns	30/06/2018
Porta a Mare project	37,580	340	(2,895)		(205)	34,820
Advance payments	43					43
Work in progress inventories and advance payments	**37,623**	**340**	**(2,895)**	**0**	**(205)**	**34,863**

Inventory for work in progress related to land, buildings (completed and under construction) and urban infrastructure works at the multifunctional complex in Livorno underwent: *(i)* an increase for work on the Officine Storiche section, totaling €340K; *(ii)* a decrease for the final sale during the period of seven properties, seven enclosed garage units and one parking space (€2,895K); and *(iii)* a writedown to adjust carrying amount to the lower of cost and appraised fair value (€205K).

Note 23) Trade and other receivables

	30/06/2018	31/12/2017	*Change*
Trade and other receivables	25,652	25,522	131
Provisions for doubtful accounts	(14,124)	(14,107)	(18)
Trade and other receivables	**11,528**	**11,415**	**113**

Trade receivables, net of the provision for doubtful accounts, increased by €113K with respect to 31 December 2017. The provision for doubtful accounts reflects receivables not considered to be fully recoverable. The allocation for the half-year, €443K, was calculated based on the problems encountered with individual receivables recognized at 30 June and on all available information. The use of €473K from the provision concerns doubtful accounts/problem credits identified in previous years that were fully written off during the period.

Movements in the provision for doubtful accounts are shown below:

Movements in provision for doubtful accounts	*30/06/2018*	*31/12/2017*
Provision for doubtful accounts at the beginning of the period	**14,107**	**14,893**
Translation effect	(2)	(47)
Uses	(473)	(1,908)
Write-downs/(Uses) interest on late payments	(7)	(3)
Provisions	443	1,172
Change due to the acquisition of 4 shopping centers	56	0
Provision for doubtful accounts at the end of the period	**14,124**	**14,107**

The following table shows receivables by geographical area:

	30/06/2018	31/12/2017
Receivables Italy	23,882	23,927
Provision for doubtful accounts	(12,849)	(12,864)
Net receivables Italy	**11,033**	**11,063**
Receivables Romania	1,770	1,595
Provision for doubtful accounts	(1,275)	(1,243)
Net receivables Romania	**495**	**352**
Total net receivables	**11,528**	**11,415**

Note 24) Related party trade and other receivables

	30/06/2018	31/12/2017	*Change*
Coop Alleanza 3.0 Soc. Coop.	164	74	90
Rgd Ferrara 2013 S.r.l.	351	380	(29)
Consorzio Leonardo	0	1	(1)
Consorzio I Bricchi	37	0	37
Alleanza Luce e Gas S.r.l.	44	14	30
Unicoop Tirreno Soc. Coop.	31	1,056	(1,025)
Consorzio del Commendone	0	22	(22)
Distribuzione Lazio Umbria S.r.l.	0	2	(2)
Librerie.Coop S.p.A.	45	8	37
Robintur S.p.A.	1	8	(7)
Consorzio Millenniun Center	2	12	(10)
DistribuzioneCentro Sud s.r.l.	12	0	12
Consorzio La Torre	122	1	121
Consorzio CC ESP	0	5	(5)
Consorzio Crema	22	41	(19)
Consorzio Porta a Mare	49	50	(1)
Consorzio Katané	421	356	65
Coop Sicilia	0	18	(18)
Consorzio Cone'	0	1	(1)
Consorzio Clodì	0	1	(1)
Consorzio Centro Luna	3	0	3
Consorzio Punta di Ferro	0	2	(2)
Consorzio Sarca	0	2	(2)
Related parties trade and other receivables	**1,304**	**2,054**	**(750)**

See Note 40 for details.

Note 25) Other current assets

	30/06/2018	31/12/2017	*Change*
Tax credits			
VAT credits	361	982	(621)
IRES credits	398	391	7
IRAP credits	767	914	(147)
Due from others			
Advances paid to suppliers	12	4	8
Insurance credits	34	34	0
Accrued income and prepayments	1,110	471	639
Deferred costs	26	381	(355)
Other	332	166	166
Other current assets	**3,040**	**3,343**	**(303)**

Other current assets decreased by €303K, due mainly to use of the VAT credit and a reduction in deferred costs for the transactions completed in the first half of the year (capital increase and acquisition of four businesses), partially offset by an increase in accrued assets and prepayments relating chiefly to balances on the acquisition of the four businesses as finalized in April 2018.

Note 26) Financial receivables and other current financial assets

	30/06/2018	31/12/2017	Change
Ohter financial assets	0	42	(42)
Financial receivables and other current financial assets	**0**	**42**	**(42)**
Related parties financial receivables	96	96	0
Related parties financial receivables and other current financial assets	**96**	**96**	**0**

Financial assets from related parties refer to the €150K loan granted to RGD Ferrara 2013 S.r.l., charging interest at the 3-month Euribor plus 350 basis points, less €55K that was converted into a capital injection.

Note 27) Cash and cash equivalents

	30/06/2018	31/12/2017	Change
Cash and cash equivalents	4,269	2,429	1,840
Cash on hands	379	80	299
Cash and cash equivalents	**4,648**	**2,509**	**2,139**

Cash and cash equivalents at 30 June 2018 consisted mainly of current account balances at banks.

Note 28) Net equity

	30/06/2018	31/12/2017	Change
Share capital	749,738	599,760	149,978
Share premium reserve	31,504	29,971	1,533
Other reserves	**409,544**	**384,832**	**24,712**
Legal reserve	119,952	119,952	0
Merger surplus reserve	557	557	0
Trasury share reserve	(146)	(159)	13
Sale of treasury shares effect	(33)	0	(33)
Cash Flow Hedge reserve	(14,086)	(16,048)	1,962
Subsidiaries Cash Flow Hedge reserve	(10)	89	(99)
Bond issue reserve	14,865	14,865	0
Capital increase reserve	(10,350)	(6,156)	(4,194)
FTS IFRS 9 reserve	(4,354)	0	(4,354)
Recalculation of defined benefit plans	(16)	(16)	0
Recalculation of defined benefit plans - subsidiaries	(24)	(24)	0
Fair Value reserve	307,736	276,316	31,420
Translations reserve	(4,547)	(4,544)	(3)
Group profit	**49,404**	**101,190**	**(51,786)**
Group profit (loss) carried forward	14,599	14,736	(137)
Group profit (loss) of the period	34,805	86,454	(51,649)
Total Group Net Equity	**1,240,190**	**1,115,753**	**124,437**
Non controlling interests in capital and reserves	0	0	0
Non controlling interests in profit (loss)	0	0	0
Capital and reserves of non controlling interests	**0**	**0**	**0**
Total Net Equity	**1,240,190**	**1,115,753**	**124,437**

The following actions taken during the period were approved by the annual general meeting held to approve the 2017 financial statements: *(i)* allocation of the parent's 2017 profit to the fair value reserve, in the amount of €31,420K; *(ii)* payment of €55,171K in dividends for 2017, using:

- the profit available for distribution in the amount of €36,704K;
- a portion of profits carried forward from exempt operations produced by the merger of Punta di Ferro SIINQ S.p.A. and IGD Property SIINQ S.p.A., in the amount of €12,628K;
- a portion of other profits carried forward from exempt operations, in the amount of €5,839K.

Net equity also changed due to:

- the €150 million capital increase completed in April 2018;
- €4,194K in costs for the capital increase, recognized net of the tax effect in a separate negative equity reserve, as required by the accounting standards;
- €1,533K in proceeds from the sale of unused options from the capital increase, recognized in the share premium reserve;
- adjustment of the cash flow hedge reserves for outstanding derivatives (+€1,962K for the parent company and -€99K for a subsidiary);
- the sale of all treasury shares, for a total of €126K: €159K for elimination of the corresponding negative reserve and -€33K in sundry losses on the sale of the shares;
- the purchase of treasury shares, in June 2018, for €146K;
- first-time adoption of the new accounting standard IFRS 9, for €4,354K;
- changes in the translation reserve for the conversion of financial statements expressed in a currency other than the euro (-€3K);
- parent's share of net profit for the half (€34,805K).

Note 29) Non-current financial liabilities

This item includes the non-current portion of floating-rate loans from banks, bonds, and amounts due to other lenders, as detailed below:

	Duration	30/06/2018	31/12/2017	Change
Mortgage loans		**347,164**	**285,522**	**61,642**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/07/2021	4,494	5,493	(999)
09 Interbanca IGD	25/09/2006 - 05/10/2021	36,609	43,542	(6,933)
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	4,970	5,515	(545)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	41,121	43,116	(1,995)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	6,671	7,004	(333)
01 Unipol SARCA	10/04/2007 - 06/04/2027	63,872	65,364	(1,492)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	17,883	18,669	(786)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	16,494	17,295	(801)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	9,286	9,751	(465)
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	20,400	21,406	(1,006)
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	14,348	15,165	(817)
15 CentroBanca Cone (Galleria)	22/12/2010 - 31/12/2025	26,911	28,222	(1,311)
29 ICREA	14/12/2017 - 30/06/2021	4,983	4,980	3
UBI 5	19/04/2018 - 17/10/2022	49,877		49,877
UBI 1	19/04/2018 - 17/07/2023	10,593		10,593
UBI 2	19/04/2018 - 17/10/2021	10,347		10,347
UBI 3	19/04/2018 - 17/10/2021	8,305		8,305
Due to bonds		**556,559**	**676,089**	**(119,530)**
Bond 100 ML	11/01/2017- 11/01/2024	99,450	99,417	33
Bond 150 ML	07/05/2014 - 07/01/2019	0	124,536	(124,536)
Bond 162 ML	21/04/2015 - 21/04/2022	158,656	153,903	4,753
Bond 300 ML	31/05/2016 - 31/05/2021	298,453	298,233	220
Due to other source of finance		**3,762**	**3,928**	**(166)**
Sardaleasinf for Bologna headquarters	30/04/2009 - 30/04/2027	3,762	3,928	(166)
Non current financial liabilities		**907,485**	**965,539**	**(58,054)**

Mortgage loans

In the first half 2018, in the context of acquiring four businesses, the company took over five loans with UBI Banca (see section 1.7 of the Directors' Report for details).

Mortgage loans are secured by properties. The change, in addition to the above, is due to the reclassification to current financial liabilities of the principal falling due in the next 12 months. The average interest rate on adjustable-rate mortgage loans at 30 June 2018 was 0.91%.

Bonds

This item decreased due to the reclassification of the €150 million bond loan maturing in January 2019 to current financial liabilities.

Details of outstanding bonds are presented in the table below:

Debts due to bonds	Non currento portion 31/12/2017	Current portion 31/12/2017	Bond issue/repayment	Ancillary cost amortization at 30/06/2018	Financial charges at 30/06/2018	Non currento portion 30/06/2018	Current portion 30/06/2018	Nominal interest rate	Actual interest rate
Bond 150 ML	124,900						124,900		
Additional transaction costs	(364)			150			(214)		
Coupon rate 31.12.2017		4,747			(4,747)				
Paid interests					4,840				
Coupon rate 30.06.2018					2,307		2,307		
Total Bond 150 ML	**124,536**	**4,747**	**0**	**150**	**2,400**	**0**	**126,993**	**3.875%**	**4.17%**
Bond 162 ML	162,000					162,000			
Additional transaction costs	(8,097)			4,752		(3,345)			
Coupon rate 31.12.2017		2,987			(2,987)				
Paid interests					4,311				
Coupon rate 30.06.2018					823		823		
Total Bond 162 ML	**153,903**	**2,987**	**0**	**4,752**	**2,147**	**158,655**	**823**	**2.65%**	**3.94%**
Bond 300 ML	300,000		0			300,000			
Additional transaction costs	(1,767)			221		(1,547)			
Coupon rate 31.12.2017		4,397			(4,397)				
Paid interests					7,500				
Coupon rate 30.06.2018					625		625		
Total Bond 300 ML	**298,233**	**4,397**	**0**	**221**	**3,728**	**298,453**	**625**	**2.50%**	**2,80%***
* including the effect of the Cash Flow Hedge reserve									
Bond 100 ML	**100,000**					100,000			
Additional transaction costs	**(583)**			33		(550)			
Coupon rate 31.12.2017		**1,058**			(1,058)				
Paid interests					1,125				
Coupon rate 30.06.2018					1,056		1,056		
Total Bond 100 ML	**99,417**	**1,058**	**0**	**33**	**1,123**	**99,450**	**1,056**	**2.25%**	**2.35%**
Total Bonds	**676,089**	**13,189**	**0**	**5,156**	**9,398**	**556,559**	**129,496**		
Cash Flow Hedge reserve (bond 300 ML)	**(1,158)**			**161**		**(997)**			
Total financial charges				**5,317**	**9,398**				

Covenants

The following table presents covenants on outstanding loans. All of the covenants were satisfied at 30 June 2018.

	Name	Guarantees given	Type of product	End date	Current portion	Non-current portion	Covenant	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
04	04 BNL Rimini IGD	I Malatesta shopping center (hypermarket)	Loan	06/07/2021			Financial condition of IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to difference between equity and dividends approved for the year must not exceed 2 through to maturity	0.79			
05	05 BreBanca IGD	Mondovicino shopping mall	Mortgage	10/01/2023							
01	01 Unipol Larice	Sarca shopping mall	Mortgage	06/04/2027			Certified consolidated financial statements ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2.3	0.93			
06	06 Unipol Lungosavio IGD	Lungo Savio shopping center (mall)	Mortgage	31/12/2023							
07	07 Carige Nikefin Asti	I Bricchi shopping mall	Mortgage	31/03/2024							

	Name	Guarantees given	Type of product	End date	Current portion	Non-current portion	Covenant	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
08	08 Carisbo Guidonia IGD	Tiburtino shopping center	Mortgage	27/03/24			Financial condition of IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6 through to maturity	0.93			
09	09 Interbanca IGD	Centro d'Abruzzo shopping center (hypermarket); Porto Grande shopping center (mall, hypermarket); Globo shopping center (hypermarket); Le Porte di Napoli shopping center (hypermarket); Il Maestrale shopping center (hypermarket); Leonardo shopping center (hypermarket); Miralfiore shopping center (hypermarket)	Loan	05/10/21			Consolidated financial statements: ratio of net debt (including derivative assets liabilities) to equity must not exceed 2, from 31/12/2006 to maturity	0.93			
10	10 Mediocredito Faenza IGD	Le Maioliche shopping center (hypermarket)	Loan	30/06/2029			IGD SIIQ S.p.A. financial statements: ratio of external net debt to equity + intercompany loans must not exceed 2.7	0.92			
14	14 MPS Palermo	La Torre shopping center (mall)	Mortgage	30/11/2025			Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.7; ii) loan to value ratio for the individual property must not exceed 70%	0.93	44.08%		
15	15 CentroBanca Conè mall	Conè shopping center (mall)	Loan	31/12/2025			Consolidated financial statements: ratio of net debt (including derivative assets and liabilities) to equity no higher than 2	0.93			
13	13 CR Veneto Mondovì	Mondovicino Retail Park	Mortgage	01/11/2024			Certified consolidated financial statements ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6	0.93			
17	17 Carige Palermo IGD	La Torre shopping center (hypermarket)	Mortgage	30/06/2027							
29	29 Iccrea Chirografario	none	Unsecured loan	30/06/2021			Consolidated financial statements: i) Ratio of net debt (excluding derivative liabilities) to equity must not exceed 1.60, from 31/12/2017 to maturity; ii) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%;	0.90	46.15%		

	Name	Guarantees given	Type of product	End date	Current portion	Non-current portion	Covenant	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
24	24 Notes 3.875% - Due 07/01/2019	unsecured	Bond	07/01/2019			i) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%; ii) Interest cover ratio (recurring items on cash basis) > 1.55; iii) Ratio of secured debt to total assets - intangible assets < 45%; iv) Ratio of unmortgaged properties to unsecured debt > 1.00.	46.15%	3.32	15.87%	1.97
26	26 Notes 2.65% - 21/04/2022	unsecured	Bond	21/04/2022			i) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%; ii) Interest cover ratio (recurring items on cash basis) > 1.55; iii) Ratio of secured debt to total assets - intangible assets < 45%; iv) Ratio of unmortgaged properties to unsecured debt > 1.00.	46.15%	3.32	15.87%	1.97
27	27 Notes 2.50% - 31/05/2021	unsecured	Bond	31/05/2021			i) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%; ii) Interest cover ratio (recurring items on cash basis) > 1.7; iii) Ratio of secured debt to total assets - intangible assets < 45%; iv) Ratio of unmortgaged properties to unsecured debt > 1.25	46.15%	3.32	15.87%	1.97
28	28 Notes 2.25% - 11/01/2024	unsecured	Bond	11/01/2024			i) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%; ii) Interest cover ratio (recurring items on cash basis) > 1.7; iii) Ratio of secured debt to total assets - intangible assets < 45%; iv) Ratio of unmortgaged properties to unsecured debt > 1.50	46.15%	3.32	15.87%	1.97

Note 30) Provision for employee severance indemnities

Movements in the provision for employee severance indemnities are shown below:

	Balance at 01/01/2018	Actual (gains)/losses	Utilization	Provisions	IAS 19 Financial charges	Balance at 30/06/2018
Provision for employees severance indemnities	2,574		(68)	172	20	2,698

The following charts show the demographic and financial assumptions used:

DEMOGRAPHIC ASSUMPTIONS	*EMPLOYEES*
Probability of death	RG 48
Probability of long-term disability	INPS (national statistics) by age and gender
Probability of retirement	Achievement of retirement age under mandatory general insurance
Probability of resignation	2%
Probability of receiving TFR advance at beginning of the year (provisioned at 70%)	1%

FINANCIAL ASSUMPTIONS	*2018*
Cost of living increase	1.5%
Discount rate	1.61%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0%
Increase in severance indemnity provision	2.625%

The provision qualifies as a defined benefit plan. In accordance with paragraph 83 of IAS 19, the annual discount rate used to calculate the present value of the liability is based on the iBoxx Corporate A index with duration 10+ as of the measurement date. Use of a discount rate based on the Iboxx Corporate AA 10+ would not have made a significant difference.

Note 31) General provisions

	31/12/2017	Utilization	Provisions	30/06/2018
Provision for taxation	1,557		83	1,640
Bonus provision	986	(971)	519	534
Other general provisions	2,783			2,783
General provisions	**5,326**	**(971)**	**602**	**4,957**

Provision for taxation

This provision covers the charges that might arise from tax audits and other likely tax liabilities. The increase consists mainly of an additional allocation against pending IMU/ICI (local property tax) disputes, which mainly concern new classifications and cadastral rent calculations for two shopping centers.

Bonus provision

The bonus provision covers the variable compensation that will be paid to employees in 2019 on the basis of the Group's 2018 estimated results. The utilization refers to the payment made in the first half of 2018.

Other general provisions

These cover the risks arising from litigation in course, as well as probable future expenses. See Note 45 for further information.

Note 32) Sundry payables and other non-current liabilities

	30/06/2018	31/12/2017	Change
Deferred income	5,922	5,926	(4)
Payables due to substitute tax	1,464	2,913	(1,449)
Other liabilities	443	452	(9)
Sundry payables and other non current liabilities	**7,829**	**9,291**	**(1,462)**

Deferred income concerns the City of Livorno for additional secondary urban infrastructure works as provided for by contract (€2,472K) and works to be delivered to Porta a Mare S.p.A. (€3,450K). The decrease of €4K is explained by progress on the urban infrastructure works, as the amounts are taken to profit or loss in proportion to the costs incurred. Payables for substitute tax concern the investment property Punta di Ferro, for which the tax will be paid in annual installments until 2020. The change reflects payment of the final substitute tax installment on the capital gain arising from the transfer of Centro Lame hypermarket.

Related party payables are shown below:

	30/06/2018	31/12/2017	Change
Security deposits from Coop Alleanza 3.0 Soc. Coop.	11,386	11,386	0
Security deposits from Unicoop Tirreno Soc. Coop.	25	25	0
Security deposits from Distribuzione Centro Sud S.r.l.	450	450	0
Security deposits from Alleanza Luce e Gas S.r.l.	30	30	0
Related parties sundry payables and other non current liabilities	**11,891**	**11,891**	**0**

Security deposits refer to sums received for the leasing of hypermarkets and malls. They pay interest at the rates provided for by law.
See Note 40 for additional information.

Note 33) Current financial liabilities

	Duration	30/06/2018	31/12/2017	Change
Cassa risp. Firenze - Hot money	20/12/2017 - 15/01/2018	15,000	2,800	12,200
Cassa risp. Veneto - Hot money	14/12/2017 - 15/01/2018	0	6,500	(6,500)
Ubi Banca - Hot Money	14/12/2017 - 15/01/2018	0	3,000	(3,000)
Bnl - Bologna - Hot money	14/12/2017 - 15/01/2018	0	6,000	(6,000)
Carisbo - Hot Money	14/12/2017 - 15/01/2018	10,000	8,500	1,500
Cassa di Risparmio del Veneto		3,000	0	3,000
Bnl - Bologna - Hot money	14/12/2017 - 15/01/2018	10,000	11,000	(1,000)
Ubi Banca - Hot money	14/12/2017 - 15/01/2018	7,000	9,000	(2,000)
Bre Banca - Hot money		5,000		5,000
Cassa di Risparmio di Cesena - Hot money		5,000		5,000
Popolare Emilia Romagna	a vista	0	386	(386)
Emilbanca c/c	a vista	0	1,495	(1,495)
Total due to banks		**55,000**	**48,681**	**6,319**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/07/2021	2,001	2,001	0
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	1,092	1,065	27
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	661	641	20
09 Interbanca IGD	25/09/2006 - 05/10/2021	13,889	13,637	252
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	4,131	4,133	(2)
01 Unipol SARCA	10/04/2007 - 06/04/2027	3,034	3,017	17
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	1,557	1,508	49
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	1,705	1,707	(2)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	933	934	(1)
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	2,039	2,013	26
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	1,623	1,606	17
15 CentroBanca Cone (Galleria)	22/12/2010 - 31/12/2025	2,640	2,642	(2)
Finanziamento UBI 4	19/04/2018 -17/10/2018	1,879		1,879
Finanziamento UBI 1	19/04/2018 -17/07/2023	2,543		2,543
Finanziamento UBI 2	19/04/2018 -17/10/2021	1,540		1,540
Finanziamento UBI 3	19/04/2018 -17/10/2021	3,361		3,361
Finanziamento UBI 5	19/04/2018 -17/10/2022	107		107
Total mortgage loans		**44,735**	**34,904**	**9,831**
Leasing Igd HQ	30/04/2009 - 30/04/2027	328	323	5
Total due to other source of finance		**328**	**323**	**5**
Bond 100 ML	11/01/2017- 11/01/2024	1,056	1,058	(2)
Bond 150 ML	07/05/2014 - 07/01/2019	126,993	4,747	122,246
Bond 162 ML	21/04/2015 - 21/04/2022	823	2,987	(2,164)
Bond 300 ML	31/05/2016 - 31/05/2021	625	4,397	(3,772)
Total due to bonds		**129,497**	**13,189**	**116,308**
Current financial liabilties		**229,560**	**97,097**	**132,463**

Current financial liabilities with third parties include the current portion of lease payments on the new head office and the current portion of outstanding mortgage and bond loans (including interest accrued).

The principal changes in current financial liabilities relate to:

- ✓ the reclassification from non-current financial liabilities of the €150 million bond maturing in January 2019;
- ✓ the current portion of the five loans with UBI Banca that the Group took over as part of the acquisition of four businesses;
- ✓ the increase in ultra-short-term credit lines;

- ✓ the repayment of principal falling due during the period on existing mortgage loans, and the reclassification of payments due within 12 months from non-current financial liabilities.

Note 34) Net financial position

The table below presents the net financial position at 30 June 2018 and 31 December 2017. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute monetary assets or liabilities.
Uncommitted credit facilities with banks amount to €286 million, of which €231 million was unutilized at the close of the period.
Committed revolving credit facilities with banks, unutilized at 30 June, amount to €60 million.
See the section "Statement of financial position and financial review" of the Directors' Report for comments.

NET DEBT	30/06/2018	31/12/2017
Cash and cash equivalents	(4,648)	(2,509)
Related parties financial receivables and other current financial assets	(96)	(96)
Financial receivables and other current financial assets	0	(42)
LIQUIDITY	**(4,744)**	**(2,647)**
Current financial liabilities	55,000	48,681
Mortgage loans - current portion	44,735	34,904
Leasing liabilities - current portion	328	323
Bond loans - current portion	129,497	13,189
CURRENT DEBT	**229,560**	**97,097**
NET CURRENT DEBT	**224,816**	**94,450**
Non current financial assets	(243)	(343)
Leasing liabilities - non current portion	3,762	3,928
Non current financial liabilities	347,164	285,522
Bond loans	556,559	676,089
NON CURRENT NET DEBT	**907,242**	**965,196**
NET DEBT	**1,132,058**	**1,059,646**

Note 35) Trade and other payables

	30/06/2018	31/12/2017	Change
Trade and other payables	10,341	13,838	(3,497)

The decrease in trade payables reflects the release of retention money for the expansion of Esp Ravenna and the expansion of the Gran Rondò shopping center in Crema.

Note 36) Related party trade and other payables

	30/06/2018	31/12/2017	Change
Coop Alleanza 3.0 Soc. Coop.	210	179	31
Robintur S.p.A.	4	0	4
Consorzio Lame	115	74	41
Consorzio La Torre	157	50	107
Consorzio Cone'	47	(3)	50
Consorzio CC ESP	4	4	0
Consorzio Katané	25	65	(40)
Consorzio Porta a Mare	54	7	47
Consorzio Centro Le Maioliche	1	29	(28)
Consorzio Leonardo	42	10	32
Consorzio I Bricchi	27	29	(2)
Unicoop Tirreno Soc. Coop.	2	1	1
Consorzio Sarca	0	1	(1)
DistribuzioneCentro Sud S.r.l.	1	1	0
Consorzio Crema	0	(1)	1
Consorzio prop. Fonti del Corallo	74	12	62
Distribuzione Lazio Umbria S.r.l.	1	1	0
Consorzio del Commendone	19	0	19
Related parties trade and other payables	**783**	**459**	**324**

Payables to related parties increased by €324K.

See Note 40 for additional information.

Note 37) Current tax liabilities

	30/06/2018	31/12/2017	Change
Due to tax authorities for w ithholdings	4,865	504	4,361
Irap	3	5	(2)
Ires	231	262	(31)
VAT	211	79	132
Drainage consortium	2	1	1
Other taxes	73	13	60
Substitute tax	1,464	1,536	(72)
Tax liabilities	**6,849**	**2,400**	**4,449**

Most of the change, totaling €4,449K, concerns the increase in tax due by the parent company for withholding charged on dividends, to be paid in July 2018. In the first half of 2017 the withholding tax was paid in before the end of June.

Note 38) Other current liabilities

	30/06/2018	31/12/2017	Change
Social security	351	398	(47)
Accrued liabilities and deferred income	797	629	168
Insurances	8	8	0
Due to employees	839	716	123
Security deposits	6,311	5,280	1,031
Unclaimed dividends	3	1	2
Advances received, due within one year	260	533	(273)
Amounts due to directors for emoluments	95	207	(112)
Other liabilities	1,135	1,184	(49)
Other current liabilities	**9,799**	**8,956**	**843**

The increase in accrued liabilities and deferred income is due mainly to invoices issued during the half-year but not pertaining to the period.

Most of the increase in security deposits relates to the acquisition of four businesses in the first half of the year.

Advances received went down due to the sale of nine residential units, nine enclosed garage units, and one parking space during the half-year.

Related party payables are shown below:

	30/06/2018	31/12/2017	Change
Other payables	14	14	0
Related parties current liabilities	**14**	**14**	**0**

Current liabilities with related parties were unchanged with respect to the previous year. See Note 40 for additional information.

Note 39) Dividends

During the year, as determined by the Annual General Meeting held to approve the 2017 financial statements on 1 April 2018, a dividend of €0.50 was paid for each of the 110,341,903 shares outstanding, for a total of €55,171 thousand.

Note 40) Related party disclosures

Below is the information required by paragraph 18 of IAS 24.

Related party disclosures	RECEIVABLES AND OTHER CURRENT ASSETS	FINANCIAL RECEVABLES	PAYABLES AND OTHER CURRENT LIABILITIES	PAYABLES AND OTHER NON CURRENT LIABILITIES	FINANCIAL PAYABLES	SUNDRY RECEIVABLES AND OTHER NON CURRENT ASSETS	FIXED ASSETS -Increases	FIXED ASSETS - Decreases
Coop Alleanza 3.0 Soc. Coop.	164	0	209	11,386	0	0	0	
Robintur S.p.A.	1	0	4	0	0	0	0	
Librerie.Coop S.p.A.	45	0	0	0	0	0	0	
Allaeanza Luce e Gas S.r.l.	44	0	0	30	0	0	0	
Unicoop Tirreno Soc. Coop.	31	0	17	25	0	0	0	
Consorzio prop. Fonti del Corallo	0	0	74	0	0	0	74	
Consorzio Cone'	0	0	47	0	0	0	0	
Consorzio Crema	22	0	0	0	0	0	0	
Consorzio CC ESP	0	0	4	0	0	0	0	
Consorzio I Bricchi	37	0	27	0	0	0	0	
Consorzio Katané	421	0	25	0	0	0	0	
Consorzio Lame	0	0	115	0	0	0	0	
Consorzio Leonardo	0	0	42	0	0	0	0	
Consorzio La Torre	122	0	157	0	0	0	56	
Consorzio Millenniun Center	2	0	0	0	0	0	0	
Consorzio Porta a Mare	49	0	54	0	0	0	0	
Consorzio Sarca	1	0	0	0	0	0	0	
DistribuzioneCentro Sud S.r.l.	12	0	1	450	0	0	0	
Distribuzione Lazio Umbria S.r.l.	0	0	1	0	0	0	0	
Consorzio Centro Luna	3	0	0	0	0	0	0	
Consorzio del Commendone	0	0	19	0	0	0	0	
Rgd ferrara 2013 S.r.l.	351	96	0	0	0	0	0	
Total	**1,305**	**96**	**796**	**11,891**	**0**	**0**	**130**	**0**
Amount reported	**50,735**	**339**	**20,937**	**19,720**	**1,137,045**	**91**		
Total increase/decrease for the year							**215,372**	**161**
% of the total	**2.57%**	**28.32%**	**3.80%**	**60.30%**	**0.00%**	**0.00%**	**0.06%**	**0.00%**

Related party disclosures	REVENUES AND OTHER INCOME	FINANCIAL INCOME	COSTS	FINANCIAL CHARGES
Coop Alleanza 3.0 Soc. Coop.	14,025	0	188	17
Robintur S.p.A.	150	0	0	0
Librerie.Coop S.p.A.	414	0	0	0
Allaeanza Luce e Gas S.r.l.	71	0	0	0
Unicoop Tirreno Soc. Coop.	1,684	0	36	0
Consorzio Cone'	82	0	76	0
Consorzio Clodì	27	0	53	0
Consorzio Crema	31	0	46	0
Consorzio CC ESP	102	0	98	0
Consorzio I Bricchi	57	0	258	0
Consorzio Katané	103	0	116	0
Consorzio Lame	88	0	0	0
Consorzio Leonardo	116	0	0	0
Consorzio La Torre	99	0	169	0
Consorzio Millenniun Center	54	0	30	0
Consorzio Punta di Ferro	82	0	58	0
Consorzio Porta a Mare	38	0	129	0
Consorzio Sarca	88	0	169	0
DistribuzioneCentro Sud S.r.l.	782	0	0	1
Distribuzione Lazio Umbria S.r.l.	1,302	0	0	0
Coop Sicilia S.p.A.	2,605	0	0	0
Consorzio del Centro Luna	4	0	0	0
Consorzio del Commendone	73	0	33	0
Consorzio Centro Le Maioliche	84	0	48	0
R.P.T. Robintur Travel Partner S.r.l.	8	0	0	0
Rgd ferrara 2013 S.r.l.	312	2	0	0
Total	**22,481**	**2**	**1,507**	**18**
Amount reportes	**79,940**	**25**	**21,789**	**16,068**
% of the total	**28.12%**	**8.00%**	**6.92%**	**0.11%**

The Group has financial and economic relationships with its controlling company, Coop Alleanza 3.0 Soc. Coop.; with other companies in the Coop Alleanza 3.0 Group (Coop Sicilia S.p.A., Robintur S.p.A., Librerie Coop S.p.A., R.P.T. Robintur Travel Partner S.r.l. and Adriatica Luce e Gas S.r.l.); with Unicoop Tirreno Soc. Coop., Campania Distribuzione Moderna S.r.l. (absorbed by Distribuzione Centro Sud S.r.l. on 1 March 2016), Distribuzione Lazio Umbria S.r.l. (owned 99.86% by Unicoop Tirreno Soc. Coop.) and Distribuzione Centro Sud S.r.l. (owned 70% by Coop Alleanza 3.0 Soc. Coop. and 30% by Unicoop Tirreno Soc. Coop.).
Related party transactions are conducted at arm's length and are recognized at face value.

Transactions with Coop Alleanza 3.0 Soc. Coop. and its subsidiaries

Transactions with the controlling company Coop Alleanza 3.0. Soc. Coop. refer to:

- the rental of investment property to Coop Alleanza for use as hypermarkets and supermarkets; rental income in the first half of 2018, including for retail premises, amounted to €14 million;
- the provision of IT services by Coop Alleanza 3.0. Soc. Coop.;
- security deposits received on leases.

Transactions with Robintur S.p.A. and R.P.T. Robintur Travel Partner S.r.l. concern the leasing of store space at malls. For the period ended 30 June 2018, €150K in rent was received from Robintur S.p.A. and €8K from R.P.T. Robintur Travel Partner S.r.l.

Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers and the leasing of the third floor of the building that houses IGD's head office. For the half-year, the Group received €414K under this arrangement.

Transactions with Alleanza Luce e Gas S.r.l. refer to the rental of part of the second floor of the building where IGD has its head office. For the half-year, the Group received €71K under this arrangement.

Transactions with Distribuzione Centro Sud S.r.l. (owned 70% by Coop Alleanza 3.0. Soc. Coop. and 30% by Unicoop Tirreno Soc. Coop.) refer to the lease to those companies of the Guidonia and Afragola hypermarkets for €782K, as well as security deposits received on leases.

Transactions with Coop Sicilia S.p.A., a wholly-owned subsidiary of Coop Alleanza 3.0. Coop., concern receivables and income from the leasing of properties used as hypermarkets. In the period ended 30 June 2018 such income amounted to €2.6 million.

Transactions with Unicoop Tirreno Soc. Coop.

Transactions with Unicoop Tirreno Soc. Coop. consist of:

- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets. For the half-year, the Group received €1.7 million under these arrangements.

Transactions with Distribuzione Lazio Umbria S.r.l. (owned 99.86% by Unicoop Tirreno) refer to the lease to that company of the Casilino hypermarket and the Civita Castellana supermarket for €1.3 million, as well as security deposits received on leases.

Transactions with other Group companies

Transactions with consortiums concern receivables and income for facility management services at shopping centers; the costs incurred refer to service charges for vacant units and extraordinary maintenance work on properties.

Transactions with RGD Ferrara 2013 S.r.l., formed on 30 September 2013 to manage the Darsena City shopping center in Ferrara (a joint venture between IGD and Beni Stabili), consist of: (*i*) rental of the Darsena property by IGD (rent for the first half of 2018 amounted to €312K) and (*ii*) an interest-bearing loan in the amount of €96K, with interest charged at the 3-month Euribor plus a spread of 350 basis points.

Note 41) Management of financial risk

In the course of business, the Group is exposed to various financial risks: interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Group has operational and financial policies aimed at reducing the impact of such risks on performance, in part through the use of interest rate derivatives. The Board of Directors reviews and agrees on policies to manage these risks.

Interest rate risk

The main risk factor is the volatility of interest rates and the effect this has on borrowing and on the investment of liquid funds. The Group finances its operations through short-term borrowings, long-term mortgage loans charging adjustable interest, and bond loans, so it risks an increase in financial charges if interest rates go up or if it refinances debt at higher rates.

The Finance department monitors interest rate risk constantly, in coordination with top management, including through analysis and measurement tools developed within the Group's enterprise risk management program. It also monitors trends in the main economic and financial indicators that may affect the Group's performance. Interest rate swaps hedge 87.1% of the Group's exposure to rate fluctuations on long-term loans, including bonds. The Finance department analyzes and measures interest rate and liquidity risk while constantly evaluating the best means of implementation of the risk management model, and conducts routine scouting activities to find opportunities to reduce the cost of debt with banks and/or the capital markets.

See Note 42 for quantitative information on derivatives.

Liquidity risk

This refers to problems with liquidity management, insufficient resources to finance the business, and difficulty keeping up with loans or obtaining new credit. Liquidity is monitored through cash flow planning, and risk is mitigated by the Group's extensive credit lines.

The Finance department uses a financial forecasting tool to monitor expected cash flows over a one-quarter rolling horizon and makes sure there is enough liquidity to operate the business, while establishing the proper ratio of bank debt to capital market debt.

As for long-term loans, each bank facility finances a specific project, which reduces the risk of needing to refinance. Some long-term loans involve covenants; this aspect is monitored constantly by the chief financial officer, who also coordinates with management to gauge the likelihood of violating the covenants as a result of the strategic, operational, compliance and financial risks mapped, using the enterprise risk management system.

Financial commitments are covered by funds confirmed by the banks, and unutilized credit facilities are available.

Liquidity risk is managed prudently to avoid incurring excessive costs in the case of unforeseen events, which could have a further negative impact on market reputation and financial viability.

Credit risk

Credit risk takes the form of customer insolvency and difficulty collecting payments. To mitigate these risks, tenants go through a pre-contractual selection process, based on financial standing and earnings prospects.

Reviews of potential customers are performed also with the help of external specialists and aim to identify any risk factors for the company. Monthly analyses analyze the level of risk associated with each tenant and monitor their solvency.

All customers are asked for bank guarantees and/or security deposits to guarantee fulfillment of their commitments. Throughout the life of the contract, the company monitors compliance on an ongoing basis, and follows internal credit management procedures in the event any problems arise; when the business relationship is secure, measures to assist the tenant may be taken. The Group also uses an ad hoc program to measure each tenant's risk level and solvency, an analysis that is formally conducted every quarter but monitored on a daily basis to stay abreast of the actions taken or needed to collect receivables.

Foreign exchange risk

The Group is exposed to foreign exchange risk for its operations in Romania. Fluctuations in the value of the Romanian lei could lead to the writedown of properties held or to the unsustainability of contractual obligations for tenants in Romania, where rent is denominated in euros but collected in the local currency. At the moment, IGD mitigates this risk through constant efforts to optimize the merchandising mix and tenant mix and by supporting the value of the real estate portfolio, in part by making improvements. Weekly meetings are held to coordinate and monitor the credit situation of individual malls and tenants, to determine if any action is needed. On a monthly basis, the Company checks the amount of rent as a percentage of the tenant's revenue. Commercial policies are determined with care and with the utmost attention to local consumption styles and market demands. To that end, the Group employs a specialized team made up of head office and local professionals, to seek the right trade-off between the expertise acquired at the corporate level and knowledge of the local context.

Capital management

The primary objective of the Group's capital management is to make sure it maintains a solid credit rating and sufficient capital indicators to support the business and maximize shareholder value. This is pursued by:

1. keeping the net debt/equity ratio at 1x or below (the ratio was 0.94x at 31 December 2017 and 0.90x at 30 June 2018);
2. keeping the loan-to-value ratio (net of leasing installments due for the purchase of company premises) under 50% (it was 46.44% at the close of the half-year, compared with 47.36% at the end of 2017).

Note 42) Derivative instruments

The IGD Group has engaged in derivative contracts for the use of interest rate swaps. The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 7: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market.

Fair value - Hierarchy	30/06/2018	31/12/2017	Cahneg	Level
Derivative assets	0	0	0	2
Derivative liabilities	(18,054)	(20,397)	2,344	2
IRS - Net effect	**(18,054)**	**(20,397)**	**2,344**	

Contract in details	IRS 07 - Banca Aletti 3.420%	IRS 09 - BNP Paribas 3.439%	IRS 10 - ex MPS 3.439%	IRS 08 - ex MPS 3.420%	IRS 06 - Carisbo 3.3495%	IRS 12 - Carisbo 3.177%	IRS 11 - ex MPS 3.175%
Nominal amount	8,479,311	8,479,311	8,479,311	8,479,311	6,045,184	8,479,311	8,479,311
Inception date	10/06/2009	10/06/2009	11/06/2009	12/06/2009	12/02/2009	27/10/2009	28/10/2009
Maturity	05/10/2021	05/10/2021	05/10/2021	05/10/2021	10/01/2023	05/10/2021	05/10/2021
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 6 months	Euribor 3 months	Euribor 3 months
Customer rate	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%	3.18%

Contract in details	IRS 16 - Aletti 3.285%	IRS 17 - Aletti 2.30%	IRS 14 - Carisbo 3.272%	IRS 13 - Carisbo 3.412%	IRS 15 - ex MPS 3.25%	IRS 18 - MPS 2.30%	IRS 19 - Carisbo 2.30%
Nominal amount	5,848,584	11,509,750	7,798,112	7,342,303	5,848,584	11,509,750	11,509,750
Inception date	28/04/2010	27/08/2010	28/04/2010	28/04/2010	30/04/2010	31/08/2010	27/08/2010
Maturity	31/03/2024	27/03/2024	28/03/2024	29/12/2023	28/03/2024	27/03/2024	27/03/2024
IRS frequency	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 6 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Customer rate	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%	2.30%

Contract in details	IRS 20 - Carisbo 2.285%	IRS 21 - MPS 2.80%	IRS 22 - Carisbo 3.25%	IRS 24 - Carisbo 2.429%	IRS 23 - Carisbo 2.429%	IRS 25 - Aletti 2.427%	IRS 29 – BNL 0,5925%	IRS 30 – BIntesa 0,5925%
Nominal amount	11,509,750	8,214,286	18,450,000	14,850,000	5,940,000	8,910,000	33,500,000	33,500,000
Inception date	27/08/2010	12/07/2011	12/07/2011	12/09/2011	12/09/2011	12/09/2011	08/06/2017	08/06/2017
Maturity	27/03/2024	31/03/2024	01/11/2024	31/12/2025	31/12/2025	31/12/2025	06/04/2027	06/04/2027
IRS frequency	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 6 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Customer rate	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	0.59%	0.59%

Note 43) Subsequent events

At the date of approval, no events following the mid-year reporting date had occurred that would require the Group to adjust the figures in the financial statements or report elements not previously disclosed.

Note 44) Commitments

At 30 June 2018 the Group had the following major commitments:

- Contract with C.M.B. for the development of the Officine Storiche section, for a remaining amount of €20.7 million.
- Rent due for the Centro Nova, Centro Piave and Fonti del Corallo malls: the estimated liability to be settled by the end of 2 comes to €5,043K, in addition to €39,150K due from the second to the fifth year and €29,387K from the sixth to the tenth. See Note 1) with regard to revenue earned from these malls.

Note 45) Disputes

Information is provided below on the main disputes involving Group companies.

Darsena

Due to the dissolution of the joint venture with Beni Stabili S.p.A. SIIQ on 15 December 2010, resulting in the sale of 50% of RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) by Immobiliare Larice (now IGD Management S.r.l.) and the joint purchase of the Darsena City shopping center, the IGD Group has a commitment with Beni Stabili S.p.A. SIIQ to assume its share of all income and costs associated with the contracts signed on 15 March 2006 and transferred to Beni Stabili on 29 March 2007.

Actions taken by Beni Stabili S.p.A. SIIQ in agreement with IGD

Given the receivables accrued to Beni Stabili S.p.A. SIIQ, over time and in agreement with IGD, it has filed several legal actions against Magazzini Darsena S.p.A. (tenant) and Darsena FM S.r.l. (subtenant) in an effort to collect unpaid rent.
Beni Stabili S.p.A. SIIQ had also asked the Arbitration Board of Milan to determine the legitimacy of the price adjustment clause in the contract for the purchase of the Darsena City shopping center and calculate the amount of said adjustment, and to confirm the obligation of Magazzini Darsena S.p.A. and the joint obligation of Darsena FM S.r.l. and the parent company Partxco S.p.A. to pay future rent and the penalty that had accrued for the late delivery of "portion B" of the shopping center.
On 8 July 2013, the Arbitration Board issued its decision, ordering: (i) Partxco to pay a penalty of €12.5 million for Magazzini Darsena's failure to pay rent; (ii) Magazzini Darsena and Partxco to pay a penalty of €16 million for the delay in completing "Building B"; and (iii) Magazzini Darsena, Darsena FM and Partxco to accept the price adjustment of €2.5 million (which Beni Stabili S.p.A. SIIQ had received through enforcement of the bank guarantee issued in its favor). The adversaries were also ordered to reimburse the Company for some legal expenses and for three quarters of the arbitration costs.
In rulings dated 26 and 29 July 2013, the Court of Ferrara acted on a joint complaint from Beni Stabili S.p.A. SIIQ and IGD and declared Magazzini Darsena and Darsena FM to be bankrupt.
Further to those rulings, IGD and Beni Stabili S.p.A. SIIQ managed to reach a partial settlement with the official receiver, signed on 29 October 2013. Under the partial settlement, the companies were awarded the building by the receivership of Magazzini Darsena and through a 50-50 joint venture between IGD and Beni Stabili S.p.A. they acquired the business (with its commercial permits) from the receivership of Darsena FM for the price of €255K plus taxes, terminated the preliminary contract to purchase the adjacent property ("Building B") and the associated agreements, and obtained Magazzini Darsena's definitive acceptance of the price reduction of €2,500K for the purchase of "Building A" (the amount Beni Stabili S.p.A. SIIQ had already collected through enforcement of the guarantee).
Under the settlement, the companies did not waive their right to the receivables accrued up to the date of bankruptcy and resulting from court decisions against the bankrupt firms, nearly all of which were therefore registered as claims.
The receivables due under the arbitration judgment have been claimed and accepted as payable via the bankruptcy process of Magazzini Darsena S.p.A., Darsena FM S.r.l. and Partxco S.p.A. On 3 May 2016 the Court of Ferrara concluded the bankruptcy procedure, acknowledging the final allocation of assets.
On 12 June 2014, Partxco challenged the July 2013 arbitration judgment before the Appeals Court of Milan.
In a decision published on 29 October 2015, the Appeals Court ruled in favor of Beni Stabili S.p.A. SIIQ on the grounds that the challenge had been filed too late. On 11 February 2016, Partxco (now known as Fallimento Partxco S.p.A., as it had gone bankrupt in the meantime) served notice of its appeal to the Court of Cassation, to which Beni Stabili S.p.A. promptly filed a response. On 18 April 2018 the Court of Cassation rejected Fallimento Partxco's appeal and ordered it to pay all court fees.

Actions against IGD

In 2012 IGD was summoned to court by Magazzini Darsena S.p.A., Darsena FM S.r.l. and Partxco S.p.A. regarding the management agreement of Darsena City shopping center. IGD appeared in court and filed a statement and related pleadings. Because IGD's legal advisors believe that the plaintiff's claims are not supported by sufficient evidence or legal grounds, the Company has recognized no liability in this regard. On 17 July 2013, the Court of Ferrara filed its decision rejecting the plaintiff's demands and ordering Magazzini Darsena, Darsena FM and Partxco to reimburse IGD SIIQ S.p.A.'s legal expenses in the amount of €20,000.00.
Further to that decision, on 8 October 2013 IGD was summoned to the Court of Bologna for an appeal filed by Partxco against the ruling to indemnify IGD. At the initial hearing on 4 March 2014, a court date of 18 December 2018 was set for the announcement of conclusions. With Partxco declared bankrupt on 24 June 2014, this proceeding will also be suspended at the next hearing scheduled for the presentation of conclusions, subject to resumption by the receiver. IGD's lawyers are confident that the appeal will be rejected and the initial decision confirmed, given the logical arguments

on which that decision was based and the documentation submitted as proof of IGD's proper and complete fulfillment of all obligations.

Iniziative Immobiliari Siciliane S.r.l.

During the first half of 2015, Iniziative Immobiliari Siciliane S.r.l. (IIS) filed a lawsuit in Ravenna against IGD concerning the purchase of a mall, within the broader purchase of the Katanè shopping center in Gravina di Catania, under a contract signed on 29 October 2009. At issue is whether IIS should receive a supplement on the agreed price, under Art. 2 of the purchase contract, to be quantified after the fifth anniversary of the shopping center's grand opening on the basis of certain variables.

The dispute is over what to include in the calculation of rent for the purpose of determining the price supplement (if any), and what to include in the initial calculation of rent to determine whether it increased.

Specifically, IIS has asked the Court of Ravenna to find that for the purposes of calculating a price supplement, certain items should be included which in IGD's opinion should not.

On 25 June 2015, IGD filed an appearance and response contesting all of its opponent's claims, stating that it owes no price supplement to IIS, as the amount of rent for the purposes of this calculation had not increased with respect to the threshold agreed.

On the basis of the arguments filed, IGD asked the Court of Ravenna to reject all demands made by IIS. As a subordinate measure, IGD objected that a different interpretation of the clause on how to quantify a price supplement should be considered null and void, as the object of the clause would be undetermined and undeterminable.

The hearing, set for 15 July 2015 in the summons, was postponed by the court to 20 July. On that date, the deadlines were set in accordance with Art. 183(6) of the Code of Civil Procedure and the case was adjourned until 15 December 2015, at which time IIS dropped its petition for preliminary expert testimony pursuant to CCP Art. 696 *bis* at the express request of the court.

After the standard exchange of pleadings, the court set the discovery hearing for 6 April 2016. Deciding on an outstanding issue, on 6 June the Ravenna judge ruled that IIS would not be allowed the interrogatories and witness testimony it had requested, while the witness testimony requested by IGD would be granted. The judge also allowed an expert witness to be hired to quantify the rent valid for calculating whether the price supplement was due under the contract, indicating the variables the expert should consider for this purpose, and scheduled a hearing for 6 July 2016 to swear in the expert and question the witnesses listed by IGD (those listed by the plaintiff were not admitted).

Although the wording of the queries (and therefore the parameters for computing rent in order to quantify any price supplement) clarifies a number of issues, it is indeed somewhat ambiguous and leaves other issues open to debate. At the hearing of 6 July 2016, the judge questioned the witnesses called by IGD and formally engaged the services of the expert witness, who was sworn in as required by law.

After the expert report was filed, at the court session of 23 May 2017 (previously set for the purpose of discussing the findings of the expert witness), both IGD and IIS complained—for different reasons—about the methodology used by the expert witness and the content of the resulting report, and asked the court to order a review. The court agreed to consider the matter and on 3 August announced that it would call the expert witness to the hearing of 26 September 2017 in order to clarify the matters brought up by IGD. Following the hearing of 26 September, the court at first withheld judgment and then, on 25 November 2017, ordered the expert witness to perform additional steps as requested by IGD and scheduled a review of the findings for 14 March 2018. The expert witness filed the supplementary report on 7 February 2018 and added additional information on 12 February.

In the supplementary report, the expert witness calculated, with some inaccuracies, the annual rent pertaining to the period in question, as ordered by the Court at IGD's request.

The report confirmed that on the basis of the parameters set by the Court: (i) the rent accrued during the period in question (October 30, 2013 to October 29, 2014) and collected by the end of that period would entail a price supplement of 0 (zero); (ii) the rent accrued during the period (without considering how much was actually collected by October 29,

2014) would entail a price supplement (because annual rent exceeded the contractual threshold of €4,075,000.00), albeit of a drastically smaller amount than stated in the initial report.

. The expert witness then hypothesized various methods of quantifying the price supplement, some consistent with the query and others not; all such hypotheses, in any case, would be moot if the Court agrees that the threshold above which a price supplement applies refers only to the rent "received," hence the amount accrued from October 30, 2013 to October 29, 2014 that was actually collected by the end of that period, as would also seem clear from the wording of the query.

Once the expert report was filed, the Court set the deadlines for submitting concluding statements, which were filed by the parties on time. The Court's decision is therefore pending.

The interpretation of the price supplement clause that IGD has argued in its defense is also supported by its legal advisors and suggests that the case will be concluded largely in IGD's favor.

Note 46) Tax litigation

On 23 December 2015 the regional tax authorities of Emilia Romagna served Immobiliare Grande Distribuzione SIIQ S.p.A. with two assessments arguing that €240,625.00 in costs incurred in 2010 had been unduly deducted for IRES and IRAP purposes and that the corresponding €48,125.00 in VAT had been unduly credited against VAT payable. The assessments resulted from a notification that the provincial tax authorities of Ravenna had received from the Sicilian regional office, which began by stating that the Sicilian authorities had served Coop Sicilia S.p.A. (head office in San Giovanni La Punta in the province of Catania) with an assessment based on the disallowance of costs incurred for services that were deemed to lack sufficient documentation. On that basis, the Sicilian regional office recommended that the Ravenna provincial authorities disallow the portion of those costs that Coop Sicilia had charged to IGD under a contract between the two companies. After reviewing the papers and looking into the matter carefully, IGD's advisors concluded that the assessments are unfounded and filed settlement requests for both with the Emilia Romagna regional office.

During the subsequent debate phase, the company presented its arguments against the assessments to the Emilia Romagna authorities, who decided to consider IGD's arguments regarding IRES and IRAP but to uphold the complaint regarding VAT. Nevertheless, as the deadline approached for contesting the two assessments and no reversal notice had been received from the regional authorities, the company decided to prevent them from becoming definitive and on 6 June 2016 filed a formal appeal against each with the Provincial Tax Commission of Bologna.

On 30 November 2016 the Emilia Romagna regional authorities annulled the IRES assessment in full, while the IRAP/VAT assessment was annulled for the IRAP portion only and the VAT violation was confirmed.

In session on 25 January 2017, the Provincial Tax Commission of Bologna sided with IGD: with decision no. 253/17 filed on 28 February it definitively cleared the IRES and IRAP assessments, and with decision no. 254/17 (also filed on 28 February) it accepted IGD's arguments concerning VAT and annulled that assessment as well, a ruling that became definitive on 14 June 2018.

For both proceedings, the Commission ordered the revenue office to reimburse IGD's legal expenses in the amount of €6,000.00 total.

On 29 September 2017 the Emilia Romagna regional authorities appealed the VAT decision (254/17) and on 28 November IGD filed its counterarguments against that appeal.

On 17 March 2016 the Ravenna provincial office initiated a tax audit for 2013, which concluded with an audit report served to the Company on 6 July 2016. The report calls for:

(i) a portion of net income to be reallocated from exempt to taxable operations (increasing theoretical taxable income by €418,674.70 for IRES purposes and €877,469.93 for IRAP);

(ii) the disallowance of an €80,000 deduction for IRES purposes;

(iii) reduction of the allowed deduction for the ACE *(Aiuto alla Crescita Economica)* program by €14,780.29 for total taxes of about €132,000.00 (IRES) and €34,000.00 (IRAP).

With respect to IRES, the Group's tax loss for 2013 has not yet been absorbed and is sufficient to cover the full amount alleged to be due, including the lion's share which is based on a finding deemed to be baseless, and which the Group will appeal if it is formally assessed.

On 2 August 2018 the notice of assessment was received in relation solely to the following findings:

- a deduction of €80,000 which was not allowed for the purposes of IRES (corporate income tax);
- a decrease in the deduction allowed for Aiuto alla Crescita Economica (economic growth) incentives of €14,780.29;

for total tax, fines and interest of approximately €37,900.

Toward this end, for the purposes of IRES, the Group’s unabsorbed tax loss for the FY 2013 amply covers the total amount referred to above.

2.7 Certification of the condensed interim consolidated financial statements

Certification pursuant to Art. 154-bis of Legislative Decree 58/98 and Art. 81- ter of the Consob Regulation adopted with Resolution 11971 of 14 May 1999, as amended

1. We, the undersigned, Claudio Albertini as chief executive officer and Grazia Margherita Piolanti as financial reporting officer of IGD SIIQ S.p.A., hereby declare, including in accordance with Art. 154-*bis* (3) and (4) of Legislative Decree 58/98:

- the adequacy of in relation to the characteristics of the business; and
- the company's due compliance with the administrative and accounting procedures for the preparation of the consolidated financial statements during the first half of 2018.

2. We also confirm that:

2.1. the condensed consolidated financial statements:

a) have been prepared in accordance with the applicable International Accounting Standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;

b) correspond to the ledgers and accounting entries;

c) provide fair and truthful disclosure of the financial status and performance of the issuer and the companies included in the consolidation;

2.2 the directors' report contains a reliable analysis of the significant events that occurred in the first six months of the year and their impact on the half-year financial statements, along with a description of the main risks and uncertainties for the remaining six months of the year. The directors' report also includes a reliable analysis of the information of significant transactions with related parties.

Bologna, 3 August 2018

Claudio Albertini	*Grazia Margherita Piolanti*
Chief Executive Officer	Financial Reporting Officer

2.8 External auditors Report

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Immobiliare Grande Distribuzione SIIQ SpA

Foreword

We have reviewed the consolidated condensed interim financial statements of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter, also the "Company") and its subsidiaries (hereinafter, also "IGD Group") as of 30 June 2018 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 the Company are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution n. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that consolidated condensed interim financial statements of IGD Group as of 30 June 2018 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, 3 August 2018

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

2.9 Appraisals

CBRE VALUATION S.P.A.
Piazza degli Affari 2
20123 Milano
Tel +39 02 9974 6900
Fax +39 02 9974 6950

Milan, July, the 20th 2018

I.G.D.
Immobiliare Grande Distribuzione S.p.A.
Via Trattati Comunitari Europei 1957-2007, n.13
40127 Bologna (BO)

VALUATION CERTIFICATE

INTRODUCTION

Instruction

In accordance with our proposals 89/17 and 90/17 dated 4th May 2017 countersigned on 9th May 2017, we have determined the Market Value of operating Shopping Galleries, Hypermarkets office portions and plots of land owned by IGD SIIQ SpA as at 30th June 2018. The scope of work is to value on the basis of the Market Value the freehold interest in the Properties of the Portfolio for balance sheet purposes. The Portfolio is composed as follows:

Italian Portfolio:

ASSET CLASS	NAME	CITY
Shopping Gallery	ESP	Ravenna
Hypermarket	ESP	Ravenna
Shopping Gallery	CASILINO	Roma
Hypermarket	CASILINO	Roma
Shopping Gallery	CITTA' DELLE STELLE	Ascoli Piceno
Hypermarket	CITTA' DELLE STELLE	Ascoli Piceno
Shopping Gallery	LA TORRE	Palermo
Hypermarket	LA TORRE	Palermo
Shopping Gallery	TIBURTINO	Guidonia Montecelio
Hypermarket	TIBURTINO	Guidonia Montecelio
Shopping Gallery	PIAZZA MAZZINI	Livorno
Shopping Gallery	CENTROLUNA	Sarzana
Shopping Gallery	LA FAVORITA	Mantova
Altro	PALAZZO ORLANDO	Livorno
Trading	Porte a Mare	Livorno

Winmarkt Portfolio:

ASSET	TOWN
MODERN	Galati
SOMES	Cluj Napoca
DUNAREA	Braila
DIANA	Tulcea
DACIA	Buzau
PETRODAVA	Piatra Nemt
BIG	Turda
MAGURA	Bistrita
CENTRAL	Vaslui

The contents of this Valuation Report may only be relied upon by:

I. Addressees of the Report; or
II. Parties who have received prior written consent from CBRE in the form of a reliance letter.

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page 6. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel.

Compliance with Valuation Standards

The valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 ("the Red Book").

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

Moreover, our valuations are carried out in accordance with Title V, Chapter IV, Section II, Paragraph 2.5 criteria, included with the Bank of Italy Regulation dated January, 19th 2015 (Regolamento Banca d'Italia).

The property details on which each valuation is based are as set out in the valuation report of which this document is an extract.

Assumptions

We have carried out our work based upon information supplied to us by IGD SIIQ, which we have assumed to be correct and comprehensive. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below. No special assumptions have been made for this Valuation.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Market Conditions

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (The Red Book).

Independence

The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. (or other companies forming part of the same group of companies within Italy from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total Italian revenues.

Conflicts of Interest

We confirm that we have had no previous material involvement with the property, and that copies of our conflict of interest checks have been retained within the working papers.

Reliance and publication

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents. Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Sources of Information

We have carried out our work based upon information supplied to us by the Client, which we have assumed to be correct and comprehensive. Specifically, we have been provided with the details regarding:

- the leasing status of each unit at the date of valuation;
- the related turnover data and variable rent received;
- other eventual income related to temporary lettings;
- sales area and gross area, both related to existing assets or buildings under construction;
- property tax, insurance, service charges of each asset.

Inspections

As instructed, we have not re-inspected all the properties for the purpose of this valuation. For the purpose of this valuation exercise, we have inspected the following properties: Centro Esp, Casilino, Tiburtino, Piazza Mazzini, palazzo Orlando and Porta a Mare, all of the Winmarkt Portfolio and the new properties Centroluna and La Favorita.

With regard to those properties which have not been subject to re-inspection, you have confirmed that you are not aware of any material changes to the physical attributes of the properties, or the nature of their location, since the last inspection. We have assumed this advice to be correct.

Areas

We have not measured the property nor we have made check measurements, but as instructed, we have relied upon floor areas provided to us by di IGD SIIQ SpA, which we assume to be correct and comprehensive and which we understand have been calculated in accordance to best Italian market practices using the Gross Leasable Area (GLA).

The Gross Leasable Area (GLA) is defined as the amount of floor space available to be rented in a commercial property. It does not include portions which do not produce income for the property owner such us vertical connections (stairwells, lifts and landings), technical spaces, shafts, common spaces (lobby, meeting rooms).

Environmental Matters

We have not undertaken any environmental audit or other environmental investigation or soil survey.

We have not carried out any investigation into the past or present uses of the Property, nor of any neighboring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property.

We are unable, therefore, to give any assurance that the Property is free from defect.

Town Planning, Titles, Tenures and Lettings

We have not undertaken planning enquiries but have relied on information provided by the Owner.

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents.

We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

All Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions and comply with national regulations and have the benefit of permanent planning consents or existing use rights for their current use.

LIMITATIONS AND ASSUMPTIONS TO THE SUBJECT REPORT

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges. No legal, fiscal or financial aspects have been considered other than those explicitly quoted below.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

All measurements, areas and ages quoted in our report are approximate.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with RICS's definition of Market Rent.

Environmental Matters

In the absence of any information to the contrary, we have assumed that the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law; that any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities; that the Properties possess current energy performance certificates as required under government directives.

VALUATION CRITERIA

The valuation of the assets in question has been performed on the basis of commonly used and accepted valuation criteria. Specifically, the criteria we applied to the different asset types are the following:

Shopping galleries and Hypermarkets:

- Discounted Cash Flow analysis: based on the discounting back of the future cash flows generated by the property over a fixed holding period (typically 10 years), that refers to the lease contracts duration. At the end of this period, we assume that the property will be sold at a value obtained by capitalising the final year net income at a right market capitalisation rate relating to investments similar to that in question.

Land sites for new constructions or enlargement of the existing assets:

- Conversion/Transformation method, based on the discount, at the date of valuation, of the cash flows (deriving from rental incomes after completion of works) calculated over a period corresponding to the completion of works on the site in order to be fully operating, (cash flows are the results of the difference between incomes and costs) so the market value is the difference between the market value of the transformed area and the costs of development. At the end of this period, we assume that the property will be sold at a value obtained by capitalising the final year net income at an appropriate market capitalisation rate relating to investments similar to that in question, deducting costs required to the enlargement at valuation date.

Valuation Methodology

We have adopted the Discounted Cash Flow (DCF) method in preparing our valuation of the Market Value of the subject Property. The valuation has been based on a site inspection and our valuation inputs are based on local market evidence and practice (rent and current costs, demand and supply level, operators' expectations), which has been adjusted to relate to the specific characteristics of the Property.

Market Value

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge, and subject to the "General Principles" and the specific comments and assumptions which are set out here and in the full valuation report, of which the subject certificate is an extract, we are of the opinion that the market value of the properties owned by IGD SIIQ SpA as at 30th June 2018 is:

Euro 749,329,500
(Seven Hundred Forty-Nine Million, Three Hundred Twenty-Nine Thousand, Five Hundred Euro/00)

exclusive of transfer costs and VAT.

Yours faithfully

CBRE VALUATION S.p.A.
Ref. 18-64VAL-0156, 18-64VAL-0157,

Davide Cattarin
(Managing Director)

For and on behalf of
CBRE Valuation Spa

Elena Gramaglia MRICS
(Director)
RICS Registered Valuer
For and on behalf of
CBRE Valuation Spa

LEGAL NOTICE

This Valuation Report (the "**Report**") has been prepared by CBRE Valuation S.p.A. ("**CBRE**") exclusively for **IGD SIIQ S.p.A.** (the "**Client**") in accordance with the terms of engagement entered into between CBRE and the addressee no. 89/2017 and 90/2017 dated 4th May 2017 countersigned on the 9th May 2017 ("the **Instruction**"). The Report is confidential and it must not be disclosed to any person other than the Client without CBRE's prior written consent. CBRE has provided this report on the understanding that it will only be seen and used by the Client and no other person is entitled to rely upon it, unless CBRE has expressly agreed in writing. Where CBRE has expressly agreed that a person other than the Client can rely upon the report then CBRE shall have no greater liability to any party relying on this report than it would have had if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise shall not exceed the lower of:

i. 25% of the value of the property to which the Instruction relates on the date of the Instruction; or

ii. €10 million (Ten Million Euro); and

CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

CBRE VALUATION S.P.A.
Piazza degli Affari, 2
20123 Milano
Tel +39 02 9974 6900
Fax +39 02 9974 6950

Milan, July, the 20th 2018

I.G.D.

Immobiliare Grande Distribuzione S.p.A.
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40127 Bologna (BO)

VALUATION CERTIFICATE

INTRODUCTION

Instruction

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The scope of work is to value on the basis of the Market Value the freehold interest in the Properties of the Portfolio for balance sheet purposes.

The Portfolio is composed as follows:

Italian Portfolio:

ASSET CLASS	NAME	CITY	PROVINCE
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Hypermarket	ESP	Ravenna	RA
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Hypermarket	CASILINO	Roma	RM
Shopping Gallery	CITTA' DELLE STELLE	Ascoli Piceno	AP
Hypermarket	CITTA' DELLE STELLE	Ascoli Piceno	AP
Shopping Gallery	LA TORRE	Palermo	PA
Hypermarket	LA TORRE	Palermo	PA
Shopping Gallery	TIBURTINO	Guidonia Montecelio	RM
Hypermarket	TIBURTINO	Guidonia Montecelio	RM
Shopping Gallery	PIAZZA MAZZINI	Livorno	LI
Shopping Gallery	CENTROLUNA	Sarzana	SP
Shopping Gallery	LA FAVORITA	Mantova	MN
Other	PALAZZO ORLANDO	Livorno	LI

Winmarkt Portfolio:

ASSET	TOWN
MODERN	Galati
SOMES	Cluj Napoca
DUNAREA	Braila
DIANA	Tulcea
DACIA	Buzau
PETRODAVA	Piatra Nemt
BIG	Turda
MAGURA	Bistrita
CENTRAL	Vaslui

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The property details on which each valuation is based are as set out in the valuation report of which this document is an extract.

Assumptions

We have carried out our work based upon information supplied to us by IGD SIIQ, which we have assumed to be correct and comprehensive.

We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below. No special assumptions have been made for this Valuation.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Market Conditions

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Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (The Red Book).

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The total fees, including the fee for this assignment, earned by CBRE Valuation S.p.A. (or other companies forming part of the same group of companies within Italy from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total Italian revenues.

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- the leasing status of each unit at the date of valuation;
- the related turnover data and variable rent received;
- other eventual income related to temporary lettings;
- sales area and gross area, both related to existing assets or buildings under construction;
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Inspections

As instructed, we have not re-inspected all the properties for the purpose of this valuation. For the purpose of this valuation exercise, we have inspected the following properties: Casilino, Tiburtino, CentroEsp, Palazzo Orlando, Piazza Mazzini, all of Winmarkt portfolio and the new properties Centroluna and La Favorita.

With regard to those properties which have not been subject to re-inspection, you have confirmed that you are not aware of any material changes to the physical attributes of the properties, or the nature of their location, since the last inspection. We have assumed this advice to be correct.

Areas

We have not measured the property nor we have made check measurements, but as instructed, we have relied upon floor areas provided to us by di IGD SIIQ SpA, which we assume to be correct and comprehensive and which we understand have been calculated in accordance to best Italian market practices using the Gross Leasable Area (GLA).

The Gross Leasable Area (GLA) is defined as the amount of floor space available to be rented in a commercial property. It does not include portions which do not produce income for the property owner such us vertical connections (stairwells, lifts and landings), technical spaces, shafts, common spaces (lobby, meeting rooms).

Environmental Matters

We have not undertaken any environmental audit or other environmental investigation or soil survey.

We have not carried out any investigation into the past or present uses of the Property, nor of any neighboring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property.

We are unable, therefore, to give any assurance that the Property is free from defect.

Town Planning, Titles, Tenures and Lettings

We have not undertaken planning enquiries but have relied on information provided by the Owner.

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents.

We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

All Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions and comply with national regulations and have the benefit of permanent planning consents or existing use rights for their current use.

LIMITATIONS AND ASSUMPTIONS TO THE SUBJECT REPORT

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No legal, fiscal or financial aspects have been considered other than those explicitly quoted below.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

All measurements, areas and ages quoted in our report are approximate.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with RICS's definition of Market Rent.

Environmental Matters

In the absence of any information to the contrary, we have assumed that the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law; that any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities; that the Properties possess current energy performance certificates as required under government directives.

VALUATION CRITERIA

The valuation of the assets in question has been performed on the basis of commonly used and accepted valuation criteria. Specifically, the criteria we applied to the different asset types are the following:

Shopping galleries and Hypermarkets:

- Discounted Cash Flow analysis: based on the discounting back of the future cash flows generated by the property over a fixed holding period (typically 10 years), that refers to the lease contracts duration. At the end of this period, we assume that the property will be sold at a value obtained by capitalising the final year net income at a right market capitalisation rate relating to investments similar to that in question.

Valuation Methodology

We have adopted the Discounted Cash Flow (DCF) method in preparing our valuation of the Market Value of the subject Property.

The valuation has been based on a site inspection and our valuation inputs are based on local market evidence and practice (rent and current costs, demand and supply level, operators' expectations), which has been adjusted to relate to the specific characteristics of the Property.

Market Value

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge, and subject to the "General Principles" and the specific comments and assumptions which are set out here and in the full valuation report, of which the subject certificate is an extract, we are of the opinion that the market value of the properties owned by IGD SIIQ SpA as at 30th June 2018 is:

Euro 685,490,000

(Six Hundred Eighty-Five Million Four Hundred Ninety Thousand Euro/00)

exclusive of transfer costs and VAT.

Yours faithfully

CBRE VALUATION S.p.A.

Rif. 18-64VAL-0156, 18-64VAL-0157

Davide Cattarin
(Managing Director)

For and on behalf of
CBRE Valuation Spa

Elena Gramaglia MRICS
(Director)
RICS Registered Valuer
For and on behalf of
CBRE Valuation Spa

LEGAL NOTICE

This Valuation Report (the "**Report**") has been prepared by CBRE Valuation S.p.A. ("**CBRE**") exclusively for **IGD SIIQ S.p.A.** (the "**Client**") in accordance with the terms of engagement entered into between CBRE and the addressee no. 89/2017 and 90/2017 dated 4th May 2017 countersigned on the 9th May 2017 ("the **Instruction**"). The Report is confidential and it must not be disclosed to any person other than the Client without CBRE's prior written consent. CBRE has provided this report on the understanding that it will only be seen and used by the Client and no other person is entitled to rely upon it, unless CBRE has expressly agreed in writing. Where CBRE has expressly agreed that a person other than the Client can rely upon the report then CBRE shall have no greater liability to any party relying on this report than it would have had if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise shall not exceed the lower of:

i. 25% of the value of the property to which the Instruction relates on the date of the Instruction; or

ii. €10 million (Ten Million Euro); and

CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

Milan, 30/06/2018

IGD SiiQ S.p.A.
Via Trattati Comunitari Europei 1957-2007, n.13
40127, Bologna
Italy

For the attention of Mr. R. Zoia

Subject: Valuation as at 30th June 2018 of a Retail Portfolio held by IGD SiiQ S.p.A. comprising five Hypermarkets (one of which including two retail units), two Supermarkets, three Retail Galleries and one Retail Park

Dear Mr. Zoia,

We have performed the necessary analysis aiming to determine the Market Value and Market Rental Value (as defined in Section 2) of the properties identified in Section 1 of the present letter.

The present Certificate Letter summarizes the results of the valuation analysis, the general principles and the information provided to use, which are detailed in each individual valuation report prepared on behalf of IGD SiiQ S.p.A. of the properties detailed in Section 1. All introductory and explanatory provisions, limitations, valuation and special assumptions and specific information are set out in the each individual Valuation Report.

1. Subject properties

The retail portfolio under-analysis consists of five Hypermarkets, two Supermarkets, three Retail Galleries and one Retail Park mainly located in the North and Centre of Italy. The main details of these assets are identified in the table below:

Asset	Address	Use	GLA m^2
Lame	Via Marco Polo, 3 Bologna (BO)	Ipermercato	15.201
Centro Leonardo	Viale Amendola, 129 Imola (BO)	Ipermercato	15.862
Conè	Via S. Giuseppe, 25 Conegliano (TV)	Ipermercato	9.498
Fonti Del Corallo	Via Graziani, 6 Loc. Porta a Terra (LI)	Ipermercato	15.371
Il Maestrale	Strada Statale Adriatica Nord, Senigallia (AN)	Ipermercato	12.501
Super Cecina	Via Pasubio, 33 Cecina (LI)	Supermercato	5.749
Super Civita Castellana	Piazza Marcantoni, Civita Castellana (VT)	Supermercato	3.020
Punta di Ferro	Piazzale della Cooperazione, 2 Forlì (FC)	Galleria Commerciale	21.222
Maremà	Via Ecuador, Loc. Commendone – Grosseto (GR)	Galleria Commerciale	17.120
Conè	Via S. Giuseppe, 25 Conegliano (TV)	Galleria Commerciale	12.212
Conè	Via S. Giuseppe, 25 Conegliano (TV)	Parco Commerciale	5.950

2. Scope of the Valuation analysis

The scope of the valuation analysis is to provide you with our professional opinion of the following values as at market conditions available at the valuation date, 30th of June 2018:

- Market Value of each property in its current state of repairs and use, subject to the existing property/business lease agreements and with the benefit of vacant possession for the portions that are not income producing at the valuation date;
- Market Rent of each property in its current state of repairs and use as at the valuation date.

As previously mentioned, the present Valuation Certificate reports the results of our analysis, the supplied information, which have been considered to be accurate and correct, and the general assumptions upon which our valuations have been based.

3. Basis of Valuation

Our analyses are carried out in accordance with the principles, guidelines and definitions contained in the RICS Professional Standards Global – RICS Valuation Professional Standards, issued June 2017, effective from 1 July 2017, incorporating the IVSC International Valuation Standards.

The subject valuation is carried out in accordance with the following definition of Market Value settled by the International Valuation Standards Committee and referred to in the RICS Professional Standards Global – RICS Valuation Professional Standards , issued June 2017, effective from 1 July 2017 (VPS 4 – Section 4).

Market Value

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market Rent

“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

4. General Principles

Please note that the “Genaral Principles” on which our Valuation are based, are detailed in the single Valuation Reports; those principles are to be considered valid and applicable to the present the all valuation unless differently stated.

Every required Special Assumption will be detailed in the single Valuation Report of each property in order to guarantee a correct interpretation of the valuation results.

We would bring to your attention that, in the present Valuation Certificate, we refer to IGD SiiQ S.p.A. as the Client.

5. Source of Information

As per our agreement, we have carried out our analysis on the basis of the documentation and data provided by the Client and/or its appointed representatives. For the purposes of this valuation, we have assumed that the information provided to us are accurate and correct.

For completeness of information we report below the list of the documentation provided to us by the Client for the purposes of this valuation:

- Tenancy Schedules;
- Turnover figures (net of VAT) of each retail unit divided per year and per months for the years of 2015, 2016, 2017 and for the first 3 months of 2018 (Retail Gallery and Retail Park);
- Turnover figures (net VAT) of the Supermarket and Hypermarket divided per year for the years: 2015, 2016, 2017 and the first three months of 2018;
- Non recoverable Landlord costs;
- Summary schedule of all additional income;
- Forecast turnover rent generated in 2018;
- Asset summary identification schedules.

We would like to bring to your attention that we have assumed that we are entitled to use and to elaborate the information and details provided to us for the purposes of the subject valuation exercise and to report them in the subject valuation report[1].

[1] We have assumed that the Client has obtained the necessary authorisations and has provided the third parties involved with the appropriate written communications in compliance with Privacy Law regulations.

6. Valuation method

We have analysed the subject property using an income based approach to value in form of the Discounted Cash Flow Method (DCF), The choice of methodology represents the likely basis of analysis to be used by a potential purchaser for this type of investment. The DCF method identifies the value of the asset by discounting the cash flows generated by the property in the holding period.

We have also based our analysis on a direct capitalisation model where the lease based incomes have been capitalised with an all risk yield in perpetuity. The choice of methodology represents the likely basis of analysis to be used by a potential purchaser for this type of investment. A ten year cash flow period has been adopted with the assumption that all payments are made monthly in advance whereas the terminal value at the end of the assumed ten year holding period is due annually in arrears. The Market Value was estimated on the basis of the analysis we conducted and the documentation provided.

7. Valuation

Please note that the sum of the Net Market Values of each subject property, listed in Section 1 ("Subject Properties"), is €442,935,000, while the sum of the rounded Gross Market Values is equal to €456,880,000 rounded.

Please note that the above reported Gross Market Value is inclusive of the associated acquisition costs detailed in the single Valuation Report.

The subject report has been drawn up in good faith and at best of our knowledge on the basis of information made available to us and market conditions available at the valuation date.

Yours sincerely,

P. Marin

Pierre Marin MRICS
CEO Jones Lang LaSalle Spa

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cushmanwakefield.it

For translation purposes only – Italian version legally binding

TO: **GRUPPO IGD**

ATTENTION: **MR. ROBERTO ZOIA**

PROPERTY: **REAL ESTATE PORTFOLIO**

REPORT DATE: **5 JULY 2018**

VALUATION DATE: **30 JUNE 2018**

1. INSTRUCTIONS

1.1 THE PROPERTIES

We are instructed to provide our opinion of Market Value of the portfolio including the following Properties:

GRUPPO IGD PORTFOLIO			
#	Location	Province	Property
1	Imola	BO	Centro Leonardo
2	Bologna	BO	Centro Lame
3	Bologna	BO	Il Borgo
4	San Giovanni Teatino	CH	Centro D'Abruzzo
5	Faenza	RA	Le Maioliche
6	Cesena	FC	Lungo Savio
7	San Benedetto del Tronto	AP	Porto Grande
8	Rovereto	TN	Millennium
9	Rimini	RI	Fitness Rimini (Fitness Centre)
10	San Benedetto del Tronto	AP	Porto Grande (Terreno - sviluppo)
11	Bologna	BO	Ipercoop Il Borgo
12	San Giovanni Teatino	CH	Ipercoop D'Abruzzo
13	Lugo di Romagna	RA	Ipercoop Lugo Romagna
14	Pesaro	PU	Ipercoop CC Miralfiore
15	Cesena	FC	Iper Cesena
16	San Benedetto del Tronto	AP	Ipercoop CC Porto Grande
17	Schio	VI	Iper Schio
18	Faenza	RA	Ipercoop Le Maioliche
19	Rimini	RI	Ipercoop + Magazzino Rimini

Detailed reports relating to the Properties are enclosed under Attachment I of *Ref: IGD-GruppoIGD-CertVal-180630-01-ITA*.

1.2 PURPOSE OF VALUATION

We have been instructed to prepare this valuation for accounting purposes.

The subject Valuations are not intended to be *due diligence*. Therefore, it is likely that a potential buyer before proceeding with the purchase of the Properties may require further advice or clarification on such issues that may affect the Market Values which we have estimated. We recommend you to draw particular attention on the assumptions on which our valuations have been prepared.

1.3 COMPLIANCE WITH RICS “RED BOOK”

The valuation has been prepared in accordance with the RICS Valuation – Professional Standards current at the date of the report (the “Red Book”) by valuers conforming to its requirements, acting as external valuer.

1.4 DISCLOSURE OF CONFLICT OF INTEREST

We confirm that we have no conflict of interest in carrying out this assignment.

1.5 BASIS OF VALUATION

As per instruction and according to the RICS Valuation – Professional Standards, the valuation has been prepared on the basis of Market Value and Market Rent and adopts the following definitions contained in the Red Book:

MARKET VALUE

VS 3.2 defines the Market Value as follows:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

MARKET RENT

VS 3.3 defines the Market Rent as follows:

“The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion”.

1.6 CONFIRMATION OF TERMS OF ENGAGEMENT

Our confirmation letter Ref: VAL/CLI/IGD-Portfolio2018- LetteraIntegrIncarico-180504-01-ep dated 11 May 2018 and relevant Company’s acceptance, are enclosed to this report under Attachment II.

1.7 THIRD PARTY LIABILITY

The valuation has been carried out on behalf of Gruppo IGD and no responsibility is accepted to any third party in respect of its contents.

1.8 VALUERS

This valuation has been undertaken by the team of professionals of Cushman & Wakefield Valuation & Advisory and reviewed by Mariacristina Laria MRICS and Joachim Sandberg FRICS.

2. ASSUMPTIONS & SPECIAL ASSUMPTIONS

This valuation report and its contents are subject to the general Assumptions contained in our 'General Valuation Principles and Principal Terms and Conditions of Appointment as Valuers' as listed under Attachment I of this report.

This valuation is not subject to any Special Assumptions.

3. DATE OF VALUATION

The date of valuation is 30 June 2018.

4. INSPECTIONS

As described in the relevant valuation reports enclosed under Attachment I of *Ref: IGD-GruppoIGD-CertVal-180630-01-ITA*, all Properties were inspected both internally and externally during the site visits carried out for the current valuation dated 30 June 2018.

Our comments on the state of repair are limited to the state of maintenance which is visible from a cursory visit and they are not intended to be technical due diligence.

In particular, we did not have access to non-public areas and the roof which are assumed in good state of repair.

We have not measured the Properties nor carried out check-measurements but have relied on the GLAs that have been supplied to us. We assume that these have been calculated on an appropriate basis.

5. INFORMATION SUPPLIED

The Valuations were prepared on the basis of information that has been supplied to us by Gruppo IGD, which we have assumed to be complete and correct for our purposes.

Details on the information supplied for each Property is provided within the Full Property Reports *Ref. IGD-GruppoIGD-CertVal-180630-01-ITA*.

We have relied on the information supplied to us as being complete, updated and correct as we have not been instructed to carry out any due diligence activity.

6. GENERAL PRINCIPLES

Our valuations and their contents are subject to the general Assumptions contained in our 'General Valuation Principles' enclosed in the body of this report and to the terms stated in our proposal. We report below the main terms.

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGD-CertVal-180630-01-ITA*, our valuations assume the Properties are effectively freehold. We have assumed that the Properties have a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances.

Should the lease contracts contemplate a pre-emption right in favor of the tenant, our valuations are based on the assumption that this right does not have any impact on our estimate of the Market Value of the Property.

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGD-CertVal-180630-01-ITA*, our valuations are on the basis that the Properties have been erected in accordance with a valid planning permission and are being occupied and used without any contravention.

According to our proposal, we have not investigated the presence of harmful or hazardous substances in the Properties. In the absence of information to the contrary, we based our valuations on the assumption that there are no such substances and that each Property has been properly built.

According to our proposal, we have not carried out technical surveys of the Properties nor verified the maintenance conditions of plants and machinery. In any case, our valuations take into consideration the information supplied to us and any defect which we have noted during our cursory visits to the Properties. However, our valuations are on the basis that there are no latent defects, wants of repair or other matters which would materially affect our valuations.

Should you be aware of any information contrary to the content of the subject paragraph, we recommend that this is referred back to us to enable us to amend our valuation accordingly.

7. VALUATION METHODOLOGY

In the following paragraph we provide a brief description of the methodology used to arrive at the Market Value of the Properties. For further details, please refer to the Full Valuation Reports *Ref. IGD-GruppoIGD-CertVal-180630-01-ITA.*

7.1 DCF ANALYSIS (DISCOUNTED CASH FLOW ANALYSIS)

This methodology takes into account the income generated by the lease contract/s in place for the Property, the annual costs to be borne by the Landlord (e.g. management fees, IMU property tax, insurance costs), the expenses relating to the extraordinary maintenance, the void period before the re-letting of the asset at market rental levels and the sale of the asset once it will be fully let at market rent. The assumed holding period is 10 years. The exit value of the Property is obtained capitalizing the net income of the year following the last year of the cash flow at a net yield that takes into account the specific features of the asset in the market (location, material characteristics, state of repair and letting status). The exit value is then reduced by the sales costs. The net cash flows are discounted using an appropriate discount rate which reflects the specific risk relating to the specific real estate investment and takes into considerations all the variables that have been assumed in the cash flow. The algebraic sum of the discounted cash flows represents the gross value of the Property from which, once deducted the purchaser's costs, we obtain the Market Value.

We wish to point out that there are no comparables of Discount Rates (especially considering that the choice of the discount rate to be applied depends on further factors which are not available, as data relating to investment transactions). Once we have estimated Market Value on the basis of the DCF method, the result is compared to the rent to check whether the initial yield would be consistent with those expectations of return that investors require for similar type of investments. Therefore, to support the result of our valuations, we use the Direct Capitalization methodology.

8. MARKET VALUE

Subject to the contents of this report we consider that the Market Value (net of purchaser's costs) of the Properties forming part of the portfolio and split as per your request, as at 31 June 2018, may fairly be estimated as:

€588,880,000

(Five hundred eighty-eight million eight hundred eighty thousand Euros)

The Properties have been valued on an individual basis. The sum of the Market Values of the single Properties does not represent the Market Value of the portfolio in its entirety.

More details are included in the Full Valuation Reports *Ref: IGD-GruppoIGD-CertVal-180630-01-ITA*

As per your request we report the Value gross of purchaser's costs, which is equal to €597,859,678.

9. CONFIDENTIALITY

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of the whole or any part of its contents.

10. DISCLOSURE AND PUBLICATION

You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

Attachments that form part of this report:

ATTACHMENT I GENERAL VALUATION PRINCIPLES AND PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

ATTACHMENT II INSTRUCTION AND CONFIRMATION LETTER

CUSHMAN & WAKEFIELD

Via Filippo Turati, 16/18
20121 Milano
Tel +39 02 63799 1
Fax +39 02 63799 250
PEC: finance@pec.cwllp.it
cushmanwakefield.it

For translation purposes only – Italian version legally binding

TO:	**GRUPPO IGD**
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO (excluding buildable land)**
REPORT DATE:	**5 JULY 2018**
VALUATION DATE:	**30 JUNE 2018**

1. INSTRUCTIONS

1.1 THE PROPERTIES

We are instructed to provide our opinion of Market Value of the portfolio including the following Properties:

GRUPPO IGD PORTFOLIO			
#	Location	Province	Property
1	Imola	BO	Centro Leonardo Galleria
2	Bologna	BO	Centro Lame Galleria
3	Bologna	BO	Il Borgo
4	San Giovanni Teatino	CH	Centro D'Abruzzo
5	Faenza	RA	Le Maioliche
6	Cesena	FC	Lungo Savio
7	San Benedetto del Tronto	AP	Porto Grande
8	Rovereto	TN	Millennium
9	Rimini	RI	Fitness Rimini (Fitness Centre)
10	Bologna	BO	Ipercoop Il Borgo
11	San Giovanni Teatino	CH	Ipercoop D'Abruzzo
12	Lugo di Romagna	RA	Ipercoop Lugo Romagna
13	Pesaro	PU	Ipercoop CC Miralfiore
14	Cesena	FC	Iper Cesena
15	San Benedetto del Tronto	AP	Ipercoop CC Porto Grande
16	Schio	VI	Iper Schio
17	Faenza	RA	Ipercoop Le Maioliche
18	Rimini	RI	Ipercoop + Magazzino Rimini

More details relating to the Properties are included in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-180630-01-ITA*.

1.2 PURPOSE OF VALUATION

We have been instructed to prepare this valuation for accounting purposes.

The subject Valuations are not intended to be *due diligence*. Therefore, it is likely that a potential buyer before proceeding with the purchase of the Properties may require further advice or clarification on such issues that may affect the Market Values which we have estimated. We recommend you to draw particular attention on the assumptions on which our valuations have been prepared.

1.3 COMPLIANCE WITH RICS "RED BOOK"

The valuation has been prepared in accordance with the RICS Valuation – Professional Standards current at the date of the report (the "Red Book") by valuers conforming to its requirements, acting as external valuer.

1.4 DISCLOSURE OF CONFLICT OF INTEREST

We confirm that we have no conflict of interest in carrying out this assignment.

1.5 BASIS OF VALUATION

As per instruction and according to the RICS Valuation – Professional Standards, the valuation has been prepared on the basis of Market Value and Market Rent and adopts the following definitions contained in the Red Book:

MARKET VALUE

VS 3.2 defines the Market Value as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

MARKET RENT

VS 3.3 defines the Market Rent as follows:

"The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion".

1.6 CONFIRMATION OF TERMS OF ENGAGEMENT

Our confirmation letter Ns Ref: VAL/CLI/IGD-Portfolio2018- LetteraIntegrIncarico-180504-01-ep dated 11 May 2018 and relevant Company's acceptance, are enclosed to this report under Attachment II.

1.7 THIRD PARTY LIABILITY

The valuation has been carried out on behalf of Gruppo IGD and no responsibility is accepted to any third party in respect of its contents.

1.8 VALUERS

This valuation has been undertaken by the team of professionals of Cushman & Wakefield Valuation & Advisory and reviewed by Mariacristina Laria MRICS and Joachim Sandberg FRICS.

2. ASSUMPTIONS & SPECIAL ASSUMPTIONS

This valuation report and its contents are subject to the general Assumptions contained in our 'General Valuation Principles and Principal Terms and Conditions of Appointment as Valuers' attached.

This valuation is not subject to any Special Assumptions.

3. DATE OF VALUATION

The date of valuation is 30 June 2018.

4. INSPECTIONS

As described in the relevant valuation reports enclosed under Attachment I of *Ref: IGD-GruppoIGD-CertVal-180630-01-ITA*, all Properties were inspected both internally and externally during the site visits carried out for the current valuation dated 30 June 2018.

We inspected the Properties as stated in the relevant Full Property Reports. Our comments on the state of repair are limited to the state of maintenance which is visible from a cursory visit and they are not intended to be technical due diligence.

In particular, we did not have access to non-public areas and the roof which are assumed in good state of repair.

We have not measured the Properties nor carried out check-measurements but have relied on the GLAs that have been supplied to us. We assume that these have been calculated on an appropriate basis.

5. INFORMATION SUPPLIED

The Valuations were prepared on the basis of information that has been supplied to us by Gruppo IGD, which we have assumed to be complete and correct for our purposes.

Details on the information supplied for each Property is provided within the Full Property Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-180630-01-ITA*.

We have relied on the information supplied to us as being complete, updated and correct as we have not been instructed to carry out any due diligence activity.

6. GENERAL PRINCIPLES

Our valuations and their contents are subject to the general Assumptions contained in our 'General Valuation Principles' enclosed in the body of this report and to the terms stated in our proposal. We report below the main terms.

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-180630-01-ITA*, our valuations assume the Properties are effectively freehold. We have assumed that the Properties have a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances.

Should the lease contracts contemplate a pre-emption right in favor of the tenant, our valuations are based on the assumption that this right does not have any impact on our estimate of the Market Value of the Property.

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-180630-01-ITA*, our valuations are on the basis that the Properties have been erected in accordance with a valid planning permission and are being occupied and used without any contravention.

According to our proposal, we have not investigated the presence of harmful or hazardous substances in the Properties. In the absence of information to the contrary, we based our valuations on the assumption that there are no such substances and that each Property has been properly built.

According to our proposal, we have not carried out technical surveys of the Properties nor verified the maintenance conditions of plants and machinery. In any case, our valuations take into consideration the information supplied to us and any defect which we have noted during our cursory visits to the Properties. However, our valuations are on the basis that there are no latent defects, wants of repair or other matters which would materially affect our valuations.

Should you be aware of any information contrary to the content of the subject paragraph, we recommend that this is referred back to us to enable us to amend our valuation accordingly.

7. VALUATION METHODOLOGY

In the following paragraph we provide a brief description of the methodology used to arrive at the Market Value of the Properties. For further details, please refer to the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-180630-01-ITA*.

7.1 DCF ANALYSIS (DISCOUNTED CASH FLOW ANALYSIS)

This methodology takes into account the income generated by the lease contract/s in place for the Property, the annual costs to be borne by the Landlord (e.g. management fees, IMU property tax, insurance costs), the expenses relating to the extraordinary maintenance, the void period before the re-letting of the asset at market rental levels and the sale of the asset once it will be fully let at market rent. The assumed holding period is 10 years. The exit value of the Property is obtained capitalizing the net income of the year following the last year of the cash flow at a net yield that takes into account the specific features of the asset in the market (location, material characteristics, state of repair and letting status). The exit value is then reduced by the sales costs. The net cash flows are discounted using an appropriate discount rate which reflects the specific risk relating to the specific real estate investment and takes into considerations all the variables that have been assumed in the cash flow. The algebraic sum of the discounted cash flows represents the gross value of the Property from which, once deducted the purchaser's costs, we obtain the Market Value.

We wish to point out that there are no comparable of Discount Rates (especially considering that the choice of the discount rate to be applied depends on further factors which are not available, as data relating to investment transactions). Once we have estimated Market Value on the basis of the DCF method, the result is compared to the rent to check whether the initial yield would be consistent with those expectations of return that investors require for similar type of investments. Therefore, to support the result of our valuations, we use the Direct Capitalization methodology.

8. MARKET VALUE

Subject to the contents of this report we consider that the Market Value (net of purchaser's costs) of the Properties forming part of the portfolio (excluding buildable land and development project) and spilt as per your request, as at 30 June 2018, may fairly be estimated as:

€586,010,000

(Five hundred eighty-six million ten thousand Euros)

The Properties have been valued on an individual basis. The sum of the Market Values of the single Properties does not represent the Market Value of the portfolio in its entirety.

More details are included in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-180630-01-ITA*.

As per your request we report the Value gross of purchaser's costs, which is equal to €594,949,250.

9. CONFIDENTIALITY

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of the whole or any part of its contents.

10. DISCLOSURE AND PUBLICATION

You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

Attachments that form part of this report:

ATTACHMENT I GENERAL VALUATION PRINCIPLES AND PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

ATTACHMENT II INSTRUCTION AND CONFIRMATION LETTER

Agrate Brianza, 24 July 2018
Ref. n° 21222,02 – 21199,02

Messrs
GRUPPO IGD S.p.A.
Immobiliare Grande Distribuzione
Via Trattati Comunitari Europei 1957-2007, n. 13
40127 Bologna

To the kind attention of Mr Roberto Zoia

Subject: **Determination of the Market Value as of June 30th, 2018 of a real estate portfolio consisting of n. 11 real estate assets intended for commercial use and n.1 real estate asset intended for mixed residential and office use, located on the Italian territory and n. 6 real estate assets located on the romanian territory, indicated as owned by GRUPPO IGD S.p.A.**

Dear sirs,
in compliance with Your request, Duff & Phelps REAG S.p.A. (hereinafter REAG) carried out the valuation of a real estate portfolio, indicated as owned by GRUPPO IGD S.p.A. (hereinafter the Client), in order to determine the market value as of June 30th, 2018.

The appraisal has been completed on the basis of the following assumptions:

- sale of the real estate complex as a whole (not piecemeal), in the rental situation at the date of the appraisal.

Duff & Phelps REAG SpA a socio unico
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Centro Direzionale Colleoni
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REAGInfo@duffandphelps.com

Definitions

In this report, the following listed words have to refer to their proper definitions, except for the different cases mentioned on the report itself. For the definition of all other technical and/or legal terms contained in this report, please refer to the Italian Civil Code and related laws, or to the commonly used meaning.

"Real Estate Portfolio" (hereinafter **"Portfolio"**) represents the ensemble of assets subject to appraisal: land, buildings, building systems and land improvements. Personal Properties and intangible assets were excluded from the appraisal.

"Real Estate Property" (hereinafter **"Property"**) represents the asset subject to appraisal: land, buildings, building systems and land improvements. Personal Properties and intangible assets were excluded from the appraisal.

"Valuation" is defined by the Royal Institution of Chartered Surveyors ("RICS") as: a member's opinion of the value of a specified interest or interest in a property, at the date of valuation, given in writing. Unless limitations are agreed in the Terms of Engagement this will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation.

"Market Value" (MV) is "(…) the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". (Valuation Standard RICS, January 2014).

"Market Rent" (MR) is " (…) the estimated amount for which a property, or space within a Property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms, in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". (Valuation Standard RICS, January 2014).

Valuation criteria

Valuations Asset by Asset of the entire portfolio have been carried out considering the conditions set out in drafts of leases and rent of business unit and individual "rent roll" provided by the Ownership, reflecting the rental situation as of June 2018.

For the valuation of the shopping centers having both the part called "Hyper" and the part called "Mall", REAG, as agreed with the client, proceeded to the virtual separation of the properties into two separate entities, Hyper and Mall, making two separate assessments, assumptions and specific valuation criteria.

During the appraisal, REAG followed generally accepted valuation concepts and methods, applying in particular the following valuation methods.

•**Market/Sales Comparison Approach**: is predicated on actual sales transaction data. Sales are adjusted for comparability including time, location, size, condition, utility and intangible benefits.

•**Income Capitalization Approach**: takes two different methodological approaches into consideration:

- Direct Capitalization: based on capitalization of future net incomes generated by the property at a rate deduced from the real estate market;
- Discounted Cash Flow Method (DCF) based:
  - on the calculation of future net incomes derived from Property renting for a period of "n." years;

- on the determination of the Market Value of the property by means of the capitalization in perpetuity of the net income at the end of this period;
- on the discounted back net incomes (cash flow) as of the evaluation date.

REAG moreover:

- Carried out site inspections on the Properties of Bologna (offices), Crema (Gran Rondò), Asti (I Bricchi), Mondovicino (Mondovì), Chioggia (Clodì), Ravenna (supermarket and shop), Sesto S. Giovanni (Sarca) and Afragola (Le Porte di Napoli) located in Italy and on the Properties of Alexandria, Ploiesti, Slatina, Ramnicu Valcea, located in Romania, to find out all the information (building qualities, preservation condition, etc,) necessary to elaborate the appraisals themselves, in addition to the information given by Client; no site inspections were carried on the other properties, REAG based the appraisals on the information already known.
- Carried out an analysis of the conditions of the local real estate market, took the economic data detected therein into consideration and adapted it to the specific features of the Properties through appropriate statistical work-ups;
- Determined the building area on the basis of the documents supplied by the Client;
- Considered the draft of the "model" lease agreement, the individual amounts of the fees as indicated in the "rent-roll" and the related clauses (duration, insurance costs, maintenance costs, etc) provided by the Client;
- Determined the value of the Property on the assumption of its highest and best use, that is to say, considering among all legally permitted and financially feasible technical uses, only those that can potentially confer the maximum value to each Property;
- Considered the rental situation at the date of the appraisal and indicated by the Client;

- Specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes;
- No environmental impact study has been ordered made.
- Did not make specific compliance survey and analysis of the property to determine whether or not it is compliant with the various detailed requirements of the law, concerning the possibility for disabled people to enter work places.

Report content

This work, including the final report on the conclusions reached by REAG, comprises:

- a letter of general introduction to the work, identifying the Property appraised, describing the nature and extent of the investigation, presenting and certifying the conclusion reached;
- assumptions and limiting conditions;
- general service conditions

Conclusions

The conclusions out coming from the analysis have been reached by REAG on the basis of the results obtained at the end of all the following activities:

- Site inspections on the Properties;
- Collection, selection, analysis and valuation of the data and documents concerning the Property;
- Performance of proper market researches;
- Technical-financial elaborations;

besides on the basis of the methods and valuation criteria above described.

Given the above considerations

It is our opinion that, as of June 30th, 2018, the **Market Value** of the subject Properties can reasonably be expressed as follows:

Euro 624.750.000,00

(Euro Six hundred twenty four million seven hundred and fifty thousand/00)

Agrate Brianza, 24 July 2018
Ref. n° 21222,02 - 21199,02

Duff & Phelps REAG S.p.A.

Performed by:
Gianluca Molli
Project Manager

Supervised and coordinated by:
Savino Natalicchio
Director Retail Advisory & Val. Dept

Simone Spreafico
Managing Director Advisory & Valuation Dept.

Duff & Phelps
Real Estate Advisory Group

Agrate Brianza, 24 July 2018
Ref. n° 21222,02 – 21199,02

Messrs
GRUPPO IGD S.p.A.
Immobiliare Grande Distribuzione
Via Trattati Comunitari Europei 1957-2007, n. 13
40127 Bologna

To the kind attention of Mr Roberto Zoia

Subject: **Determination of the Market Value as of June 30th, 2018 of a real estate portfolio consisting of n. 11 real estate assets intended for commercial use, located on the Italian territory and n. 6 real estate assets located on the romanian territory, indicated as owned by GRUPPO IGD S.p.A.**

Dear sirs,
in compliance with Your request, Duff & Phelps REAG S.p.A. (hereinafter REAG) carried out the valuation of a real estate portfolio, indicated as owned by GRUPPO IGD S.p.A. (hereinafter the Client), in order to determine the market value as of June 30th, 2018.

The appraisal has been completed on the basis of the following assumptions:

- sale of the real estate complex as a whole (not piecemeal), in the rental situation at the date of the appraisal.

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Definitions

In this report, the following listed words have to refer to their proper definitions, except for the different cases mentioned on the report itself. For the definition of all other technical and/or legal terms contained in this report, please refer to the Italian Civil Code and related laws, or to the commonly used meaning.

"Real Estate Portfolio" (hereinafter **"Portfolio"**) represents the ensemble of assets subject to appraisal: land, buildings, building systems and land improvements. Personal Properties and intangible assets were excluded from the appraisal.

"Real Estate Property" (hereinafter **"Property"**) represents the asset subject to appraisal: land, buildings, building systems and land improvements. Personal Properties and intangible assets were excluded from the appraisal.

"Valuation" is defined by the Royal Institution of Chartered Surveyors ("RICS") as: a member's opinion of the value of a specified interest or interest in a property, at the date of valuation, given in writing. Unless limitations are agreed in the Terms of Engagement this will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation.

"Market Value" (MV) is "(…) the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". (Valuation Standard RICS, January 2014).

"Market Rent" (MR) is " (…) the estimated amount for which a property, or space within a Property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms, in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". (Valuation Standard RICS, January 2014).

Valuation criteria

Valuations Asset by Asset of the entire portfolio have been carried out considering the conditions set out in drafts of leases and rent of business unit and individual "rent roll" provided by the Ownership, reflecting the rental situation as of June 2018.

For the valuation of the shopping centers having both the part called "Hyper" and the part called "Mall", REAG, as agreed with the client, proceeded to the virtual separation of the properties into two separate entities, Hyper and Mall, making two separate assessments, assumptions and specific valuation criteria.

During the appraisal, REAG followed generally accepted valuation concepts and methods, applying in particular the following valuation methods.

•**Market/Sales Comparison Approach**: is predicated on actual sales transaction data. Sales are adjusted for comparability including time, location, size, condition, utility and intangible benefits.

•**Income Capitalization Approach**: takes two different methodological approaches into consideration:

- Direct Capitalization: based on capitalization of future net incomes generated by the property at a rate deduced from the real estate market;
- Discounted Cash Flow Method (DCF) based:
  - on the calculation of future net incomes derived from Property renting for a period of "n." years;
  - on the determination of the Market Value of the property by means of the capitalization in perpetuity of the net income at the end of this period;

- on the discounted back net incomes (cash flow) as of the evaluation date.

REAG moreover:

- Carried out site inspections on the Properties of Bologna (offices), Crema (Gran Rondò), Asti (I Bricchi), Mondovicino (Mondovì), Chioggia (Clodì), Ravenna (supermarket and shop), Sesto S. Giovanni (Sarca) and Afragola (Le Porte di Napoli) located in Italy and on the Properties of Alexandria, Ploiesti, Slatina, Ramnicu Valcea, located in Romania, to find out all the information (building qualities, preservation condition, etc,) necessary to elaborate the appraisals themselves, in addition to the information given by Client; no site inspections were carried on the other properties, REAG based the appraisals on the information already known.

- Carried out an analysis of the conditions of the local real estate market, took the economic data detected therein into consideration and adapted it to the specific features of the Properties through appropriate statistical work-ups;

- Determined the building area on the basis of the documents supplied by the Client;

- Considered the draft of the "model" lease agreement, the individual amounts of the fees as indicated in the "rent-roll" and the related clauses (duration, insurance costs, maintenance costs, etc) provided by the Client;

- Determined the value of the Property on the assumption of its highest and best use, that is to say, considering among all legally permitted and financially feasible technical uses, only those that can potentially confer the maximum value to each Property;

- Considered the rental situation at the date of the appraisal and indicated by the Client;

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- No environmental impact study has been ordered made.

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Conclusions

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- Site inspections on the Properties;
- Collection, selection, analysis and valuation of the data and documents concerning the Property;
- Performance of proper market researches;
- Technical-financial elaborations;

besides on the basis of the methods and valuation criteria above described.

Given the above considerations

It is our opinion that, as of June 30th, 2018, the **Market Value** of the subject Properties can reasonably be expressed as follows:

Euro 621.050.000,00

(Euro Six hundred twenty one million fifty thousand/00)

Duff & Phelps REAG S.p.A.

Performed by:
Gianluca Molli
Project Manager

Supervised and coordinated by:
Savino Natalicchio
Director Retail Advisory & Val. Dept

Simone Spreafico
Managing Director Advisory & Valuation Dept.

3. GLOSSARY

AGENCY MANAGEMENT

Activities aimed at finding the most profitable tenant mix and negotiating leases for stores at malls.

AVERAGE COST OF DEBT

Refers to the average cost, without taking into account additional borrowing costs like fees and commissions (recurring and non), incurred by a company to service debt.
The calculation takes into account the interest payable matured in the period under examination (relating to short-term loans, mortgages, unsecured loans, IRS differentials, bonds and fees paid on financial leases) and the average stock of long and short term debt recorded at the close of every quarter and at the beginning of the period.

AVERAGE EFFECTIVE COST OF DEBT

Refers to the average cost, taking into account additional borrowing costs like fees and commissions (recurring and non), incurred by a company to service debt. The calculation takes into account the interest payable matured in the period under examination (relating to short-term loans, mortgages, unsecured loans, IRS differentials, bonds and fees paid on financial leases) and the average stock of long and short term debt recorded at the close of every quarter and at the beginning of the period.

CORE BUSINESS FFO

FFO is calculated by subtracting non-cash items (writedowns, fair value adjustments, amortization, depreciation and other), as well as the impact of extraordinary transactions and income generated by property sales from pre-tax profit, net of current tax. It is the indicator that best represents the performance of the Group’s core business.

DEVELOPMENT PIPELINE

Program of investments in development.

DIRECT COSTS

Costs directly attributable to the shopping centers.

DIVIDEND YIELD

The dividend yield, or price/dividend ratio, is the company annual dividend payments made or announced divided by closing price of its ordinary shares at the end of the year.

EBIT (Operating profit)

EBIT, or Earnings before Interest and Taxes, differs from EBITDA in that it includes information on amortization, depreciation, changes in the fair value of properties held and provisions for risk.

EBITDA (including core business)

EBITDA, or Earnings Before Interest, Taxes, Depreciation & Amortization, is the most significant measure of a company’s operating performance as it indicates earnings before interest payable, taxes, disposals, income/(loss) from equity investments, non-recurring transactions, amortization, depreciation, provisions, as well as impairment and fair value adjustments. Core business Ebitda refers to the core business included in the consolidated income statement which does not include the results posted by the "Porta a Mare Project".

EBITDA MARGIN (including core business)

This indicator is calculated by dividing Ebitda by operating income.

EPRA

European Public Real Estate Association.

EPRA NET INITIAL YIELD / NIY

EPRA NIY is a performance measurement index and it is calculated as the annualized rental income based on the cash rents passing at the balance sheet date (including one-off and variable income), less non-recoverable property operating expenses, divided by the gross market value of property, net of development property.

EPRA "topped-up" NIY

The EPRA topped-up NIY is a performance measurement index obtained by making an adjustment to the EPRA NIY with annualized and full term rental income (including one-off and variable income), ie excluding unexpired lease incentives such as discounted rent periods and step rents.

EPS / EARNINGS PER SHARE

Net profit divided by the average number of shares outstanding in the year.

ESTIMATED RENTAL VALUE / ERV

The estimated value at market rates for rentable space, according to an independent appraisal based on similar properties in comparable areas.

FACILITY MANAGEMENT

Supply of specialized services to shopping centers such as security, clearing and routine maintenance.

FINANCIAL OCCUPANCY

Calculated as the GLA rented at market rates and expressed as a percentage of the market value of the total GLA rented at market rates.

GENERAL EXPENSES

Corporate costs not attributable to the individual shopping center.

GEARING

The gearing ratio reflects the total debt to total equity ratio, including non-controlling interests, and net of the cash flow hedge reserve. It measures financial leverage which demonstrates the degree to which a company's operations are funded by owner's funds versus borrowings, and facilitates sector benchmark analysis.

GROSS EXIT CAP RATE

The terminal value of the gross revenue (rents, temporary and variable) calculated as a percentage of the exit value.

GROSS INITIAL YIELD

The gross initial yield of an investment is the annualized rental income used in the first year of the DCF model (Discounted Cash Flow) expressed as a percentage of the property's fair value.

GLA / GROSS LEASABLE AREA

The total floor area designed for tenant occupance which includes outside walls.

GROSS MARGIN

The result obtained by subtracting direct costs from revenues

HEDGING

The total amount of mortgage loans hedged with interest rate swaps and bonds divided by the total amount of mortagage loans and bonds.

HYPERMARKET

Property with a sales floor in excess of 2,500 sqm, used for the retail sales of food and non-food products.

INITIAL YIELD

The annualized rental income from a property as a percentage of its valuation at the time of purchase.

INTEREST COVER RATIO (ICR)

Measure of the number of times a company's operating profit covers the interest payable on debt. It is an indicator used to understand a company's solvency and ability to assume debt. It is calculated by dividing EBITDA by the net financial expense.

INTEREST RATE SWAPS / IRS

Financial instrument whereby two parties agree to exchange a certain interest rate stream on a pre-established date. Using to convert floating rate debt into fixed rate debt.

LIKE-FOR-LIKE PORTFOLIO

Real estate assets held in the portfolio for the entire year and the entire prior year.

LIKE FOR LIKE REVENUES

Revenues from rental activities of the assets held in the portfolio for the entire year and the entire prior year. They are separately calculated for Italy and Romania portfolios and they exclude:

- Revenues from assets that have been acquired, sold or subject to remodeling and therefore they have not realized any income in the period;

- missing revenues from instrumental vacancy due to different reasons (ie works carried out to create new layouts);
- exceptional and one-off revenues which would make the comparison less reliable.

LOAN TO VALUE (LTV)

Ratio between the amount borrowed and the market value of freehold properties.

MALL / SHOPPING MALL

Property comprised of many stores plus the common spaces around which they are situated. Usually called a “galleria” in Italian.

MIDSIZE STORE

A property with a sales floor area of 250 to 2,500 sqm used for the retail sales of non-food consumer goods.

NET ASSET VALUE (NAV) AND TRIPLE NET ASSET VALUE (NNNAV)

The equity pertaining to the Group, calculated based on EPRA indications which call for a few adjustments.
Certain items are excluded from the NAV calculation for lack of relevance in a business model with a long term view like the Group’s. NNNAV provides more relevant information about the fair value of assets and liabilities. The NAV is adjusted to take into account the fair value of (i) hedges, (ii) debt and (iii) deferred taxes.
It represents the equity pertaining to the Group including in the calculation the fair value of the main assets and liabilities that are not included in the EPRA NAV, namely (i) hedges, (ii) debt and (iii) deferred taxes.

NET DEBT

Net debt shows financial structure and is calculated by adding long-term debt, short-term debt and the current portion of long-term debt included in “Non-current and current financial liabilities (with third parties and related parties)”, net of “Cash and cash equivalents”, “Non-current financial assets” and “Financial receivables and other current financial assets (with third parties and related parties)”.

OCCUPANCY RATE

Gross let surface area as a percentage of properties’ total surface area.

OVER-RENTED

Space rented for an amount exceeding its ERV.

PRE-LET

Lease signed by a tenant before development of the property has been completed.

REAL ESTATE ASSETS

The Group’s freehold properties.

REAL ESTATE PORTFOLIO

The portfolio of freehold and leasehold properties rented out by the IGD Group.

REIT

Real Estate Investment Trust. Comparable to a SIIQ in Italy.

RETAIL PARK

Group of three or more complexes with a combined area of more than 4,500 sqm and shared parking.

REVERSIONARY POTENTIAL YIELD

The net annual rent that a property would generate if it were fully let at going market rates, as a percentage of the property's value.

SHOPPING CENTER

Real estate complex comprised of a hypermarket and a shopping mall, featuring common areas and services located in a covered area with heating and air conditioning.

SIIQ

Società di Investimento Immobiliare Quotata. Real estate investment model comparable to a REIT. SIIQ rules allow income tax exemptions for publicily held listed compagnie whose prevalent activity is the rental of properties and equivalent, provided they meet a series of earinings and balance sheet requirements.

STORE

Property for the retail sale of non-food consumer goods.

SUPERMARKET

A property with a sales floor of 250 to 2,500 sqm used for the retail sale of food and non-food products.

TENANT MIX

Set of store operators and brands found within a mall.

UNDER-RENTED

Space rented for an amount less than its ERV.

WACC / WEIGHTED AVERAGE COST OF CAPITAL

The weighted average cost of debt and all other sources of capital, used to calculated the expected return on investments.

4.